

Management of Commonwealth National Parks

Director of National Parks

Department of the Environment and Energy

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Canberra ACT
21 June 2019

Dear Mr President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit of the Director of National Parks and the Department of the Environment and Energy. The report is titled *Management of Commonwealth National Parks*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — <http://www.anao.gov.au>.

Yours sincerely



Grant Hehir
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Summary and recommendations

Background

1. The Director of National Parks (the Director) is appointed under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) to conserve and manage biodiversity and cultural heritage within Commonwealth parks and reserves. Parks Australia, a division of the Department of the Environment and Energy, assists the Director to fulfil these functions.
2. There are six terrestrial Commonwealth national parks under the EPBC Act:
 - Booderee, Kakadu and Uluru-Kata Tjuta national parks, which are jointly managed by the Director and traditional owners; and
 - island national parks in the territories of Norfolk, Christmas and Cocos (Keeling) Islands.
3. Core management activities undertaken across these parks include invasive species control, threatened species monitoring, asset maintenance, visitor and park use management, and community and stakeholder engagement. As required by the EPBC Act, activities are to be undertaken in accordance with 10-year statutory park management plans. The Director also maintains operational plans for each park.

Rationale for undertaking the audit

4. Terrestrial Commonwealth national parks cover over 2.1 million hectares and have been established to conserve natural and cultural heritage that is of national and international significance. The government holds over \$200 million in assets and invests approximately \$50 million per year to manage these parks in line with international commitments for biodiversity protection as well as commitments to traditional owners. This funding is designed to contribute not only to environmental conservation, but also the tourism industry and the economic development of Aboriginal communities associated with the parks.

Audit objective and criteria

5. The objective of the audit was to assess the effectiveness of the Director's management of the six terrestrial Commonwealth national parks. To form a conclusion against the audit objective, the ANAO adopted the following high level criteria:
 - Are appropriate governance arrangements in place to support strategic risk management and business and operational planning?
 - Are national park business management and operational plans effectively implemented?
 - Does the Director effectively measure, monitor and report on park operational activities?

Conclusion

6. The Director of National Parks has not established effective arrangements to plan, deliver and measure the impact of its operational activities within the six terrestrial national parks. As a result, it is unable to adequately inform itself, joint managers and other stakeholders of the extent to which it is meeting its management objectives.

7. Governance arrangements to support the Director's management of national parks do not adequately support the delivery of corporate services, risk management, planning and engagement with traditional owners to the benefit of park management objectives.
8. The Director has not established robust arrangements to ensure that corporate, park management and operational plans are being implemented.
9. Park activities are not effectively measured, monitored and reported on. The Director's performance measures are not complete, and lack rigour, clear targets, baselines and descriptions of measurement methods.

Supporting findings

Governance arrangements

10. The Director and the Secretary of the Department of the Environment and Energy have not established appropriate administrative arrangements to support park management. The arrangements between the two accountable authorities were set out in a 2001 memorandum of understanding and a 2013 service delivery agreement. Neither document fully reflects current practice, giving rise to duplication in corporate support and reduced effectiveness and efficiency in park management. The current review of administrative arrangements should be expedited to address these issues.
11. The Director does not effectively manage risks to the objectives of the parks. The Director's risk management framework lacks engagement with boards of management on risk oversight. The implementation of the framework has been undermined by a lack of suitable system support to record risks and monitor the implementation of treatment measures. There is also scope for the Director to strengthen its management of climate, probity and compliance risks.
12. The planning framework established by the Director does not support the development of well aligned plans. Annual operational plans do not clearly indicate how they contribute over time to the objectives of the park management plans. Operational plans are not informed by input from boards of management in jointly managed parks.
13. While meeting statutory engagement requirements, feedback to the ANAO on the effectiveness of the Director's engagement with stakeholders has been mixed. In particular, there is criticism that the Director has not effectively engaged the boards of management to establish constructive relationships with traditional owners at the jointly managed national parks.

Implementation of plans

14. The arrangements to monitor the implementation of actions as set in corporate, park management and operational plans are not robust. There is scope for the Director to improve the induction and professional development it provides to boards of management to support their oversight role.
15. The Director's operational activities are not underpinned by relevant and complete procedural guidance. The lack of appropriate guidance in key areas of corporate support and operational delivery, including asset management and compliance activities, limits the extent to which these activities are delivered appropriately and consistently across the national parks.

16. Arrangements to manage staff capability require strengthening. Annual and strategic workforce plans are not monitored. Aboriginal and Torres Strait Islander employment pathways are yet to be established. Arrangements to ensure that staff have completed required training and performance agreements need to be developed.

Performance measurement, monitoring and reporting

17. The Director has not established an effective performance measurement framework. Performance measures do not fully identify beneficiaries or the impacts of activities. Targets, baselines and descriptions of measurement methods and data sources are not clearly stated. As a consequence, the Director and stakeholders have limited visibility on whether individual parks and park management overall are meeting established objectives.

18. Key decisions of the Director's Executive Board and boards of management are generally supported by evidence. There is scope for the Director to improve its communication with boards of management.

19. The Director monitors and evaluates its performance but has not incorporated lessons learnt into its ongoing operations.

20. Reporting arrangements are not appropriate and transparent. Public reporting is limited to high level performance measures across all national parks and does not provide transparency on the impact of management activities in each park.

Recommendations

Recommendation no.1 The Director of National Parks:

Paragraph 2.28

- (a) review its risk management framework to ensure that it is appropriately engaging with boards of management in its management of risk; and
- (b) implement suitable system support to identify and document its strategic and operational risks, and to monitor the implementation of treatment measures across strategic and operational risks.

Director of National Parks response: *Agreed.*

Recommendation no.2

Paragraph 2.47

The Director of National Parks review its planning framework to ensure that it is: meeting the requirements of the EPBC Act; efficiently meeting the objectives and goals of the Director; and effectively discharging the responsibilities of all parties involved in the management of the national parks. This should, where relevant, be:

- (a) supported by implementation schedules and aligned with other relevant plans;
- (b) informed by input from relevant stakeholders; and
- (c) endorsed by an appropriate oversight body.

Director of National Parks response: *Agreed.*

Recommendation no.3 Paragraph 3.15	<p>The Director of National Parks strengthen its arrangements to monitor the implementation of the corporate, park management and operational plans.</p> <p>Director of National Parks response: <i>Agreed.</i></p>
Recommendation no.4 Paragraph 3.30	<p>The Director of National Parks establish a systematic approach to:</p> <ul style="list-style-type: none"> (a) maintaining its procedural guidance, including arrangements to ensure that guidance is relevant and complete; and (b) assure itself that its procedural guidance is implemented consistently across all locations. <p>Director of National Parks response: <i>Agreed.</i></p>
Recommendation no.5 Paragraph 3.38	<p>The Director of National Parks improves its governance of projects, including the maintenance of robust project monitoring arrangements.</p> <p>Director of National Parks response: <i>Agreed.</i></p>
Recommendation no.6 Paragraph 4.26	<p>The Director of National Parks improve the relevance, reliability and completeness of performance measures presented in its corporate plan by:</p> <ul style="list-style-type: none"> (a) ensuring performance measures identify beneficiaries and signal the impacts of activities; (b) specifying targets and baselines, data sources and rigorous methodologies against each performance criterion; and (c) monitoring and reporting on its performance for all significant aspects of its purposes, including conservation of cultural heritage values. <p>Director of National Parks response: <i>Agreed.</i></p>
Recommendation no.7 Paragraph 4.55	<p>For improved transparency of the Director's impact in managing the national parks, the Director of National Parks should publish the technical audits of management plans.</p> <p>Director of National Parks response: <i>Agreed.</i></p>

Summary of entity responses

21. The proposed audit report was provided to the audited entities. Summary responses from the Director of National Parks and the Department of the Environment and Energy are provided below. The full responses are reproduced at Appendix 1.

The Director of National Parks

The Director of National Parks (the Director) agrees with all recommendations in the report.

The Director is the Commonwealth corporate entity responsible for six terrestrial national parks and 59 marine protected areas. The six terrestrial national parks that were the subject of this audit include some of Australia's most recognisable and iconic national parks. Each displays its own unique set of historical, cultural, and ecological characteristics, along with wide-ranging social, economic and jurisdictional influences. Vast distances separate the parks from each other, with three parks operating in Australia's external territories, and three occurring within territory jurisdictions. Against this backdrop, the Director would like to particularly acknowledge the efforts of the Australian National Audit Office (ANAO) in visiting several of these parks and meeting with a number of Traditional Owners and other local stakeholders as part of their review.

The Director is committed to continuous improvement in the delivery against legislative and related objectives for Commonwealth national park management. This includes the areas for improvement identified in this audit. This commitment is demonstrated by progress on a range of corporate governance and business improvement projects with many to be completed in the next six to twelve months.

Working in partnership with Traditional Owners, improving the governance and performance of the joint boards of management for Kakadu, Booderee and Uluru-Kata Tjuta national parks will be a particular and ongoing focus.

The Department of the Environment and Energy

Pursuant to section 19 of the *Auditor-General Act 1997*, this letter is the Department's response. We note the suggestion that the review of administrative arrangements between the Department and the Director of National Parks be completed as soon as possible. The Operations and Corporate Change project, which was initiated in 2018, is both analysing and implementing changes. The project has already resulted in Parks Australia's corporate functions reporting through to the relevant Department SES officers, with the Department delivering those services to the Director under a new model. These arrangements will support the Director to focus on the operation of the national parks and to continue to meet his obligations as an Accountable Authority under the *Public Governance, Performance and Accountability Act 2013*. The project will be completed by 30 August 2019.

In relation to the oversight from the Portfolio Audit Committee, I understand an assessment of its performance is scheduled for the 2019-20 Financial Year. The matters raised in this audit report would be taken into account in that assessment. We will consult with your officers as part of that review.

I note the Director of National Parks, as the relevant appointment under the *Environment Protection and Biodiversity Conservation Act 1999*, will be responding separately to the findings and recommendations in the report as directed to that position.

Key messages from this audit for all Australian Government entities

22. Below is a summary of key messages which have been identified in this audit that may be relevant for the operations of other Australian Government entities.

Governance and risk management

- Where an entity is managing operations across multiple sites, it is useful to ensure that a strategic and clearly communicated risk management approach is taken — including identifying, monitoring and treating risks in accordance with the agreed framework. This ensures there is good awareness in all sites of risk tolerances and appropriate focus on risk treatments, not just risk identification. Regular risk discussions and information sharing can also assist in sharing good practice in risk management across different sites.
- Entities should maintain arrangements to ensure that procedural guidance is relevant and complete, staff have completed the training that is required for their role, and that performance agreements are in place. This will assist with the implementation of activities on the ground in accordance with agreed priorities.

Performance and impact measurement

- Performance indicators and associated targets should be: relevant to the entity's functions and objectives; reliable; and complete in their coverage of all elements of the entity's objectives. There should also be an appropriate balance between qualitative and quantitative indicators. This would assist entities and stakeholders to understand whether a program is performing in line with expectations over time, and place management in a better position to hold responsible areas to account for performance against program objectives.

Audit findings

1. Background

Introduction

1.1 National parks are protected areas that serve as a primary strategy for biodiversity conservation and cultural heritage preservation. In Australia, national parks form part of the National Reserve System, which comprises areas of land under government, Aboriginal and Torres Strait Islander, private or joint management that are formally protected under Commonwealth, state or territory legislation.¹ The National Reserve System contributes to Australia's international commitments, including those under the International Convention on Biological Diversity. Areas in the National Reserve System are defined and categorised by international guidelines.²

1.2 The *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) is the principal legislation for establishing and managing Commonwealth protected areas. The EPBC Act provides for the protection and management of the natural and cultural features of declared parks and reserves. The Director of National Parks (the Director) is a corporation sole established under division 5, part 19 of the EPBC Act.³ The Director's functions include 'to administer, manage and control Commonwealth reserves and conservation zones' and 'to protect, conserve and manage biodiversity and heritage in Commonwealth reserves and conservation zones'.

1.3 The Director is assisted by Parks Australia, a division of the Department of the Environment and Energy (the department), under a memorandum of understanding established between the Director and the Secretary of the department in 2001. Under this arrangement, the Director relies on resources provided by the Secretary and reports directly to the Minister on matters relating to its responsibilities. In the departmental administrative structure, the Director appears alongside First Assistant Secretaries (senior executive service band two).

Commonwealth national parks and reserves

1.4 As at June 2019, there were six terrestrial reserves named as national parks, 59 marine reserves and the national botanic gardens declared as Commonwealth reserves under the EPBC Act. The six national parks cover over 2.1 million hectares and include: three mainland parks that are jointly managed with traditional owners; and three island parks located within Australian external territories. Key features of these six Commonwealth national parks are outlined in Figure 1.1.

1 This report generally uses the term 'Aboriginal and Torres Strait Islander' to refer to Australia's Indigenous peoples. The term 'Indigenous' is used where quoting another source or where it forms part of the name of an entity or program.

2 The National Reserve System applies the guidelines of the International Union for the Conservation of Nature (IUCN). Only areas that fall within the IUCN definition of a protected area can be included in the National Reserve System: 'A clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values.' See <http://www.environment.gov.au/land/nrs/publications/strategy-national-reserve-system>.

3 The Director of National Parks is a 'corporation sole', which is an individual vested with the qualities of a corporation. The Director is appointed by the Governor-General under the EPBC Act and is an accountable authority under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Figure 1.1: Key natural and cultural values of the six Commonwealth national parks

Jointly managed nationals parks	
Uluru-Kata Tjuṯa (132,566 hectares) <ul style="list-style-type: none"> Geological features of the Uluru and Kata Tjuṯa monoliths — representative of the central Australian arid ecosystems Three EPBC Act listed threatened species World Heritage Convention listed for outstanding natural and cultural values 	
Kakadu (1,980,955 hectares) <ul style="list-style-type: none"> Floodplains, woodlands, forest, savanna, ancient stone country and sandstone cliffs 33 EPBC Act listed threatened species Wetland of international importance under the Ramsar Convention^a World Heritage Convention listed for outstanding natural and cultural values 	
Booderee (6,379 hectares) <ul style="list-style-type: none"> Coastal dune systems and remnant rainforest — includes the adjacent marine environment (875 hectares) and the Booderee Botanic Gardens (80 hectares) 15 EPBC Act listed threatened species Post-colonial historic sites and artefacts 	
Island national parks	
Christmas Island (8,719 hectares) <ul style="list-style-type: none"> Tropical rainforest habitat, subterranean/cave and wetland ecosystems — includes a marine zone extending 50 metres seawards 18 EPBC Act listed threatened species Wetlands of international importance under the Ramsar Convention^a Recognised as an Endemic Bird Area — high priority areas for global conservation of bird biodiversity 	
Norfolk Island (656 hectares) <ul style="list-style-type: none"> Subtropical rainforest and lowland subtropical hardwood forest — includes neighbouring uninhabited Phillip Island (190 hectares) and the Norfolk Island Botanic Garden (5.5 hectares) 58 EPBC Act listed threatened species Significant heritage sites associated with World War II 	
Pulu Keeling (2,602 hectares) <ul style="list-style-type: none"> Uninhabited, low-lying tropical oceanic coral atoll (North Keeling Island), including the last intact remnant of the original Cocos Islands flora — extends 1.5 km seaward Three EPBC Act listed threatened species Wetland of international importance under the Ramsar Convention^a Significant heritage sites including 19th century Malay graves and the remains of a World War I shipwreck 	

Note a: The Ramsar Convention on Wetlands of International Importance especially as Waterfowl Habitat is an international treaty for the conservation and sustainable use of wetlands.

Source: ANAO summary of Director of National Parks information.

Park planning and management

1.5 According to the Environment and Energy Portfolio Budget Statements 2019–20 and Director of National Parks Corporate Plan 2018–2022, the Director’s key outcome is:

Management of Commonwealth reserves as outstanding natural places that enhance Australia’s well-being through the protection and conservation of their natural and cultural values, supporting the aspirations of Aboriginal and Torres Strait Islander people in managing their traditional land and sea country, and offering world class natural and cultural visitor experiences.

1.6 In pursuit of this outcome, the Director has three goals and objectives:

- resilient places and ecosystems — to protect and conserve the natural and cultural values of Commonwealth reserves;
- multiple benefits to traditional owners and local communities — to support the aspirations of traditional owners in managing land and sea country; and
- amazing destinations — to offer world class natural and cultural experiences, enhancing Australia’s visitor economy.

1.7 Under the EPBC Act, the Director is required to establish 10-year park management plans for each national park to give effect to these goals. An approved plan is a legislative instrument under the EPBC Act. These documents describe the direction of management for the park and specify conditions and decision-making arrangements to authorise activities that would otherwise be prohibited under the Act. Park management plans are also designed to help reconcile competing interests and identify priorities for the allocation of funding and resources.

1.8 Uluru-Kata Tjuta, Kakadu and Booderee national parks are wholly or partly owned by the traditional owners and leased to the Director under legislation.⁴ The Memoranda of Leases are legally binding agreements — with terms ranging from 86 to 99 years — that together with the EPBC Act, establish the basis for joint management of the parks by the traditional owners and the Director. Joint management is given effect through boards of management.⁵

1.9 The EPBC Act subsection 376(1) provides that the role of a board of management is to make decisions relating to the management of the relevant national park consistent with that park’s management plan, and in conjunction with the Director to:

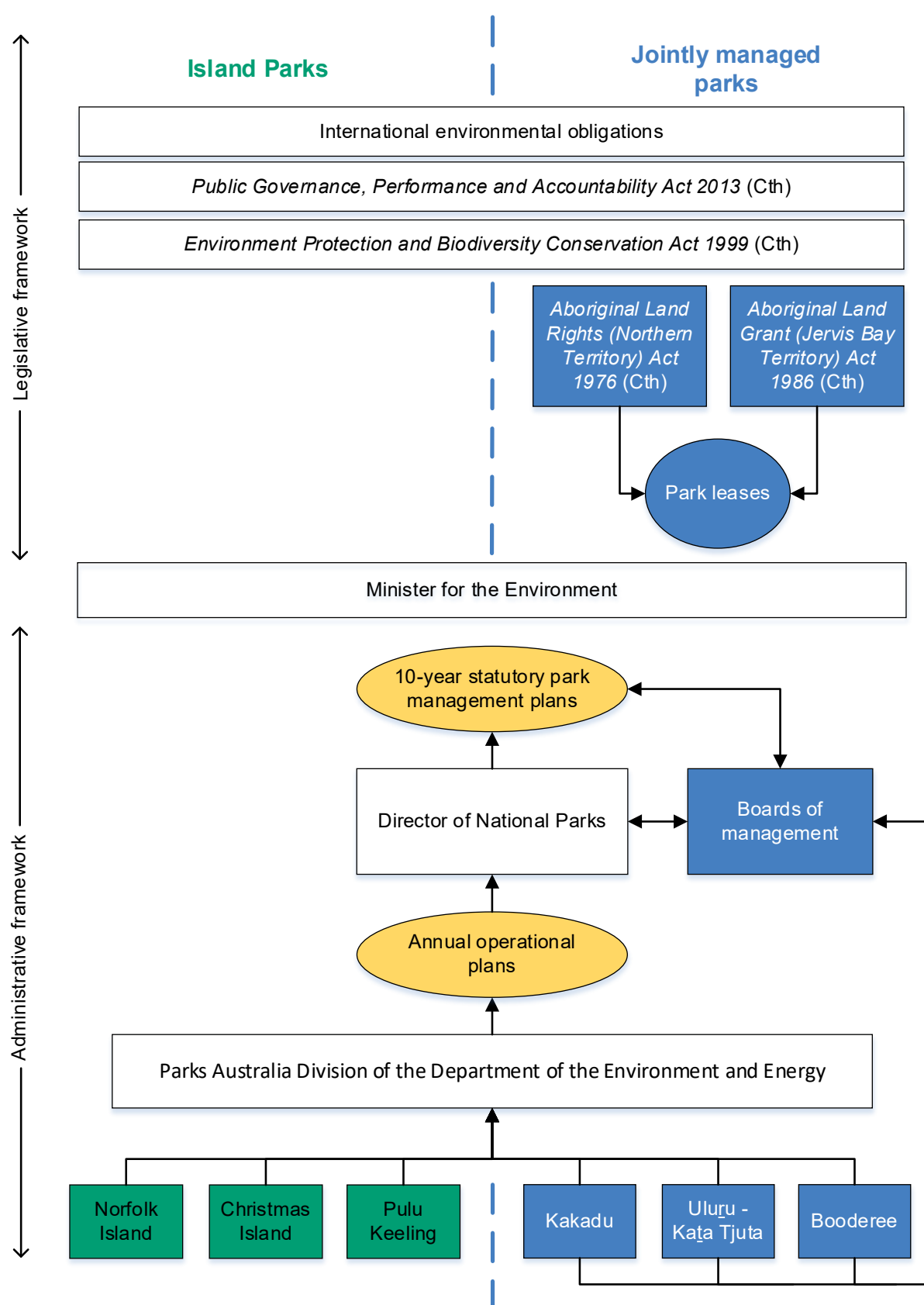
- prepare management plans for the park;
- monitor the management of the park; and
- advise the Minister on future development of the park.⁶

1.10 For jointly managed parks, park management plans must also be consistent with the lease agreements. An outline of the legislative and management framework for the management of Commonwealth national parks is presented in Figure 1.2.

4 The *Aboriginal Land Rights (Northern Territory) Act 1976* and the *Aboriginal Land Grant (Jervis Bay Territory) Act 1986*. More recently, the *Native Title Act 1993* was applied in the determination of the native title claim by the Mirrar people in relation to the area of Jabiru township and surrounds in Kakadu National Park.

5 Board members are appointed by the Minister. A majority of board members are to be Indigenous persons nominated by the traditional owners. Other members include the Director of National Parks and key stakeholder representatives from state/territory government, conservation science and the tourism industry.

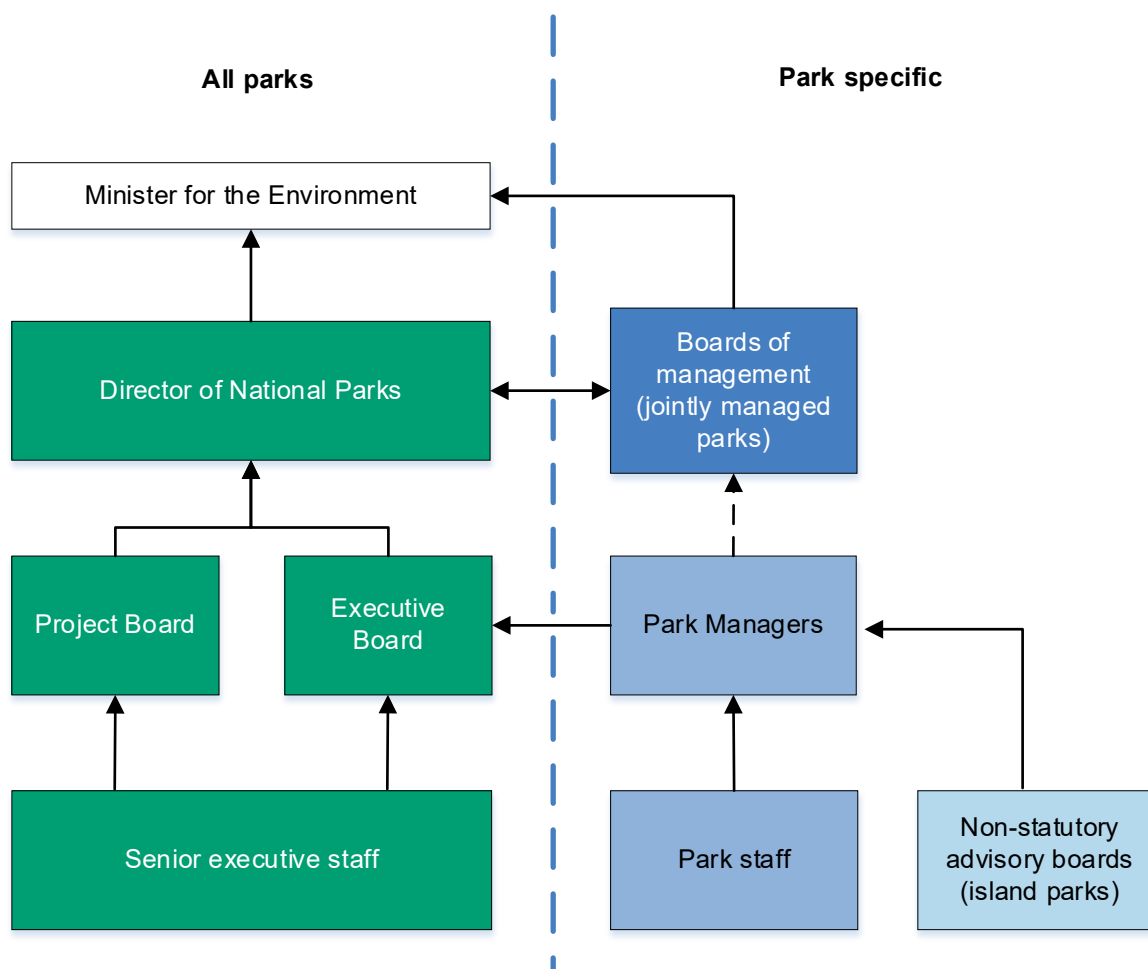
6 Sections 364 and 369 of the EPBC Act provide that if the Director and board cannot agree during the planning or implementation of the management plan, they must advise the Minister, who must resolve the disagreement or appoint an arbitrator if the Minister cannot resolve the disagreement.

Figure 1.2: Commonwealth national parks legislative and administrative framework

Source: ANAO based on Director of National Parks information.

1.11 The Director's governance arrangements include an Executive Board and Project Board comprising of senior executive staff who are located at central office. The Director is assisted on-park by park managers, which report to the central office and boards of management at jointly managed parks. At the island parks, park managers are assisted by non-statutory advisory committees. These governance arrangements are outlined in Figure 1.3.

Figure 1.3 Director of National Parks governance arrangements



Source: ANAO based on Director of National Parks documentation.

1.12 The Director has identified a number of external factors that influence operations of the national parks, which include:

- pressures on terrestrial biodiversity such as habitat loss and changing land use that shape priorities, decisions and activities;
- obligations to traditional owners to protect the natural and cultural values of the parks;
- a changing climate that increases extreme weather and fire risk; and
- the motivation and demands of visitors to the parks.

1.13 Core park management activities undertaken across all sites include invasive species control, threatened species monitoring, asset maintenance, visitor and park use management, and community and stakeholder engagement. The Director also provides housing for staff within the

parks and manages the provision of essential services (power, water and sewage) at the Muṯitjulu community within Uluru-Kata Tjuṯa National Park.⁷

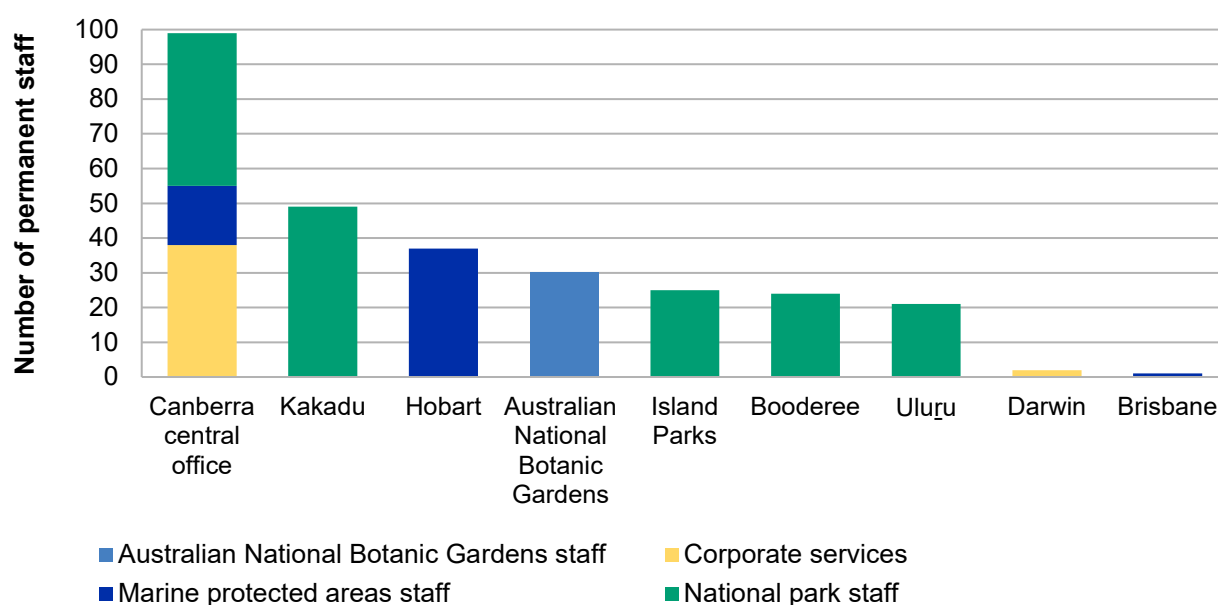
1.14 For 2017–18, the Director reported operating expenditure for the six parks of \$47 million and \$17.3 million in external revenue from permits and entry fees. The Director also has capital management responsibilities with almost 1,700 assets valued at \$202 million across the six parks. Proportions of total expenditure for each park are shown in Table 1.1. The total ongoing Parks Australia staff by function and location at February 2019 is outlined in Figure 1.4.

Table 1.1: Director of National Parks' 2017–18 expenditure by park

National park	Operating costs	Proportion
Kakadu	\$19,849,000	42%
Uluru-Kata Tjuṯa	\$13,967,000	30%
Booderee	\$7,624,000	16%
Christmas Island	\$3,963,000	8%
Norfolk Island	\$1,121,000	2%
Pulu Keeling	\$425,000	1%
Total	\$46,949,000	100%

Source: Director of National Parks Annual Report 2017–18, Table 5, p. 11.

Figure 1.4: Director of National Parks staffing by function and location at February 2019



Note: Includes part-time and full-time ongoing staff and excludes casual and non-ongoing staff.

Source: ANAO analysis of Parks Australia staffing data as of February 2019.

7 The Director provides essential services to the Muṯitjulu community in the absence of a formalised agreement with the Northern Territory Government or other Australian Government entity. Provision of these services is not stipulated in legislation or lease requirements. The Director has undertaken negotiations with the Northern Territory Government to transfer these responsibilities.

Recent developments

1.15 In January 2019 the Government announced additional funding of up to \$216 million to upgrade Kakadu National Park and support the township of Jabiru to transition to a tourism-based economy following the closure of the Ranger mine (located within the national park) by 2021.

Previous audit coverage

1.16 This is the second audit undertaken by the ANAO into the management of Commonwealth national parks. The previous audit, Auditor-General Report No. 49 2001–02, *The Management of Commonwealth National Parks and Reserves*, made 12 recommendations including strengthening strategic planning arrangements; incorporating targets and timeframes in future management plans; improving contract management arrangements; and enhancing public reporting. Eleven recommendations were agreed and one was agreed with qualification.⁸ This report refers to these recommendations to the extent that they are relevant to this audit.

Audit approach

Audit objective, criteria and scope

1.17 The objective of the audit was to assess the effectiveness of the Director's management of the six terrestrial Commonwealth national parks. To form a conclusion against the audit objective, the ANAO adopted the following high level criteria:

- Are appropriate governance arrangements in place to support strategic risk management and business and operational planning?
- Are national park business management and operational plans effectively implemented?
- Does the Director effectively measure, monitor and report on park operational activities?

1.18 The audit scope included the Commonwealth managed national parks of Kakadu, Uluru-Kata Tjuta, Booderee, Christmas Island, Norfolk Island and Pulu Keeling. The audit scope did not include the management of marine park reserves or the Australian National Botanic Gardens.

Audit methodology

1.19 In conducting the audit, the ANAO:

- examined records, systems, and procedures relating to risk management, business planning, corporate support and operational activities;
- conducted fieldwork at the mainland parks to observe park activities, values and assets;

⁸ Recommendation 9(a) was agreed with qualification: 'that Parks Australia: explicitly recognises in all future management plans and operational plans, mechanisms to manage visitors within optimum levels, particularly for sensitive sites within the parks'. In its response to the recommendation, the Director noted that current levels of visitor use are consistent with conservation of natural and cultural heritage objectives in the parks. The Director also noted other factors that make it difficult to determine optimal visitor levels.

- interviewed departmental staff associated with each of the six parks and staff based in the Canberra central office, traditional owners and board members from each of the three jointly managed parks, and a range of external stakeholders.

1.20 The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of \$461,000.⁹

1.21 The team members for this audit were Mark Rodrigues, Dr Shay Simpson, Taela Edwards, Pauline Ereman, Kate Wilson, Isaac Gravolin and Michael White.

9 *Australian National Audit Office Auditing Standards (28/02/2018)*, C2018G00152, available from www.legislation.gov.au.

2. Governance arrangements

Areas examined

The ANAO examined whether the Director of National Parks (the Director) has established appropriate governance arrangements to support strategic risk management, and business and operational planning.

Conclusion

Governance arrangements to support the Director's management of national parks do not adequately support the delivery of corporate services, risk management, planning, and engagement with traditional owners to the benefit of park management objectives.

Areas for improvement

The ANAO made two recommendations aimed at strengthening the Director's risk management and business planning. The ANAO also suggested that the Director develop an engagement strategy to support its engagement with the traditional owners at jointly managed parks.

Have the Director and the Secretary established appropriate administrative arrangements to support park management?

The Director and the Secretary of the Department of the Environment and Energy have not established appropriate administrative arrangements to support park management. The arrangements between the two accountable authorities were set out in a 2001 memorandum of understanding and a 2013 service delivery agreement. Neither document fully reflects current practice, giving rise to duplication in corporate support and reduced effectiveness and efficiency in park management. The current review of administrative arrangements should be expedited to address these issues.

Governance and accountability

2.1 The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) sets out key responsibilities of accountable authorities. These responsibilities, as outlined in the Department of Finance resource management guide for accountable authorities, are to establish appropriate systems and processes to: promote the proper use and management of public resources; maintain risk oversight and management; encourage working with others to achieve common objectives; and minimise undue administration.¹⁰

2.2 The Director is assisted by staff from Parks Australia — a division of the Department of the Environment and Energy — provided by the Secretary of the department under a 2001 memorandum of understanding (MOU). The MOU provides for the Secretary of the department to delegate powers to the Director to engage and manage departmental staff for the national parks function. The MOU also requires the Secretary and the Director to negotiate service provider

¹⁰ Department of Finance, *Resource Management Guide No. 200: Guide to the PGPA Act for Secretaries, Chief Executives and governing boards (accountable authorities)*, 2016.

arrangements covering major aspects of their business relationship in the service delivery agreement (SDA).

2.3 The first SDA was established under the MOU in 2001 and has been periodically renewed, most recently in 2013. Shared corporate services covered by the SDA include risk management, budget strategy, media monitoring, participation in departmental committees, workforce planning and data reporting, enterprise agreement negotiation, and various human resources functions, for example, payroll, recruitment and learning and development.

Relevance and currency of governance relationships

2.4 The MOU contains outdated provisions including references to Outcome 1 of the former Department of the Environment and Heritage, and financial and reporting obligations under the repealed *Commonwealth Authorities and Companies Act 1997*. While the MOU is to be in effect unless specifically terminated, amended or replaced, the Director advised the ANAO that work to renew its relationship with the department has focused on the SDA, rather than the MOU.

2.5 In February 2015 the Director noted that the services of the department were underutilised and duplicated. Examples of differences in business functions between the SDA specifications and the actual services provided are outlined in Table 2.1.

Table 2.1: Service specifications at 2013 compared with service provision at 2019

Function	Service agreement at 2013	Practice at 2019
Business management and oversight committees	The department and Director will maintain separate audit committees.	A portfolio audit committee was established in 2015 reporting to the Secretary of the department, the Director and the Sydney Harbour Federation Trust Board.
Risk management	The department will provide a risk management system including training to use the system, and to promote the use of template risk documents.	The Director maintains its own risk framework, systems and procedural documents.
Learning and development	The department will ensure the development of capability frameworks and departmental learning and development strategies take account of the needs and circumstances of Parks Australia staff.	Parks Australia and park managers determine on-park capability needs and are responsible for ensuring that staff meet those needs.
Work health and safety: development and maintenance of policy, procedure and guidance	The department will develop health and safety operational arrangements for all staff, including those working for the Director.	The Director has its own work health and safety management plan and maintains its own documentation and document database. Departmental documentation often excludes information relevant to Parks Australia staff. The Director also retains park-specific policies.

Source: Director of National Parks review of its SDA and ANAO analysis.

2.6 The misalignment between current practice and the service arrangements as set out in the SDA gives rise to duplication in the delivery of corporate services by both entities. This reduces the effectiveness and efficiency of services to support the management of national parks. Since 2013

there have been three reviews of the service delivery arrangements between the two entities, commenced by the Secretary or Director, as outlined in Table 2.2.

Table 2.2: Reviews of service delivery arrangements

Duration	Focus	Project status
February to November 2015	Review of SDA provisions. Initiated by the Director.	The project was suspended due to: <ul style="list-style-type: none"> the potential for recommendations from the department's Functional and Efficiency Review to supersede those of the project^a; and the assessment that the department did not have the capacity or specialist skills to undertake additional corporate activities under the SDA.
2018	Development of a heads of agreement to replace the current SDA. Joint departmental and Director review.	Review not completed.
2019	Operations and corporate change project to support the Secretary and the Director to deliver joined-up, efficient and streamlined enabling services, articulating mutual accountabilities and responsibilities in the management of safety, security, human and financial resources and improving transparency of the cost of services.	Scheduled to be completed in August 2019. As part of the project, in March 2019 the Director commissioned a review of corporate service functions in Parks Australia, to be completed by 30 April 2019. The review is intended to contribute to the project deliverables including the new model for delivery of corporate services.

Note a: The Functional and Efficiency Review recommended that Parks Australia Division and the Sydney Harbour Federation Trust be merged into one independent entity. If not agreed, then the Director of National Parks' corporate Commonwealth entity designation should be removed and the position embedded in the department as a senior executive service officer, but continuing as a statutory office holder under the EPBC Act. Neither of these recommendations were implemented.

Source: ANAO analysis of Director of National Parks' records.

2.7 These reviews have not resulted in any change to the SDA. Given the differences in the delivery of shared services from those set out in the SDA, and the length of time since it was last renewed, the current review of administrative arrangements between the department and the Director should be completed as soon as possible.

Does the Director of National Parks effectively manage the risks to the objectives of the parks?

The Director does not effectively manage risks to the objectives of the parks. The Director's risk management framework lacks engagement with boards of management on risk oversight. The implementation of the framework has been undermined by a lack of suitable system support to record risks and monitor the implementation of treatment measures. There is also scope for the Director to strengthen its management of climate, probity and compliance risks.

Risk management framework

2.8 The Director has established a risk management framework comprising of chief executive instructions, policies, procedures and templates. The framework was developed to comply with the

Commonwealth Risk Management Policy 2014 and AS/NZS ISO 31000:2009 Risk Management — Principles and guidelines.

2.9 The Director's risk management policy and associated guide have been regularly reviewed. The risk management policy defines: how the framework supports strategic objectives; key accountabilities and responsibilities for risk management; and risk appetite for set categories of risk.¹¹ Related policies and their risks, including the business continuity policy and the fraud policy statement, are given effect through set risk categories to inform the assessment of a risk.

2.10 The risk management policy distinguishes four types of risks:

- strategic — risk assessment on a quarterly basis by the Executive;
- operational — risk assessment for all parks in development of annual operational plans by park managers;
- project — risk assessment as part of all project plans by project managers; and
- speciality — work health and safety, and procurement risk assessments as required by relevant staff, and fraud risk assessments by the risk manager every two years.

Strategic and operational risk management

2.11 Risk analysis, evaluation, and treatments are recorded by park, branch and section, managers using spreadsheet templates. Risks rated high and extreme are required to have: a risk treatment plan; proposed treatments recorded in the corrective action register; and are to be included in the risk watch list. Table 2.3 lists examples of strategic and operational risks included on the Director's risk register at February 2019.

Table 2.3: Example strategic and operational risks

Strategic risks	Operating risks
<ul style="list-style-type: none"> • Long term sustainability and effectiveness of the agency in a declining budget environment, particularly post 2020. • Failure to increase visitor offerings and experiences in Kakadu National Park to support the transition of Jabiru from a mining town to a tourism hub. • World heritage status of Kakadu is challenged due to perceived mismanagement of universal values. 	<ul style="list-style-type: none"> • Health, safety and security of workers, and visitors to our reserves. • Response to natural disasters (floods, fire storms). • Degradation of natural and cultural values due to the impact of feral animals and weeds.

Source: ANAO summary of Director of National Parks information.

2.12 Since November 2016 a number of issues with the corrective action register (a spreadsheet) have reduced the effectiveness of the risk identification and reporting process. These issues include: staff not adding corrective actions when required¹²; missing dates for intended completion and

11 Seven risk categories are defined: health and safety; natural heritage management; cultural heritage management; biodiversity knowledge management; community and government relations; visitor management and park use; and business management.

12 Reported in March 2017 and September 2017.

allocation of responsibility¹³; and undocumented completion of corrective actions.¹⁴ The Director informed the ANAO that technical issues prevented staff from accessing the register in 2018, resulting in new items not being registered and completed items not being closed.¹⁵

2.13 The Director's corrective action register policy provides a suggested timeframe of seven days for the commencement of corrective action tasks for risks rated as high and within 24 hours for risks rated as extreme. In reference to the completion of tasks, the policy provides guidance on factors to consider when allocating a completion time and requires items that are not completed within three months to be reported to the Executive Board.

2.14 As at March 2019 there were 45 actions rated as high in the corrective action register that were not completed for the six Commonwealth national parks, with only four containing a nominated date for completion. These actions comprised:

- 27 from Kakadu — 26 raised in September or December 2016 and one in September 2017;
- 17 from Uluru-Kata Tjuta — seven from December 2015 and 10 from November 2016; and
- one item from Booderee raised in December 2016.

2.15 High and extreme rated risks are also to be included on the risk watch list. The risk watch list is a spreadsheet that applies a number of categories to calculate and assign risk ratings. Individual risks are grouped in categories linked to controls and proposed treatments. However, as the template requires groups of risks to be linked to groups of controls, there is no clear line of sight between individual risks and their specific control measures.

2.16 In previous audits of other entities, the ANAO has noted weaknesses in the use of spreadsheets as a primary tool for managing business information, including risk management.¹⁶ Spreadsheets lack formalised change and version control and reporting, increasing the risk of error. This can make spreadsheets an unreliable tool in handling corporate data, as accidental or deliberate changes can be made to formulae and data without there being a record of when, by whom, and what change was made.

13 Reported in November 2016 and September 2018.

14 Reported in November 2016, September 2017, February 2018 and September 2018.

15 In addition, some strategic risks have not been recorded on the risk register. Examples include: closure of the phosphate mine on Christmas Island (anticipated late 2020s) and related tourism development opportunities to transition the local economy base; and per- and poly-fluoroalkyl substances (PFAS) contamination in Booderee National Park from the adjacent Creswell Defence Base and its long term impact on the health and well-being of traditional owners, local communities and visitors, and its impact on the condition and resilience of the park's natural values.

16 Auditor-General Report No. 20 2018–19, *2017–18 Major Projects Report*, p. 30; Auditor-General Report No. 33 2017–18, *Implementation of the Annual Performance Statements Requirements 2016–17*, p. 64; Auditor-General Report No. 17 2018–19, *Implementation of the Annual Performance Statements Requirements 2017–18*, p. 67.

Consideration of specific risks

Climate risks

2.17 Consideration of climate risks were evident in the risk watch lists for three of the six parks (Kakadu, Christmas Island and Pulu Keeling).¹⁷ Climate risks are contained in the risk category of 'natural heritage management' with four sub-categories that relate to impact on native flora, fauna, ecological communities and off-site conservation. Where climate risks are identified, the response strategy is to 'share' the risk with internal or external stakeholders.¹⁸ This provides no insight into the Director's mitigation actions against climate risk.

Probity risks

2.18 All staff are required to disclose material personal interests relating to the affairs of the Director of National Parks¹⁹, although this is not outlined in the Director's chief executive instructions. The draft of the revised chief executive instructions requires all staff to declare a material personal interest that relates to the affairs of the Director as soon as it is identified.

2.19 The Director has established a conflict of interest declaration form for staff participating on procurement panels. This form, however, does not make reference to any guidance or the department's existing conflicts of interest policy. The Director does not support disclosure requirements with appropriate guidance. As a result, there is a risk that disclosures do not reflect the actual spread and level of conflicts of interest.

Park regulation compliance risks

2.20 The Director has responsibilities for regulating park users' compliance with provisions of the EPBC Act and to apply a risk-based approach to its compliance activities. The Australian Government regulator performance framework notes that 'comprehensive risk assessment processes are essential to ensuring that resources are targeted to the areas requiring the most attention'.

2.21 All park management plans recognise the need to assess compliance risks to target compliance activities and include provisions for boards of management to oversee park policies, plans and procedures. The Director's compliance and enforcement manual also requires that each park produce an annual strategy or update for compliance and enforcement activities.

2.22 The ANAO reviewed the extent to which the Director had undertaken compliance risk assessments to inform its delivery of compliance activities. For the three financial years to 2018–19 there was only one instance (Booderee) of a compliance risk assessment being completed, in association with park annual operational plans, and provided to the Executive Board. Two instances were identified where a board of management (Booderee) was provided with a compliance risk

17 The 2016 State of the Environment report noted that the 'main pressures facing the Australian environment today are the same as in 2011: climate change, land-use change, habitat fragmentation and degradation, and invasive species.' Jackson WJ, Argent RM, Bax NJ, Bui E, Clark GF, Coleman S, Cresswell ID, Emmerson KM, Evans K, Hibberd MF, Johnston EL, Keywood MD, Klekociuk A, Mackay R, Metcalfe D, Murphy H, Rankin A, Smith DC, Wienecke B (2016). Overview: *Australia state of the environment 2016*, the Department of the Environment and Energy, Canberra. Available from <https://soe.environment.gov.au/theme/overview>.

18 The Director's risk management policy describes shared risks as 'risks that can affect or be influenced by more than one entity'.

19 PGPA Act section 29, PGPA Rule sections 12 to 16D, and *Public Service Act 1999*, subsection 13(7).

assessment for noting in 2017 and 2018. There were no records of the boards of management endorsing compliance risk assessments or compliance plans.

2.23 There is scope for the Director to share information on compliance and enforcement across individual parks as recommended in the 2002 ANAO report and agreed at the time by the Director.²⁰ This would assist in sharing better practice lessons and strengthening the consistency of compliance and enforcement responses across the parks.

Oversight of risk management

2.24 Regular and structured review of risk contributes to embedding systematic risk management into business processes. This includes enterprise-level risks and the monitoring of the status of risk controls and treatments by governance committees, the Executive Board and the audit committee.

2.25 The Executive Board is the key forum responsible for oversight of strategic policies and direction, reviewing risks, monitoring treatment plans and providing strategic advice and guidance to the Director. Risk reports have been a standing agenda item at the Executive Board since November 2016. This reporting is based on risk watch lists and consists of a briefing note outlining current issues and any recommended response, together with a 'risk and opportunities' summary. Risks are also reported monthly to the Executive Board through standing agenda items of: work health and safety; financial reporting; and legal reporting.

2.26 The Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) provides that the functions of an entity's audit committee must include review of the appropriateness of the accountable authority's system of risk oversight and control. In July 2017 the Director provided the audit committee a copy of its risk management policy to note. The committee noted the Director's risk management policy, but did not provide the Director with assurance on the appropriateness of the policy. The Director has provided regular risk reports to the audit committee that have been noted or discussed at a high level.

2.27 The boards of management for the jointly managed parks are not specifically required to identify risks, contribute to risk assessment or oversee risk treatments. Over the past three financial years, the boards have not directly been included in risk oversight. For example, they have not reviewed park risk registers. Given the statutory role of boards of management to make decisions relating to the management of the park, there is merit in the Director engaging with boards of management in its risk management and oversight activities.

20 Recommendation 8(a) Auditor-General Report No. 49 2001–02, *The Management of Commonwealth National Parks and Reserves*.

Recommendation no.1

2.28 The Director of National Parks:

- (a) review its risk management framework to ensure that it is appropriately engaging with boards of management in its management of risk; and
- (b) implement suitable system support to identify and document its strategic and operational risks, and to monitor the implementation of treatment measures across strategic and operational risks.

Director of National Parks response: *Agreed.*

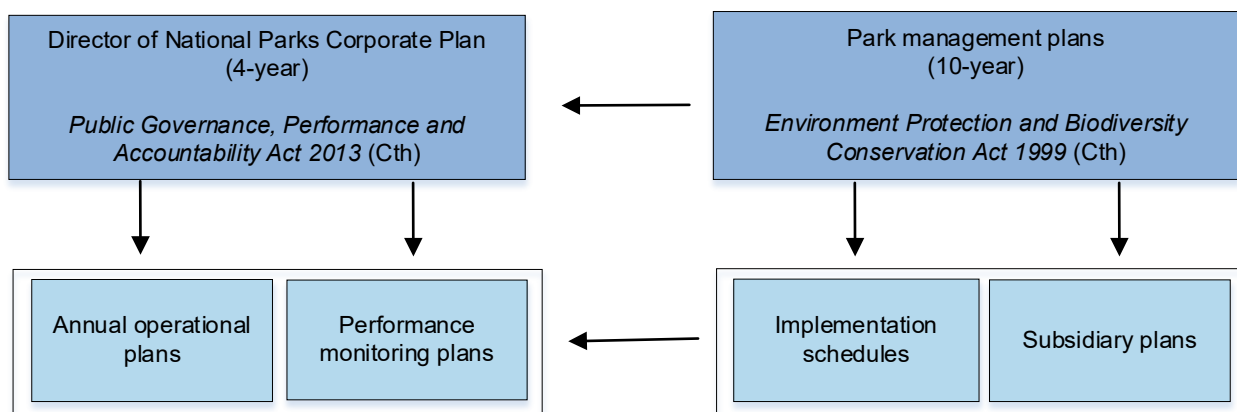
2.29 *A review of the Director's risk management framework has commenced and will be completed in the next six months. The Director is committed to strengthening the management of risk, including through the role that boards of management deliver for jointly managed national parks. The Director also receives advice from the Portfolio Audit Committee on the appropriateness of its system of risk oversight and control. The Director is currently working with the Department of the Environment and Energy to develop a new risk and incident management system in the next 12 months that will better record risks and monitor the implementation of treatment measures. To ensure best practice, this includes the Portfolio Audit Committee having oversight of the review of existing procedures in place to monitor strategic risk.*

Does the Director of National Parks' planning framework support the development of well aligned plans?

The planning framework established by the Director does not support the development of well aligned plans. Annual operational plans do not clearly indicate how they contribute over time to the objectives of the park management plans. Operational plans are not informed by input from boards of management in jointly managed parks.

2.30 The Director has statutory requirements to develop and implement a range of plans. These include an annual corporate plan and 10-year park management plans. The park management plans and the Director's own internal planning requirements establish further obligations for the Director to develop implementation schedules, operational plans, and subsidiary plans specific to particular lines of business, such as threatened species plans. The relationship is outlined in Figure 2.1.

Figure 2.1 Key plans of the Director of National Parks



Source: ANAO based on Director of National Parks information.

Corporate planning

2.31 The PGPA Act requires the Director, as the accountable authority, to prepare and publish an annual corporate plan. The corporate plan is intended to be the primary planning document, setting out an entity's purpose, and strategies to achieve its purpose. The Director of National Parks Corporate Plan 2018–2022 outlines three corporate objectives:

- protect and conserve the natural and cultural values of the parks;
- support traditional owners in managing their country; and
- offer world class natural and cultural experiences to enhance the visitor economy.

2.32 The Director has in place a high-level planning framework that provides a structured process for development of the corporate plan. Senior management were engaged in the development of the corporate plan through a staff leadership forum and a corporate planning workshop. The corporate plan itself includes schedules of other key planning activities relating to the development of management and operational plans. The specific requirements of the PGPA Rule are included in the Director's 2018–2022 Corporate Plan.

Park management plans

2.33 The Director is required under the EPBC Act to develop a management plan for each of the national parks, and to do so in conjunction with the boards of management for the three jointly managed parks. Park management plans are to be in place at all times after the first plan takes effect.²¹ While all parks currently have a management plan in place, most have had a period of two years or more without a management plan, as summarised in Table 2.4.

21 Paragraphs 366(2)(b) and (3)(b) EPBC Act. EPBC Act section 357 contains provisions for managing a national park while a management plan is not in place.

Table 2.4: Terms of current and previous park management plans

National Park	Term of current management plan	Term of previous management plan	Time elapsed between management plans
Norfolk Island	2018–2028	2008–2018	1 month
Kakadu	2016–2026	2007–2014	2 years
Booderee	2015–2025	2002–2009	6 years and 8 months
Pulu Keeling	2015–2025	2004–2011	4 years and 4 months
Christmas Island	2014–2020	2002–2009	4 years and 11 months
Uluru-Kata Tjuta	2010–2020	2000–2007	2 years and 9 months

Source: ANAO based on Director of National Parks information.

2.34 All current park management plans were informed by the views of stakeholders, and identify success factors and related activities. All current plans include a review point during their ten-year implementation period — a technical audit prior to development of the subsequent plan.²² Most of the park management plans (except for those of Uluru-Kata Tjuta and Norfolk Island) outline how lessons from the previous plan have been incorporated into the current plan.

2.35 All park management plans include actions. These actions cover natural resource and cultural heritage management, commercial tourism, outstation management, safety and incident management, authorising processes, business development, compliance and enforcement, and capital works. The number of actions range from 172 in the Kakadu plan to 40 actions in the Pulu Keeling plan. These actions, however, are not linked to specific timelines for implementation, or performance measures, targets or benchmarks. This deficiency was recognised in the 2002 ANAO report that recommended park management plans or subsidiary documents address ‘core performance indicators, targets and priority actions’ with a view to strengthening strategic planning.²³ This recommendation, while agreed at the time by the Director, has not been implemented.

Implementation schedules

2.36 All park management plans include an action to develop an implementation schedule as a means to determine and report on annual priorities. The Director does not have a structured approach to the development or use of implementation schedules. Two of the six parks (Booderee and Kakadu) have an implementation schedule in place. These implementation schedules quantify and track progress against park management plan actions.

2.37 The inclusion of a schedule of priority activities and timeframes in future park management plans was recommended in a discussion paper to the Executive Board in November 2016. The paper referenced the 2002 ANAO recommendation that encouraged clearer priority setting at a park level to assist in dealing with the hundreds of actions included in some of the statutory park management plans.²⁴ The paper reviewed best practice for management planning and stated ‘the

22 Technical audits are designed to assess whether prescribed actions in management plans were carried out and how they contributed to achieving the objectives of the plan. The audit is intended to assist in the development of actions and policies for the next management plan.

23 Recommendation 1(b) Auditor-General Report No. 49 2001–02, *The Management of Commonwealth National Parks and Reserves*.

24 Recommendation 1 Auditor-General Report No. 49 2001–02, *The Management of Commonwealth National Parks and Reserves*.

implementation of a management plan needs to be calculated outside the management plan document itself to allow for consideration of available resources and prioritising'. The Director is not well positioned to assess the progress of park management plans in the absence of implementation schedules.

Operational plans

2.38 The Director requires that all parks have an annual operational plan in place. Annual operational plans are intended to: be developed concurrently with park budgets; and include a schedule of activities proposed for implementation throughout the financial year. The plans are to be prepared in a spreadsheet template, aligning each listed activity to a corporate strategy goal/s and an action of the respective park management plan. The operational plans outline:

- business-as-usual activities funded through an individual parks' operational budget;
- projects funded through other sections within Parks Australia Division;
- capital and infrastructure works funded through a centralised capital budget; and
- activities funded externally, such as through partnerships or grants.

2.39 The ANAO reviewed the operational plans for each park from 2016–17 to 2018–19. All plans set out business-as-usual activities, projects, capital and infrastructure works and other partnership activities. The operational plans contained links to corporate and park management plan objectives and were consistent with park-based operational risks and treatments.

2.40 Annual operational plans are required to be provided to the Executive Board for review and endorsement. For the three financial years to 2018–19, operational plans for all six parks were provided to the Executive Board with the exception of two instances (two out of 18). Of those provided, the Executive Board recorded fourteen plans as 'noted' and two as 'endorsed'.

2.41 The majority of operational plans were provided to the Executive Board two to three months after the commencement of the relevant financial year. As these plans come into effect after the date of their formal commencement, the extent to which the plans can determine priority actions for the financial year is limited.

2.42 Park management plans for the three jointly managed parks contain provisions for the review of park policies, procedures, strategies and plans by the respective board of management. In practice, the provision of annual operational plans to boards of management for information or consultation has varied. For the three financial years to 2018–19, the Kakadu Board of Management was not provided the operational plan, the Booderee Board of Management was provided one operational plan for noting, and the Uluru-Kata Tjuṯa Board of Management was provided with two operational plans for endorsing high-level priorities.

Performance monitoring plans

2.43 The Director requires performance monitoring plans to be established for each park. These plans are intended to provide evidence about the Director's performance in managing each park and enable adaptive management and decision-making about park activities and investments. At February 2019, three performance monitoring plans had been approved.²⁵

25 The parks with performance monitoring plans are Christmas Island; Uluru-Kata Tjuṯa; and Pulu Keeling.

Plan alignment with subsidiary strategies

2.44 Park management plans are overarching documents that enable the development of subsidiary or lower-level strategies for specific activities, such as fire management and tourism. Accordingly, operational plans should prioritise and incorporate actions from all plans including those prescribed in park management plans, implementation schedules or other subsidiary strategies.

2.45 Five parks were identified as having subsidiary strategies: 14 at Kakadu; five each at Uluru-Kata Tjuta and Booderee; and two each at Norfolk Island and Christmas Island. Of these, four showed alignment of actions between operational plans and all subsidiary strategies for the three financial years to 2018–19. Kakadu's operational plans aligned with all except two of their lower level strategies. While the jointly managed parks have a greater number of subsidiary strategies, their operational plans showed fewer references to subsidiary strategies.

2.46 Four of the six park management plans include an action to implement, review, update or develop a climate change strategy. The exceptions are: Norfolk Island, which contains an action to implement the Director's draft climate change statement²⁶; and Pulu Keeling, which contains a general reference to possible management actions. Each park established a five-year climate change strategy with the earliest commencing 2010 and the latest expiring in 2017. There has been no specific climate change plan or strategy in place since 2017. The Director intends to consult with the boards of management to finalise its new climate change statement in 2019.

Recommendation no.2

2.47 The Director of National Parks review its planning framework to ensure that it is: meeting the requirements of the EPBC Act; efficiently meeting the objectives and goals of the Director; and effectively discharging the responsibilities of all parties involved in the management of the national parks. This should, where relevant, be:

- (a) supported by implementation schedules and aligned with other relevant plans;
- (b) informed by input from relevant stakeholders; and
- (c) endorsed by an appropriate oversight body.

Director of National Parks response: *Agreed.*

2.48 *The Director considers that it is operating according to the requirements of the EPBC Act, however will review its planning framework to improve the implementation of management and operational plans and stakeholder engagement approaches. This review will be informed by stakeholder, Joint Boards of Management, and Portfolio Audit Committee input. In addition, the Director will be providing governance training for all Joint Boards of Management over the next twelve months.*

26 The Director's draft climate change statement is intended to outline how the Parks Australia Division will respond to the impacts of a changing climate on protected areas including the six terrestrial parks.

Does the Director of National Parks effectively engage with its stakeholders?

While meeting statutory engagement requirements, feedback to the ANAO on the effectiveness of the Director's engagement with stakeholders has been mixed. In particular, there is criticism that the Director has not effectively engaged the boards of management to establish constructive relationships with traditional owners at the jointly managed national parks.

2.49 The Director has a number of formal and informal relationships in place to support its management of national parks. The ANAO reviewed the Director's engagement with stakeholders in the development of park management plans. The ANAO also interviewed a range of stakeholders over the course of the audit, including:

- traditional owner and non-Indigenous members of the boards of management;
- representatives of the advisory committees of the island parks; and
- representatives of land councils and trusts, conservation partners, tourism operators, adjacent land managers, and relevant state and local government entities.²⁷

Stakeholder engagement in the development of park management plans

2.50 The EPBC Act requires the Director to facilitate two formal periods of public comment when developing park management plans.²⁸ The first period invites submissions on the proposal to prepare a plan, and the second seeks comment on the draft plan. Ministerial approval is required for all park management plans. In seeking ministerial approval, the Director must also provide:

- any comments received in response to the draft plan; and
- the views of the Director and, where relevant, those of the appropriate board of management on the comments.²⁹

2.51 The Director has fulfilled its obligations under the EPBC Act for stakeholder engagement for the five management plans approved from 2014. The Minister was provided assurance that public comments were considered through a report by the Director that accompanied each management plan for ministerial approval. These reports listed the response or changes made to the draft for each public comment.³⁰ The Director could enhance transparency of stakeholder engagement by publishing the Director's responses to submissions.

Stakeholder engagement on park management activities

2.52 The Director has not established an enterprise wide communication strategy or plan to guide its interactions with stakeholders. The Director informed the ANAO that stakeholder engagement is considered on a place or project basis. In practice, stakeholder engagement largely

27 The ANAO also invited all interested stakeholders to contribute to the audit. Nine submissions were received.

28 EPBC Act sections 368(1)(a) and (c).

29 EPBC Act subsection 370(2).

30 These reports also document the extent to which preparation of park management plans occurred in conjunction with the boards of management for jointly managed parks. This information details the number, timing and purpose of the engagement of the boards of management.

occurs at a park-based operational level through boards of management, ranger activities, and non-statutory advisory committees. The Director funds liaison positions, hosted by external groups, at the jointly managed parks to facilitate consultation with traditional owners.³¹

2.53 For the island parks, non-statutory committees provide a forum for stakeholder engagement. Although these committees vary in relation to their function and breadth of stakeholder interest, all serve as a conduit for engagement. The committees associated with Christmas Island³² and Pulu Keeling³³, provide technical input on projects and issues. Specific committees for the Norfolk Island and Pulu Keeling parks³⁴ are recognised in respective park management plans as the primary liaison mechanism with the local community in development of plans and for significant issues relating to the parks. Park managers viewed these committees as a sounding board to assist with park management.

Stakeholder comments provided to the ANAO

2.54 Some stakeholders interviewed by the ANAO indicated that they were satisfied with their interactions with the Director. These stakeholders commented on positive relationships, sufficient community consultation, strong collaborative partnerships and a good flow of information. These stakeholders referred to their interactions with the Director as professional, co-operative and collaborative. These stakeholders tended to be from the other government entities and natural resource management organisations.

2.55 Other stakeholders interviewed by the ANAO reported disconnects in communication, unresponsiveness, and poor engagement with Aboriginal communities. They indicated a desire for more formal engagement and transparency. These stakeholders tended to be traditional owners or other individuals and organisations involved with Aboriginal communities.

Issues raised by traditional owners

2.56 In each of the jointly managed parks, traditional owners informed the ANAO that they did not feel that they were fully participating as joint managers, thereby hindering the achievement of park management objectives.³⁵

2.57 Key issues raised by traditional owners covered the following matters:

- deficiencies in communication, consultation, and the provision of information;
- lack of employment pathways and training for Aboriginal and Torres Strait Islander people to assist them to progress beyond entry level positions; and

31 These positions are supported by the respective land councils for Kakadu and Uluru-Kata Tjuta, and by the Wreck Bay Aboriginal Community Council for Booderee.

32 Christmas Island Reptile Advisory Panel; Christmas Island Flying Fox Advisory Panel; Christmas Island Crazy Ant Scientific Advisory Panel; Christmas Island Feral Cat Eradication Steering Committee; Technical and Scientific Sub Committee (for cat eradication on Christmas Island); and Reintroduction Project Advisory Panel.

33 Pulu Keeling National Park Cocos Buff Banded Rails.

34 Norfolk Island National Park Advisory Committee and the Pulu Keeling National Park Community Management Committee.

35 Some traditional owner board members reside within the national park, and some are park employees, contractors or recipients of the Director's services. The Director informed the ANAO that the issues raised by traditional owner board members would likely include matters outside of their board responsibilities.

- failure to implement park management plans, decisions of boards of management, and lease obligations.

2.58 These concerns have previously been raised by traditional owner board members at board meetings and conveyed to the Director. Correspondence and board papers note that traditional owners have been ‘very unhappy with the current state of joint management’, that ‘joint management is not working’ and ‘the principle of joint management has disappeared’.

2.59 The Director and park managers have commenced action in response to these concerns. This response has included establishing the new role, Joint Management Officer at Kakadu National Park, which is intended to lead implementation of the joint management section of the Kakadu National Park Management Plan 2016–2026.

2.60 Since 2017, all three boards of management have requested a lease review, with the Booderee Board of Management issuing a formal notice of dispute.³⁶ Lease reviews have not commenced.³⁷ In December 2018, the Director commenced an internal audit to ‘evaluate the effectiveness of the Director’s frameworks for managing lease responsibilities, compliance by the Director in meeting lease conditions, and the effectiveness of the Director’s approach to lease reviews and consultation strategies’. The final report was scheduled for the end of September 2019.

2.61 The Director has established a marine parks Indigenous engagement program, a Parks Australia approach for Indigenous engagement on Commonwealth marine reserves, and best practice principles for Indigenous engagement on Commonwealth marine reserves. The Director has not established similar guidance for terrestrial parks. There is scope for the Director to develop an engagement strategy to support its engagement with the traditional owners at jointly managed parks.

36 Each lease contains a requirement for the relevant parties to review the lease at least every five years.

37 The Director informed the ANAO that most of the issues raised in the notice of dispute were not relevant to the lease.

3. Implementation of plans

Areas examined

This chapter examines whether corporate, park management and operational plans are effectively implemented.

Conclusion

The Director has not established robust arrangements to ensure that corporate, park management and operational plans are being implemented.

Areas for improvement

The ANAO made three recommendations aimed at improving the oversight of corporate, park management and operational plans, maintaining procedural guidance and managing projects. The ANAO also made a number of suggestions to improve the Director's support for boards of management and to strengthen its approach to Aboriginal and Torres Strait Islander staff development, and broader staff training and performance management.

Are robust arrangements in place to monitor the implementation of corporate, park management and operational plans?

The arrangements to monitor the implementation of actions as set out in corporate, park management and operational plans are not robust. There is scope for the Director to improve the induction and professional development it provides to boards of management to support their oversight role.

3.1 Under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), the Director is required to give effect to a park management plan.³⁸ As a consequence, actions prescribed in park management plans are required to be implemented. Regular review and monitoring of the implementation of plans are important for maintaining accountability and for adjusting activities to ensure they are on track to meet established targets.

3.2 As noted in paragraph 2.25, the Executive Board is responsible for oversight of strategic policies and direction, including the review of reporting against plans. For jointly managed parks, the monitoring of park management plans is conducted through statutory boards of management. Non-statutory committees have been established in the island parks to assist park management.

Executive Board oversight

3.3 The Director's requirements include that park managers are to report to the Executive Board on measures outlined in the corporate plan, park management plans and on operational plans. The ANAO reviewed the meeting papers of the Executive Board and found that, in practice, the Executive Board has not consistently reviewed reports on plans.

3.4 In 2017–18, each park manager submitted a report on its performance against the corporate plan. In 2016–17 corporate plan performance reports were not provided from Kakadu and

38 EPBC Act subsection 362(1).

Booderee. Operational plans were only presented to the Executive Board once a year for endorsement without follow up reporting on the implementation of those plans.

3.5 The Executive Board secretariat maintains an actions and decisions register from each meeting. Where reports on corporate plan measures were provided to the Executive Board, the register indicates that these reports were considered and discussed. Corporate plan reporting on an annual basis does not provide an opportunity to identify any implementation issues, respond to those issues, and measure the impact of the response during the course of one year.³⁹

3.6 Reports on park performance monitoring plans are required to be provided to the Executive Board on an annual basis. The performance monitoring plan reports provide an assessment against the previous year for the performance indicators contained in park management plans. Each park provided these reports to the Executive Board in 2017–18, except Booderee. In 2016–17 there was no reporting from the Booderee, Norfolk Island and Uluru-Kata Tjuta national parks.⁴⁰

3.7 Reporting on performance monitoring occurs in a standard format and is often accompanied by a covering brief that highlights key points. This format, demonstrated in Figure 3.1, includes a scorecard to describe the assessment of performance indicators, the trend since the last report, and the confidence rating of the data used to form the assessment.

Figure 3.1: Example of performance reporting to the Executive Board

Status of red crabs

Aim: *Maintain the natural landscape and its ecological integrity*

Outcome: Viable populations of red crabs as a significant species in the forest ecology, influencing the structure and function of the rainforest

Indicator: Populations of threatened and significant terrestrial native species are maintained or increase

Measure: Estimated number of red crab burrows across the island based on Island Wide Survey data

	Assessment grade				Confidence
	Very poor	Poor	Good	Very good	
	Less than 30 million red crab burrows	30 to 40 million red crab burrows	40 to 50 million red crab burrows	Over 50 million red crab burrows	
Reference point / last report			↑		●
This report			↔		●

Source: Christmas Island National Park performance monitoring plan reporting 2017–18.

3.8 The actions and decisions register indicates that the Executive Board has used the performance monitoring reports to consider park related projects and park performance information. While the reports provide an opportunity to identify activities to prioritise in operational plans, the frequency of these reports do not provide the opportunity to identify, respond to and monitor any issues within a year.

39 Auditor-General Report No. 36 2017–18, *Corporate Planning in the Australian Public Sector 2017–18*, examined the extent to which the outcomes of corporate plan performance monitoring can be used to inform strategic decision making in selected entities.

40 Performance monitoring plans are in development for the Norfolk Island and Uluru-Kata Tjuta national parks.

Joint management oversight

3.9 As noted in paragraph 1.8, Uluru-Kata Tjuṯa, Kakadu and Booderee national parks are jointly managed by boards of management and the Director. Receiving appropriate reporting on park management activities, such as the implementation of park management and operational plans, enables the boards of management to fulfil their oversight functions under the EPBC Act — to monitor the management of the park. The ANAO reviewed available meeting papers for the three boards from 2016 to 2018.⁴¹

3.10 The Director's reporting to the boards of management on the implementation of park management plans is not consistent across the parks and within each park over time. Reporting to the boards of management largely takes the form of 'park manager reports'. These reports range from 350 to 3,500 words, detailing the operational activities of the previous quarter, which are grouped under the broad objectives of the park management plan at Uluru-Kata Tjuṯa and Kakadu. These reports do not provide a clear line of sight against the actions in either the operational or park management plans, making it difficult for a reader to determine how the Director is progressing against those plans.

3.11 There is significant variation in reporting provided to boards of management by the Director on implementation of management plans. Throughout 2016 to 2018, this included:

- March 2018 — the Kakadu Board of Management was provided with a draft 'performance monitoring plan'.
- February 2018 — the Uluru-Kata Tjuṯa Board of Management approved a performance indicator monitoring plan. Reporting against this plan was provided at two meetings, but it was not considered during the meetings.
- 2016 to 2018 — the Booderee Board of Management was provided with various forms of an implementation schedule and report.

3.12 The ANAO observed some examples of reporting that could contribute to effective oversight of the implementation of the park management plans. However, these reports were recent initiatives, one-off mid-term reports, or otherwise inconsistently presented.⁴²

3.13 The ANAO observed mixed practices of financial reporting to boards of management. Financial reporting to the boards of management has included:

- Kakadu — an info-graphic depiction of expenses and revenue at each meeting of the board since March 2017 and a finance sub-committee, which has input on matters such as prioritising projects for capital funding and budget planning.
- Uluru-Kata Tjuṯa — an info-graphic depiction of expenses and revenue at each board meeting from 2016 to early 2017. There was no financial reporting to the board of management from mid-2017 to 2018.

41 The Director was unable to provide the ANAO final meeting minutes for the Kakadu Board of Management. Draft and final minutes were provided for the Uluru-Kata Tjuṯa and Booderee boards of management.

42 Uluru-Kata Tjuṯa: performance indicator monitoring plan and report (November 2017 and February 2018); and management plan mid-term review (June 2016). Kakadu: Management plan implementation reports (July 2017 and March 2018). Booderee: management plan implementation schedule and status report (February, May and November 2016, September 2017 and August 2018).

- Booderee — agenda items with titles such as ‘revenue report’, ‘operational expenses report’, and ‘financial report’, with limited consistency in the type or extent of information.

3.14 The reporting provided to the boards of management does not position the boards to assess the extent to which the Director is on track to implement its commitments under park management and operational plans.

Recommendation no.3

3.15 The Director of National Parks strengthen its arrangements to monitor the implementation of the corporate, park management and operational plans.

Director of National Parks response: *Agreed.*

3.16 *The Director is committed to strengthening its arrangements to monitor corporate, park management, and operational plans. A review of strategic plan monitoring processes has commenced and will be completed in the next twelve months. The Director is assisted in this role with the recent establishment of a performance monitoring sub-committee of the Portfolio Audit Committee. The Director is developing a monitoring, evaluation reporting and improvement framework that will provide a foundation for objective and more transparent reporting. The Director is also increasing the level of professional development provided to boards of management by providing governance, numeracy and literacy training.*

Support provided to boards of management

Board rules and evaluation

3.17 Each board of management has board rules in place that are consistent with the key requirements of the Environment Protection and Biodiversity Conservation Regulations 2000 (EPBC Regulations), including the meetings of boards and disclosure of the interests of board members.⁴³

3.18 The boards are to meet four times each year or quarterly. From 2016 to 2018, the Uluru-Kata Tjuta and Kakadu boards met and reached quorum on average four times per year.⁴⁴ The Booderee Board of Management met and reached quorum on average three times per year.⁴⁵

3.19 The EPBC Regulations specify that a board member who has a direct or indirect financial interest in a matter on the agenda must declare the interest at the meeting, and that interest must be recorded in the minutes for the meeting.⁴⁶ In addition, the rules of each board specify that a member who feels they have another type of conflict should disclose this at the meeting. From 2016

43 Environment Protection and Biodiversity Conservation Regulations 2000, regulations 11.02 and 11.05.

44 Kakadu National Park Board of Management met three times in 2016, five times in 2017 and four times in 2018. Uluru-Kata Tjuta National Park Board of Management met five times in 2016, four times in 2017 and four times in 2018.

45 Booderee National Park Board of Management met three times in 2016, three times in 2017 and three times in 2018, but was only able to establish quorum for two of the three meetings in 2018.

46 Environment Protection and Biodiversity Conservation Regulations 2000, regulation 11.02.

to 2018 there was one instance at each of the Uluru-Kata Tjuta and Kakadu boards of a board member declaring a conflict, and multiple declarations by multiple Booderee board members.⁴⁷

3.20 The Director does not have arrangements in place to evaluate the performance of the boards of management. Implementing processes for regular and rigorous evaluation of the performance of the boards, and addressing any issues that may emerge from those processes, is important for effective ongoing operation of the boards.⁴⁸

Induction of board members

3.21 A key role of entities in supporting effective boards is the provision of adequate induction and on-going professional development to ensure board members are equipped to undertake their duties. The provision of appropriate training is particularly important where new board members may have limited experience in probity and corporate governance.⁴⁹

3.22 Board members are notified of their appointment by the Minister. Correspondence includes details of the board member's term of appointment and their responsibility to follow a code of conduct. Parks Australia Division informed the ANAO that board members are also provided with the relevant version of the code of conduct and board rules. In addition, Uluru-Kata Tjuta board members are provided with a handbook. This handbook is a plain English explanation of the role of the board and the responsibilities of board members. Board members in the other jointly managed parks may benefit from similar guidance documents.

3.23 The Director does not have an established approach for inducting new board members. Induction processes have ranged from three-day training for the Kakadu traditional owner board members, a presentation at the first board meeting of the current Uluru-Kata Tjuta Board of Management, to no induction for the Booderee Board of Management members. Board members may be better supported with an approach that ensures all board members receive an induction that covers an appropriate level of information relevant to board duties.

On-going professional development of board members

3.24 The Director does not have an established approach to ongoing professional development of board members, and practices vary considerably between the jointly managed national parks.⁵⁰ The importance of training for board members, with focus on their legislative roles and responsibilities, was the basis of a recommendation from the 2002 ANAO report with which the Director agreed.⁵¹

47 In all instances where a board member declared a conflict relating to a matter for decision, the minutes note that the individuals either abstained from voting or excused themselves from that part of the meeting.

48 ASX Corporate Governance Council, *Corporate Governance Principles and Recommendations*, 3rd Ed., 2014.

49 Office of the Registrar of Indigenous Corporations, *Analysing key characteristics in Indigenous corporate failure*, Research Paper, 2010; and Auditor-General Report No. 3 2017–18, *Supporting Good Governance in Indigenous Corporations*.

50 Uluru-Kata Tjuta Board of Management meeting agendas include a standard agenda item for 'Governance'. This agenda item is often used for discussions or presentations on good governance.

51 Recommendation 3(b) Auditor-General Report No. 49 2001–02 *The Management of Commonwealth National Parks and Reserves*.

3.25 Since their induction in April 2016, and a presentation at the first meeting of the current board in May 2016, the Kakadu board members have not received further training or development. The board requested training from the Director in November 2016. This training was not provided despite four follow up requests.⁵² The Director was unable to provide the ANAO with records of training conducted with Booderee Board of Management members since 2014.

Are the Director of National Parks' operational activities underpinned by relevant and complete procedural guidance?

The Director's operational activities are not underpinned by relevant and complete procedural guidance. The lack of appropriate guidance in key areas of corporate support and operational delivery, including asset management and compliance activities, limits the extent to which these activities are delivered appropriately and consistently across the national parks.

Procedural guidance

3.26 The central office in Canberra develops and oversees procedural guidance regarding enterprise-wide corporate support functions such as risk management, procurement, workforce capability management, asset management and compliance and enforcement. Guidance on key operational activities including natural resource and cultural heritage management and visitor services is to be maintained by park managers.

3.27 For the jointly managed parks, policies and procedures are to be provided to the board of management for review prior to coming into effect. The Director does not maintain a consolidated list of all policies, standard operating procedures and guidance. The Director informed the ANAO that park and central office managers are responsible for ensuring that procedural guidance is relevant and complete.

3.28 The ANAO reviewed whether relevant and complete procedural guidance and appropriate business management systems had been maintained in relation to key areas of corporate support and operational activities — procurement, asset management, compliance and enforcement, natural resource and cultural heritage management, and visitor services (Table 3.1).⁵³

52 In November 2016 the Kakadu Board of Management resolved to hold governance training. The following updates were provided at the request of the Board: July 2017 — the secretariat confirmed that training was planned for late in 2017; December 2017 — the Director suggested training take place between March and June 2018; June 2018 — the Park Manager suggested governance training be held in September; December 2018 — board members re-iterated that governance training was a high priority and Parks Australia Division staff suggested that the Northern Land Council lawyer attend the next meeting to discuss Kakadu Board of Management rules. The Director was unable to provide any records of this training taking place.

53 The ANAO also examined risk management at paragraphs 2.8–2.27, and workforce capability management at paragraphs 3.40–3.55.

Table 3.1: Summary of ANAO review of procedural guidance and supporting systems

Activity	ANAO comments
Procurement	<p>Previous reviews (see Table 4.2) noted substantial weaknesses in procedural guidance and controls to support procurement in relation to:</p> <ul style="list-style-type: none"> • guidance on responding to financial breaches; • completion of procurement risk assessments; • procurement approvals; • evaluation of suppliers; and • planning and monitoring of procurements. <p>The Director's Chief Financial Officer reported 20 procurement breaches in the first four months of 2018–19. During the course of this audit, the Director issued revised procurement and contracting procedural guidance.</p>
Asset management	<p>Capital expenditure is not supported by an appropriate asset management system. The Chief Finance Officer reported to the Executive Board that the Director has been unable to spend its capital budget in recent years (\$13.7 million, 58% of the 2018–19 budget, is a carryover from prior year), placing greater financial pressure on operating budgets.</p> <p>In the absence of relevant and complete procedural guidance and systems, expenditure on assets is largely ad hoc. In response to these issues, in February 2019 the Director undertook to develop a new asset management and capability approach.</p>
Compliance and enforcement	<p>As noted at paragraph 2.22, on-park compliance and enforcement actions are not informed by regular risk-based compliance assessments. The Director's compliance manual is over 10 years old and contains out of date provisions in relation to the reporting of compliance incidents.</p> <p>Key standard operating procedures to guide ranger activities in relation to visitor compliance have not been finalised. In January 2019 the Director approved a regulatory improvement work plan containing a number of actions to support consistent and streamlined compliance management across the parks.</p>
Natural resource management	<p>Of the 20 procedural guidance documents examined, six were over 15 years old with no evidence of review or did not have a finalisation date, including two that were out of date (the Christmas Island yellow crazy ants research and control program 2007–2017 and the Norfolk Island region threatened species recovery plan).</p>
Cultural heritage management	<p>Kakadu National Park has in place a cultural heritage plan (<i>An-garregen</i>) and Uluru-Kata Tjuta National Park has a cultural heritage action plan. The boards of management do not receive updates on the implementation of these plans.^a Booderee National Park does not have cultural heritage plan in place.</p>
Visitor services	<p>Only Christmas Island, Kakadu and Uluru-Kata Tjuta national parks have tourism plans in place, however all are beyond the period of coverage. Business development strategies are not in place. An online ticketing system was introduced at Kakadu National Park in April 2016 and at Uluru-Kata Tjuta National Park in June 2018. The Director has undertaken to develop tourism master plans for each park and has commenced a project to deliver an online ticketing system at Booderee National Park.</p>

Note a: Recent discussions of the Uluru-Kata Tjuta Cultural Heritage and Scientific Consultative Committee have focused on renewing the cultural heritage sections of the Uluru-Kata Tjuta Management Plan.

Source: ANAO analysis of Director of National Parks information.

3.29 ANAO review of the Director's procedural guidance identified the use of a range of templates for similar activities, without standard information about when the document was approved, by whom it was approved, and when it is to be reviewed. The Director has not established processes to ensure that its procedural guidance across its lines of business are relevant and complete. The Director is aware of these shortcomings, and has commenced a number of projects

to improve procedural guidance in specific areas, but lacks a systematic approach to ensuring its procedural guidance is up to date across its lines of activity.

Recommendation no.4

3.30 The Director of National Parks establish a systematic approach to:

- (a) maintaining its procedural guidance, including arrangements to ensure that guidance is relevant and complete; and
- (b) assure itself that its procedural guidance is implemented consistently across all locations.

Director of National Parks response: *Agreed.*

3.31 *The Director is committed to ensuring that operational and corporate activities are underpinned by relevant procedural guidance. A systematic approach is being taken to governance reform through a program of work to strengthen policy and procedures relating to asset management, procurement, compliance and visitor services. The Director is currently developing an ICT Masterplan that will guide future investment in new IT infrastructure, capability and functionality that will facilitate operational consistency of procedures across all Commonwealth-managed terrestrial national parks.*

Project management arrangements

3.32 The Director has established project management procedures based on the department's project management framework. Under these procedures, a Project Board made up of Assistant Secretaries and the Chief Financial Officer is to oversee the implementation of projects.

3.33 Staff are required to obtain approval of the Project Board prior to the commencement of a project and provide monthly project status information to the Project Board with traffic light indicators of progress. If a project has an overall traffic light status of red or amber, the project manager is required to submit a detailed report on the project to the Project Board.⁵⁴

3.34 The ANAO examined the records of Project Board meetings from 2016–17 to 2018–19 to assess whether the Project Board was presented with appropriate information.⁵⁵ During this period, 54 per cent of all projects with an overall status of red or amber did not submit a report to the Project Board. Furthermore, 204 project reports that were rated with an overall status of green in their monthly status report were past their specified project completion date, at an average of 7.8 months overdue.

54 Green: 'Successful delivery appears likely'. Amber: 'Successful delivery appears possible but significant issues require management attention'. Red: 'Successful delivery is unlikely'.

55 ANAO analysis of the Director's project management arrangements included projects in relation to national parks, marine protected areas and the Australian National Botanic Gardens.

Case study 1. Translocation of Norfolk Island green parrots

The Project Board approved the Norfolk Island green parrot translocation project in May 2016. The translocation commenced with eight green parrots transferred to Phillip Island in early April 2017. All eight parrots died by the end of June 2017. The Project Board was not informed that there were any issues with the translocation until August 2017. The status update provided to the Project Board was 'green', which is defined as 'successful delivery appears likely', at each monthly meeting until August 2017, when its status was changed to 'amber' without an accompanying report. The first report on the project to the Project Board was provided in November 2017, five months after the parrots died. The project's status remained amber until the second report in September 2018 when the project status was upgraded to 'red'. A subsequent review of the project found:

- the translocation plan had 'major gaps concerning critical aspects of planning leading to serious issues during translocation', and 'was not written with reference to available knowledge and other reintroduction attempts worldwide'; and
- the translocation method was inappropriate and lacked necessary expertise.

3.35 Comparing the number of projects between July 2016 and February 2019, 17 projects remained on the project status list, 22 had been removed from the list, and 30 new projects had been added. Of the 30 new projects, only 18 had a business case, or a project plan submitted to the Project Board. Of the 22 projects removed from the Project Board's status list, only two had their removal documented in an actions and decisions register in the month they were removed. Only one project had a finalisation report submitted to the Project Board, which is a requirement of the department's project management framework, although it is not required under the Director's project management procedures.

3.36 At February 2019 there were 48 projects subject to the oversight of the Project Board, of which one project was rated red and 15 rated amber, including:

- Booderee National Park sustainable business plan — rated red because it was running more than six months behind schedule.
- Kakadu National Park fire management project — rated amber because there were delays in obtaining formal approval for aspects of the project from boards of management and land councils.
- Indigenous pathways project — rated amber because it was running behind schedule (Booderee and Kakadu National Parks), had issues with key dependencies, and issues with resources and budget.
- Uluru climb closure — rated amber because aspects of the site plan for the Uluru base of climb area were delayed and the project required additional funding for the climb closure celebration event and the removal of climb facilities.

3.37 While the Director's project management procedures require sufficient information for the Project Board to oversee projects, low levels of compliance with the established process have left the Project Board without accurate information to inform its decision-making. This is reflected in a growing number of project issues, as projects with an overall red or amber status increased from five in July 2016 to 16 in February 2019.

Recommendation no.5

3.38 The Director of National Parks improve its governance of the implementation of projects, including the maintenance of robust project monitoring arrangements.

Director of National Parks response: *Agreed.*

3.39 *The Director has taken steps to improve the governance of projects by adopting the project management framework developed by the Department of the Environment and Energy. Following on from recent engagement of more staff and contractors with expertise in project management, a review of the governance and project monitoring processes for the Director's Project Board has commenced and will be completed in the next twelve months. A suite of corporate training videos and procurement guidance material will be completed in the next three months that will build project management capacity across our diverse and remote staff network.*

Are sound arrangements in place to manage staff capability?

Arrangements to manage staff capability require strengthening. Annual and strategic workforce plans are not monitored. Aboriginal and Torres Strait Islander employment pathways are yet to be established. Arrangements to ensure that staff have completed required training and performance agreements need to be developed.

3.40 Key elements of staff capability management include workforce planning, targeted recruitment and retention, strategies for key employee groups such as Aboriginal and Torres Strait Islander people, appropriate learning and development opportunities and sound performance management arrangements.

Workforce planning

3.41 Workforce planning is a continuous process of shaping the workforce to ensure it is capable of delivering organisational objectives. The Director has in place a strategic Parks Australia Division workforce plan 2016–2020 and an annual workforce plan 2018–19. The key workforce priorities and commitments identified in the annual workforce plan are outlined in Table 3.2.

Table 3.2: Key workforce priorities and commitments 2018–19

Change (outcome) required	Action to meet the required change
Improved financial specialist skills to support Parks Australia through the Business Transformation project.	Assess our financial management systems and the financial literacy of directors and managers. Make changes to how and where we manage large projects, procurements and assets.
Parks Australia staff mobility and well-being policy implemented to assist in building a flexible, cohesive, agile workforce and improve the work health and safety culture and incident reporting.	Parks Australia will dedicate effort through the review and implementation of policies that improve staff mobility and well-being (including staff families), focusing particularly on remote areas.
Demographic of Parks Australia staff to include more Indigenous representation.	Continue to work with staff and traditional owners to provide support to our people and deliver the Indigenous pathways project.

Change (outcome) required	Action to meet the required change
Implement a leadership development program that increases leadership development opportunities and coaching for managers.	Develop our leaders through ongoing training and development programs.

Source: ANAO summary of Director of National Parks information.

3.42 The strategic and annual workforce plans established by the Director cover a range of high-level considerations. This includes an assessment of the demand for, and supply of, labour in the context of achieving the Director's desired capability and an assessment of the potential gaps in workforce characteristics and competencies. The Executive Board receives twice yearly reports on workforce data including staffing level and budget tracking, unscheduled absences, annual leave balances, Aboriginal and Torres Strait Islander employment, and commencements and separations. However, these reports and the monitoring by the Executive Board do not cover the implementation of the workforce plans.

Recruitment and retention

3.43 Given the diverse, remote and sometimes hazardous nature of work undertaken within national parks, it is important that appropriate arrangements are established to attract and retain suitably qualified staff. All recruitment activity is delegated to the Director and branch managers (senior executive service band one at central office) except for certain recruitment activities that are delegated to park managers. Park managers have authority to approve a request to advertise a non-ongoing position internally or within the local community, approve an internal reassignment of duties, and approve flexible working arrangements.

3.44 Each of the three jointly managed parks have established park-specific recruitment guidelines with reference to their park management plans and leases.⁵⁶ The implementation of these guidelines are subject to the oversight of boards of management.

3.45 The Australian Public Service Commission annual census provides a useful cross-entity comparison of staff well-being and retention. The Parks Australia Division census response rate was 53 per cent in 2018 and 40 per cent in 2017. The whole of Australian Public Service (APS) 2018 response rate was 74 per cent.⁵⁷

3.46 The 2018 survey results indicated that 71 per cent of Parks Australia Division staff felt a strong personal attachment to their 'agency' and 73 per cent intend to work for their 'agency' for the next two or more years.⁵⁸ Following the survey results, the Executive Board considered opportunities for improvement across Parks Australia including actions to:

- promote a well-being policy and develop an action plan;

56 Booderee National Park has a recruitment policy for 2015–2025 in place. In September 2017 the Kakadu Board of Management endorsed recruitment guidelines for Kakadu National Park. In 2018 the Uluru-Kata Tjuta National Park Board of Management established its recruitment guidelines.

57 The Director attributed the increase in census participation to follow-up action from 2017 census results and increased awareness raising of the importance of the census.

58 Noting that it is not clear how 'agency' might have been interpreted by respondents given the different branding of the department, Parks Australia Division, the Director of National Parks and the individual national parks.

- deliver APS values, code of conduct and behaviours framework forums for managers, supervisors, and park managers; and
- ensure staff are aware of the mechanisms to report harassment and bullying, and the support networks that are available for them.

Aboriginal and Torres Strait Islander employment

3.47 Increasing employment opportunities for Aboriginal and Torres Strait Islander communities within the jointly managed parks is a key feature of park management plans. However, the Director has not established Aboriginal and Torres Strait Islander employment targets. At February 2019, 35 per cent of all staff employed within Parks Australia Division (including on-going, non-ongoing, contractors and casuals) self-identified as being Aboriginal or Torres Strait Islander, with 98 per cent of Aboriginal and Torres Strait Islander staff located in parks or in park related roles at central office. For the whole Parks Australia Division, Aboriginal and Torres Strait Islander staff represent 15 per cent of ongoing, 31 per cent of non-ongoing and 60 per cent of casual staff.

3.48 In June 2016 the Director commenced scoping a project to plan its Aboriginal and Torres Strait Islander employment and capacity building activities. In September 2017 the Director commenced an Indigenous pathways project to deliver a high level Indigenous pathways plan, supported by place-based Indigenous pathway plans that are intended to focus on addressing local needs. The project was also required to deliver a reporting tool to support the Director's efforts to target and monitor its Indigenous pathway activities over a defined period of time.

3.49 The project was expected to be completed by February 2019. However, in August 2018 a revised project plan expanded the scope of the project to include a review of the current projects and programs, and to consult with key stakeholders to identify and confirm which pathways would be likely to have the most success. The expected completion of the project was extended to September 2019.⁵⁹

3.50 In February 2019 the Director informed the Senate Environment and Communications Legislation Committee that it intends to develop Indigenous rangers for other park roles and managerial positions across the network, and that it requested further advice from the Director's human resources team on how this can be achieved.

Learning and development

3.51 While the department does not have mandatory training requirements for staff, it strongly encourages staff to complete online orientation and an essentials 'compliance' program, as outlined in Table 3.3. Information on staff completion of this training is retained by the department.

59 In addition to ongoing positions within the parks, members of local Aboriginal communities contribute to park management through participation in ranger programs such as the Muṯitjulu Community Ranger Program under an arrangement with the Muṯitjulu Community Aboriginal Corporation, and the Tjakura Indigenous ranger group administered by the Central Land Council and funded by the Department of the Prime Minister and Cabinet under the Indigenous Advancement Strategy. The Director also reports on contracts to Aboriginal and Torres Strait Islander suppliers procured under the Indigenous Procurement Policy.

Table 3.3: Standard departmental training

Online orientation	Essentials 'compliance' program
<ul style="list-style-type: none"> • APS values and principles • Bullying and harassment • Core cultural learning: Aboriginal and Torres Strait Islander Australia • Fraud awareness • Introduction to protective security • Introduction to risk in the Commonwealth • Orientation for the department • Workplace health and safety 	<ul style="list-style-type: none"> • Bullying and harassment • Core cultural learning: Aboriginal and Torres Strait Islander Australia • Fraud awareness • Introduction to risk in the Commonwealth • Workplace health and safety

Source: ANAO summary of the Department of the Environment and Energy information.

3.52 Park managers are responsible for maintaining oversight of the completion of role-based training, and in the jointly managed parks are guided by park-specific training strategies.⁶⁰ Park managers are required to maintain a consolidated list of positions with links to required training, and the central office is responsible for tracking training for health and safety representatives.

3.53 Role-based training requirements are broad and may include: firearm safety; first aid; skid steer (bobcat); operate tractor and loader; chainsaw use; tree felling; firefighting; quad bike use; chemical use; medium rigid vehicle license; coxswains accreditation; firearms use; aerial platform shooting; crocodile safety; small boat handling; cross cultural training; applying chemicals under supervision to treat weeds; and 'verbal judo'.

3.54 The ANAO reviewed the staff training registers maintained by park managers. There are separate training registers in Excel spreadsheets for all parks except Norfolk Island.⁶¹ Most spreadsheets include information linking the name of the staff member to their position, training relevant to that position, date of training undertaken and expiry date of the qualification, if applicable.

3.55 However, as the tracking information is not organised in a standard format, it is difficult to determine the extent to which staff have completed the required training for their current position across all parks. The Uluru-Kata Tjuta training register provides the most complete information on staff training with links to an appropriate range of information including training certificates. The Booderee training register does not link staff to positions. The Kakadu register has not been maintained since 2017. The Director has not ensured that park staff undertake the required training relevant to their role, as recommended and agreed in the 2002 ANAO report.⁶²

60 Kakadu has a draft training strategy 2019–21. The Booderee Board of Management has a training sub-committee which first met in January 2019. The sub-committee is responsible for setting the training strategy and priorities and to advise the Wreck Bay Aboriginal Community Council Board and the Booderee Board of Management. Uluru-Kata Tjuta has established an intergenerational employment and training strategy 2010–20.

61 The Director informed the ANAO that Norfolk Island National Park does not maintain a training register.

62 Recommendation 11(b) Auditor-General Report No. 49 2001–02 *The Management of Commonwealth National Parks and Reserves*.

Performance management

3.56 Performance agreements setting out staff role expectations linked to corporate objectives are required to be in place for each ongoing staff member (and non-ongoing staff on contracts greater than three months). Performance agreements are designed to serve as a basis to assess a staff member's performance on an annual basis. The Director uses the department's performance agreement policy. Parks Australia Division staff agreements are to be recorded electronically in the department's system.

3.57 The Director's central office monitors the completion of performance agreements and sends reminders to park managers to manage the completion of outstanding agreements. Of the ongoing Parks Australia Division staff working on-park or in park related corporate roles in central office, 72 per cent had completed their performance agreements at the conclusion of the 2018 performance reporting period. Of staff without a performance agreement in place, the majority (68 per cent) were based on-park. The Director was unable to provide assurance that the staff without a performance agreement recorded in the electronic system had completed an alternative form of structured performance assessment, such as a paper based agreement.⁶³

63 The Director informed the ANAO that staff may not have performance agreements in place for a range of reasons including lack of staff and manager awareness of the importance of performance agreements, and limited access to the online performance agreement tool.

4. Performance measurement, monitoring and reporting

Areas examined

This chapter examines whether the Director of National Parks effectively measures, monitors and reports on park operational activities.

Conclusion

Park activities are not effectively measured, monitored and reported on. The Director's performance measures are not complete, and lack rigour, clear targets, baselines and descriptions of measurement methods.

Areas for improvement

The ANAO made two recommendations aimed at improving the performance measures in the Director's corporate plan and the publication of technical audits of management plans.

The ANAO also suggested that the Director improve its communication with boards of management, record and monitor actions following reviews with greater rigour, and that the Director report on the impact of management activities on each national park.

Has the Director of National Parks established an effective performance measurement framework?

The Director has not established an effective performance measurement framework. Performance measures do not fully identify beneficiaries or the impacts of activities. Targets, baselines and descriptions of measurement methods and data sources are not clearly stated. As a consequence, the Director and stakeholders have limited visibility on whether individual parks and park management overall are meeting established objectives.

4.1 The Commonwealth performance framework requires entities to publish performance information to allow an assessment of entities' progress towards achieving their purposes.⁶⁴ The framework requires entities to prepare three annual accountability documents:

- portfolio budget statements (PBS)— the primary financial planning document;
- corporate plans — the primary non-financial planning document; and
- annual reports — incorporating financial and performance statements, which include the results achieved.

4.2 Establishing a line of sight in these documents between funding provided to an entity and the results achieved is critical to achieving transparency and providing meaningful performance information to the Parliament and public.

64 The Commonwealth performance framework consists of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the accompanying Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) and guidance issued by the Department of Finance.

The Director's purposes and activities

Outcomes and purpose statements

4.3 The Environment and Energy Portfolio Budget Statements (PBS) 2018–19 and 2019–20 identify the following outcome for the Director:

Outcome 1 — Management of Commonwealth reserves as outstanding natural places that enhance Australia's well-being through the protection and conservation of their natural and cultural values, supporting the aspirations of Aboriginal and Torres Strait Islander people in managing their traditional land and sea country, and offering world class natural and cultural visitor experiences.

4.4 An entity's corporate plan must include the purposes of the entity, which should be clearly articulated and identifiable.⁶⁵ The Director's purposes are articulated through the 'goals' and 'objectives' in the corporate plan:

- resilient places and ecosystems — to protect and conserve the natural and cultural values of Commonwealth reserves;
- multiple benefits for traditional owners and local communities — to support the aspirations of traditional owners and local communities in managing land and sea country; and
- amazing destinations — to offer world class natural and cultural experiences, enhancing Australia's visitor economy.⁶⁶

4.5 Purposes describe the value an entity seeks to create or preserve.⁶⁷ The Director's purpose statement generally makes it clear who benefits from the Director's activities, how they benefit and what is achieved when the Director successfully delivers on the purposes.

4.6 There are mostly clear links between the Director's purposes and its outcome in the PBS. An exception to this is the wording: 'multiple benefits for traditional owners and local communities', which has the potential to be interpreted as having broader intended impacts compared to the outcome statement: 'supporting the aspirations of Aboriginal and Torres Strait Islander people in managing their traditional land and sea country'.

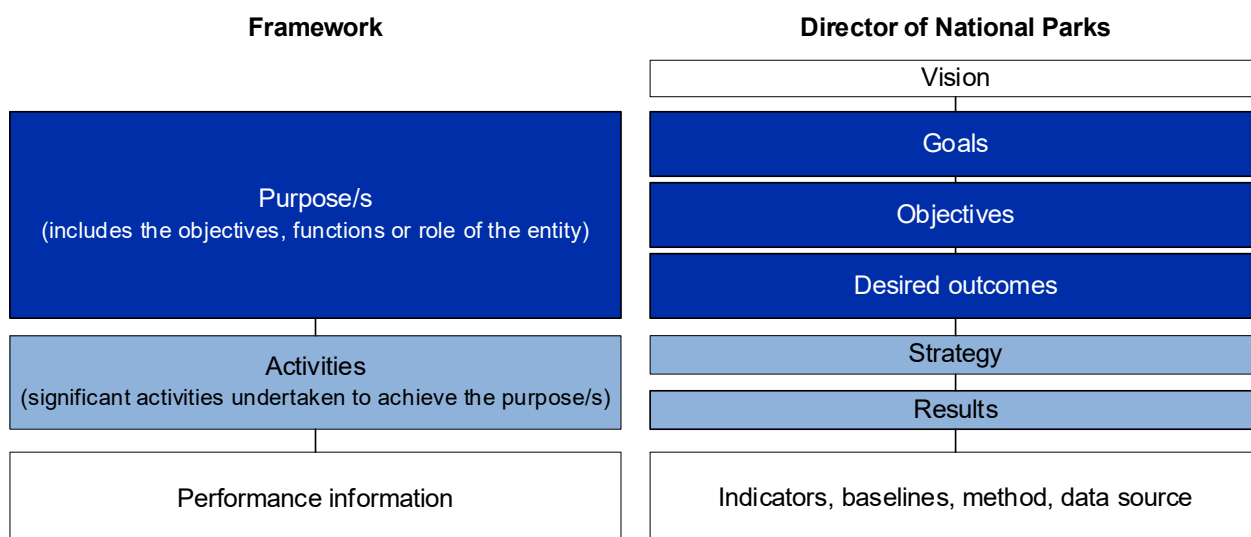
4.7 Guidance from the Department of Finance (Finance) also states that other strategic statements, such as vision statements or strategic goals, should not be used as substitutes for a purpose statement. The Director's approach is illustrated in Figure 4.1.⁶⁸

65 Department of Finance, *Resource Management Guide No. 132: Corporate plans for Commonwealth entities*, 2017, p. 18.

66 Director of National Parks, *Corporate Plan 2017–2021*, p. 5.

67 Department of Finance, *Resource Management Guide No. 202: A guide for corporate Commonwealth entities on the role of audit committees*, 2018, p. 13.

68 Vision and purpose statements on the Director's website have not been updated to reflect those in the Director's 2017–21 Corporate Plan.

Figure 4.1: Comparison of Commonwealth performance framework and Director of National Parks 2017–2021 Corporate Plan elements

Source: ANAO analysis based on Director of National Parks information.

Activities

4.8 Finance guidance states:

Activities — describes the means through which the identified purpose(s) is to be achieved and that, the description of purposes and activities in a Commonwealth entity's corporate plan form the foundation on which to develop performance information and tell a meaningful performance story.⁶⁹

4.9 The Director's 2017–21 Corporate Plan identifies numerous activities referred to as 'strategies' and 'results' that are mapped to each of its purposes.⁷⁰ These provide the reader with an understanding of the key intended activities and the link between the activity, the intended impact of the activity and how the intended impact will contribute to achieving the Director's purpose. For example:

Strategy/Results — continue to reduce the overall impact of feral animals, weeds and inappropriate fire on natural and cultural values — cat eradication program continued on Christmas Island.

Appropriateness of performance measures

4.10 Appropriate performance measures are characterised as:

- relevant — performance measures clearly indicate who benefits and how they benefit from the entity's activities, address a significant aspect/s of the entity's purpose via its activities, and provide sufficient information in a clear and concise manner;

69 Department of Finance, *Resource Management Guide No. 131: Developing good performance information*, 2015.

70 Director of National Parks, *Corporate Plan 2017–2021*.

- reliable — performance measures use and disclose information sources and methodologies that are fit-for-purpose (including a basis or baseline for measurement or assessment, for example a target or benchmark), and are free from bias; and
- complete — performance measures provide a balanced examination of the overall performance story, and collectively address the entity's purpose.⁷¹

4.11 A sample of performance measures and results reported in the Director of National Parks Annual Report 2017–18 are shown in Table 4.1.

Table 4.1: Examples of the Director's performance measures and results

Performance measure	Baseline	Reported result	Summary of result description	Area for improvement
Populations of threatened and significant species are increasing	New baseline on 122 species	Achieved	The proportion of threatened species with stable or increasing population trends has risen from 30% to 37% since 2016–17 and is up from 15% in 2015–16. However, the proportion of threatened species monitored for population trends has dropped from 51% to 46% since 2016–17 (though up from 3% in 2015–16).	Greater clarity and stability in population measurement would provide more accurate results. Alternatively, an assessment of the impact of the change in measurement basis would allow readers to form their own view of the progress against the performance measure.
Populations of priority invasive species are reduced	New baseline based on reassessment of priority invasive species in 2015–16	Partially Achieved	The proportion of priority invasive species with declining or stable population trends has dropped from 23% to 17%. This is largely due to reduced monitoring and additional species being recognised as priority species.	Greater clarity and stability in population measurement would provide more accurate results. Alternatively, an assessment of the impact of the change in measurement basis would allow readers to form their own view of the progress against the performance measure.
Increase in numbers of Indigenous staff and/or contractors directly or indirectly providing park services	Level of Indigenous staffing in 2015–16	Achieved	36% of all employees identified as Indigenous in 2017–18, an increase from 29% in 2016–17, 23% in 2015–16 and 17.5% in 2014–15.	This assesses only a narrow part of the related purpose: 'to support the aspirations of traditional owners in managing their land and sea country'. Additional measures (including qualitative measures) should be developed to allow reporting of other activities aimed at achieving this purpose.

71 Auditor-General Report No. 17 2018–19 *Implementation of the Annual Performance Statements 2017–18*, Appendix 5.

Performance measure	Baseline	Reported result	Summary of result description	Area for improvement
Maintain or improve the level of visitor satisfaction and number of visitors	2016–17	Achieved	Over 1.47 million visitors in 2017–18, an increase of 6.5% compared to 2016–17. 89–91% of visitors to four of our parks said they were 'satisfied' or 'very satisfied', equivalent to last year's 88.2% visitor satisfaction rating.	Reporting of visitor satisfaction could be made more meaningful by including all six national parks and comparing with national parks in other jurisdictions. ^a

Note a: No results were reported for Norfolk Island, Christmas Island or Cocos (Keeling) Island National Parks. Terrestrial parks also included the Australian National Botanical Gardens.

Source: Director of National Parks Annual Report 2017–18, adapted by ANAO.

4.12 The ANAO assessed the Director's 2017–2021 Corporate Plan, which included 11 performance measures. These performance measures are reproduced at Appendix 3.

Relevance

4.13 Of the 11 performance measures, only four were found to be wholly relevant. These four measures were expressed in plain English, indicated who would benefit and the intended impacts of the activity, and addressed a significant aspect of the Director's purposes.

4.14 Two measures, relating to management of marine parks, were found to be partly relevant. These measures clearly attributed activities to the performance measure, but did not explain the beneficiary or signal the impacts of activities. This affects the reader's ability to determine whether the measure significantly addresses the purpose 'to protect and conserve the natural and cultural values of Commonwealth reserves' and also whether this purpose is being achieved.

4.15 The remaining five measures relate to less significant corporate enabling functions, such as the Director's level of risk maturity and reportable breaches of the PGPA Act. While still important, this lower level of performance information is of less value to the Parliament and the public, and is more suitable for internal performance monitoring.

Reliability

4.16 Finance guidance states that corporate plans should include a description of performance measures, the data collection techniques to be used and any targets against which the performance measures will be assessed.⁷² This information can then be used by the Parliament and the public to assess the results presented by the entity in its performance statements at year-end.

4.17 None of the 11 performance measures were assessed by ANAO as reliable. All are measurable, however they lack targets or benchmarking against similar activities. Stated baselines were for specific years only, and the actual baselines were not stated. For example:

Indicator: Maintain or improve the level of visitor satisfaction and number of visitors

Baseline: 2016–17

⁷² Department of Finance, *Resource Management Guide No. 132: Corporate plans for Commonwealth entities*, January 2017, p. 7.

4.18 The reader does not immediately know what the baseline is (visitor numbers or satisfaction level). An example of a more appropriate base line may be: 1.38 million visitors and a satisfaction score of 54.56 achieved in 2016–17. This would enable the reader to establish a clear expectation, without having to go back to the 2016–17 annual report to compare results.

4.19 While each performance measure identifies a baseline year, methodology and data source, the level of detail for each of these was insufficient. An example of methodology/data source was ‘park level monitoring programs’. It is not clear what methods will be used to assess progress (for example data mining, benchmarking, surveys, peer reviews or comprehensive evaluations) and how performance will be assessed.

4.20 Relying on reporting against baselines or targets which are not clearly specified is not a sufficient basis for demonstrating performance over time, as there is potential for entities to adjust these targets and for these to be reported in variable ways across years — making it difficult for readers to compare results over time.⁷³ Without clear targets and timeframes, it is also not possible for stakeholders to have transparency as to progress in meeting objectives over time and whether agreed outcomes have been met.

4.21 The reliability of results reported in the Director’s 2017–18 Performance Statements is also low. As an example, the performance measure ‘populations of threatened and significant species are increasing’ is reported as ‘achieved’ and states there was a 12 per cent drop in the proportion of threatened species with a population status of ‘declining’. This drop is then largely attributed to a number of fauna species no longer being monitored in Kakadu and, as a result, being re-categorised from a population status of ‘declining’ to ‘unknown’ rather than the number of management actions taken to protect threatened species or control invasive species against the specified population.⁷⁴

Completeness

4.22 The Director’s performance measures are predominately quantitative measures of effectiveness. There is scope for the Director to include qualitative performance measures, and measures that assess the Director’s efficiency in achieving intended purposes. The completeness of the Director’s set of performance measures could also be improved by setting a mix of short, medium and long-term timeframes for achieving performance.

4.23 Performance statements should also enable the reader to understand the link between the Director’s resourcing and delivery of specific activities. This would assist in understanding trends in its use of resources, including any efficiency improvements. The Director’s current set of performance measures also fall short of addressing all of the Director’s purposes. Current performance measures do not cover the Director’s performance in managing cultural heritage within the parks, which is a key function of the Director set out in the *Environment Protection and Biodiversity Conservation Act 1999*.

73 For example, no target was set in the Director of National Parks 2017–21 Corporate Plan for the performance indicator ‘maintain or improve the level of visitor satisfaction and number of visitors’. However, reporting against this indicator in the Director’s 2017–18 performance statements noted a results of ‘achieved’ against a target of five per cent increase in visitor numbers.

74 Director of National Parks, *Annual Report 2017-18*, p. 32.

4.24 Performance statements are intended to be the key location for all public data on the actual performance of an entity.⁷⁵ The Director's 2017–18 Performance Statements provide summary overviews of achievement of each of the performance measures (except in the case of population trend for significant species). However, the high-level and aggregated nature of the performance information does not allow the reader to assess the impact of the planned activities and their contribution to achieving the performance results in each park.

4.25 The Director's progress in implementing activities listed in the 2017–21 Corporate Plan are described in Appendix A to the annual report, which includes additional contextual information. However, the description of the majority of activities provides little or no explanation of the impact of the activities or how they have contributed, directly or indirectly, to either the Director's purpose or achievement of the results reported in the performance statements. This link is critical to telling a meaningful performance story and providing transparency and accountability of the Director's activities to the Parliament and the public.

Recommendation no.6

4.26 The Director of National Parks improve the relevance, reliability and completeness of performance measures presented in its corporate plan by:

- (a) ensuring performance measures identify beneficiaries and signal the impacts of activities;
- (b) specifying targets and baselines, data sources and rigorous methodologies against each performance criterion; and
- (c) monitoring and reporting on its performance for all significant aspects of its purposes, including conservation of cultural heritage values.

Director of National Parks response: *Agreed.*

4.27 *The Director commits to further improving the performance reporting in the corporate plan and notes that the Portfolio Audit Committee (PAC) has already established a sub-committee to perform the detailed work to fulfil the PAC obligations to the Director as specified in the PAC Charter. The Director is currently incorporating the ANAO and PAC feedback into the development of the Director's Corporate Plan 2019-2023.*

Assurance of annual performance statements

4.28 Section 16F of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) requires an accountable authority to certify that their performance statements accurately present the entity's performance for the reporting period.

4.29 Performance results were provided only once in 2017–18 to the audit committee. An internal audit with specific consideration of elements of performance measurement and reporting frameworks has not been undertaken in the last eight years.

⁷⁵ Department of Finance, *Resource Management Guide No. 134: Annual performance statements for entities*, 2017, p. 6.

4.30 The PGPA Rule sets out minimum functions of an audit committee, including reviewing the appropriateness of the accountable authority's performance reporting. Guidance released by Finance in May 2018 reiterates the audit committee's role in relation to performance reporting, noting that to fulfil its function:

An audit committee must review the entity's performance information, systems and framework and the completeness and appropriateness of performance reporting. The review would include information provided in the Corporate Plan, the Portfolio Budget Statements and the Annual Performance Statements.⁷⁶

4.31 Finance guidance also notes that an audit committee's advice to the accountable authority should be documented in the form of a written statement of its view on the appropriateness of the accountable authority's performance reporting.⁷⁷ The guidance also notes that an audit committee's charter can clarify its deliverables by specifying the content and level of detail expected in advice the audit committee provides relating to matters such as the entity's performance reporting.⁷⁸

4.32 The charter for the portfolio audit committee does not specify the content or level of detail of advice expected from the audit committee on performance reporting.⁷⁹ At the audit committee meeting in September 2018, the Director provided high-level general information on the performance reporting processes and quality assurance activities for its performance measures in the Director's 2017–18 Performance Statements.

4.33 The audit committee wrote to the Director in September 2018 endorsing the appropriateness of the Director's 2017–18 Performance Statements, 'based on its review of the systems and procedures used for assessing, monitoring and reporting on achievements of the Director's objectives'. The audit committee's letter to the Director indicated the endorsement of the Director's performance statements was a reasonable assurance endorsement. The Director's brief to the Minister on its 2017–18 Annual Report, however, noted that the endorsement was a 'limited assurance endorsement'.

4.34 There was no evidence that the audit committee undertook a detailed review of the Director's 2017–18 Performance Statements. Minutes of audit committee meetings in 2017–18 do not record discussion between the audit committee and the Director on the level of assurance the audit committee was to provide or proposed actions they would take to provide a reasonable level of assurance in subsequent years.

4.35 In November 2018 the portfolio audit committee formed a subcommittee to assist it to review the appropriateness of performance reporting and to meet its responsibilities under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

76 Department of Finance, *Resource Management Guide No. 202: A guide for corporate Commonwealth entities on the role of audit committees*, 2018, p. 14.

77 *ibid.*, p. 15.

78 *ibid.*, p. 15–16.

79 Table 2.1 notes that the portfolio audit committee reports to the department, the Director and the Sydney Harbour Federation Trust.

Are key decisions supported by evidence?

Key decisions of the Director's Executive Board and boards of management are generally supported by evidence. There is scope for the Director to improve its communication with boards of management.

4.36 The ANAO reviewed decisions made by the Director's Executive Board and the boards of management since 2016.

Executive Board

4.37 In the period 2016 to 2018, the Executive Board's register of actions and decisions contained 115 decisions covering a range of matters such as vehicle fleet management, arrangements for commercial leases and licenses, and the staff mobility program. Key decisions made by the Executive Board generally included consideration of: supporting performance information or data, or outlined how it would be gathered; financial or cost information; stakeholder views; risk; and alignment with the Director's strategic objectives.⁸⁰

Boards of management

4.38 Each of the jointly managed park management plans prescribe that for non-routine actions that have 'more than a negligible impact, or have a significant impact' the decision is to be made by the board of management. The ANAO considered decisions made by each board of management from 2016 to 2018 that were related to matters of moderate to significant impact. These decisions covered matters such as construction and development of infrastructure, park policies and strategies, ticketing and licensing, and new conservation initiatives.

4.39 Overall, the boards of management were presented with supporting papers to aid their decisions and the decisions were broadly aligned to either the management plan or other strategic goals. The papers provided usually showed consideration of stakeholder views, and sometimes considered risks and cost associated with the recommended actions.

4.40 The minutes of the boards of management meetings indicate that board members have not been satisfied with the quality of board papers. Comments recorded in the minutes indicate that board members and supporting staff considered that there was a lack of detail in meeting papers to support decision making, and too much jargon, acronyms and complex language.⁸¹

80 Briefing papers were classified into five different categories for the purpose of review (reports, operational plans, proposals, policies, and project updates). The ANAO assessed 'proposals' which contained decisions with the greatest material impact on corporate outcomes and highest level of risk.

81 In February 2018 the interpreter at the Uluru-Kata Tjuta Board of Management meeting commented that the meeting papers were 'very difficult to interpret and explain.' In August 2018 a member of the Uluru-Kata Tjuta Board of Management noted that 'Piranpa [non-Aboriginal people] need to explain language and terms in the same way Anangu [local Aboriginal people] have to explain their language to Piranpa. Piranpa need to simplify language.' In the July 2017 Booderee Board of Management meeting, a board member commented that 'traditional owners often come to the board of management meetings with an uneven level of expertise but are still expected to make decisions'.

Is the Director of National Parks monitoring and evaluating its performance and incorporating lessons learnt into ongoing operations?

The Director monitors and evaluates its performance but has not incorporated lessons learnt into its ongoing operations.

4.41 The Director's arrangements to monitor and evaluate its performance include oversight of the implementation of corporate plan priorities, the conduct of technical audits of management plans, and business reviews.

Corporate plan monitoring

4.42 The Executive Board receives reports from each park on corporate plan activities on an annual basis. As noted in paragraph 3.5, corporate plan reporting on an annual basis does not provide an opportunity to identify any implementation issues, respond to those issues, and measure the impact of the response during the course of one year.

Technical audits of management plans

4.43 Management plans for each of the six Commonwealth national parks require a mid or end-of-term internal technical audit. The technical audits consider how effective the completed actions were at achieving the aims of the management plans, so as to inform the Director and boards of management of progress and recommend any changes to actions for inclusion in the next management plan. As noted in paragraph 2.34, it is not clear how the lessons from technical audits have informed the subsequent management plans for Uluru-Kata Tjuta and Norfolk Island national parks.

Business reviews

4.44 A number of reviews and audits have been undertaken over the past two years in relation to the Director's responsibilities for the management of national parks. The Director's response to six of the reviews and audits were consolidated in a Business Transformation Project. The major reviews and audits are outlined in Table 4.2.

Table 4.2: Major reviews and audits completed from 2017

Reviews and audits grouped under the Business Transformation Project	Other major reviews and audits
Financial Literacy Project June 2017 — Resolution Consulting	Chemical Management Review March 2017 — Health & Safety Essentials Pty Ltd
Financial Sustainability Review June 2017 — Resolution Consulting	Business Process Review and Gap Analysis: Asset Management May 2018 — Charterpoint
Internal Audit Report: Procurement November 2017 — Ernst and Young	Visitor Satisfaction Audit August 2018 — Charterpoint
Work Health and Safety Management System Assessment April 2017 — Comcover	Review of Internal Controls April 2018 — Parks Australia Division
Financial Statements Audit 2017–18 — ANAO	Internal Audit of Fraud Control April 2018 — Stret Pty Ltd

Reviews and audits grouped under the Business Transformation Project	Other major reviews and audits
Financial Statements Audit 2016–17 — ANAO	Buying stuff to get work done and avoid trouble: a rapid participatory appraisal of procurement at Kakadu National Park June 2018 — Stret Pty Ltd

Source: ANAO summary of Director of National Parks information.

Business Transformation Project related reviews and audits

4.45 Of the six reviews and audits that comprised stage one of the Business Transformation Project, five were presented to the audit committee and tracked through the audit committee's actions register.⁸²

4.46 Stage one of the Business Transformation Project, intended for delivery in the first half of 2018, comprised 18 sub-projects.⁸³ Reporting to the Project Board in November 2018 identified that all stage one sub-projects, except for one, had been completed by July of that year. In review of overall project progress, the Project Board noted that 'although many actions from stage one have been completed, most are yet to be socialised and implemented with staff, particularly with those on-park'.

4.47 In November 2018, the Project Board considered a proposal for stage two of the Business Transformation Project to comprise 20 sub-projects intended for completion by June 2019. The Project Board decided that the project should be ongoing and further discussion was required to determine the scope of the next program of business improvement activities.

Other major reviews

4.48 There is a poor line of sight from other major reviews to business outcomes as there is no visibility of how the majority of consequent actions were tracked and closed over time. Actions from one review were added to the audit committee's corrective actions register in the absence of the review being presented. Four reviews did not result in any additions to the corrective actions register of the audit committee or the actions and decisions register of the Executive Board.

4.49 In March 2017 the Executive Board was presented with a draft specialist report on hazardous chemical management including 77 'high' and four 'high-immediate' corrective actions. Neither the Executive Board nor the audit committee were presented with the final report, which noted that:

Both Kakadu and Uluṛu-Kata Tjuṛa have multiple bulk diesel storage facilities. Based on observation, there are likely non-compliances of the bulk fuel storage facilities with the requirements of AS 1940 *The storage and handling of flammable and combustible liquids*. In addition, there were no records of inspection and maintenance readily available ... At Kakadu, diesel was being released to the environment through a leaking bowser and the bund valve was open — any spill into the bund would have flowed directly to the environment. This is of great

82 The report on the financial literacy project was not presented to the audit committee and its recommendations were not added to the register, despite the report being listed as a completed internal audit and a means of addressing recommendations arising from the ANAO financial statement audits.

83 All stage one projects directly related to, or included, the terrestrial national parks.

concern given the location of these facilities within Parks that are world-heritage listed for their environmental values.

4.50 The matter had been partially actioned and closed in December 2016 (during the review)⁸⁴, yet the corrective action register of both the Executive Board and the audit committee included the following ‘High–Immediate’ corrective action:

The leaking diesel fuel bowser should be fixed IMMEDIATELY as it represents a significant risk of exposure for personnel and is contaminating the surrounding environment. The contaminated soil should be removed or otherwise remediated. Testing of groundwater may be required to determine the extent of the environmental contamination that has occurred.

4.51 The Executive Board resolved that branch managers would ‘ensure the high risk items are finalised’. In July 2017 an update was provided to the board noting that ‘many critical and high risk actions remain open’. In August 2017, the action was relocated to the ‘completed actions’ section of the register without documented closure. The audit committee’s corrective actions register included 60 of the actions before they were removed without documented closure.

Are reporting arrangements appropriate and transparent?

Reporting arrangements are not appropriate and transparent. Public reporting is limited to high level performance measures across all national parks and does not provide transparency on the impact of management activities in each park.

4.52 National parks administered by the Director are recognised under national legislation and various international conventions, as noted in Figure 1.2. The natural and cultural heritage values as well as the management of these parks are of ongoing interest to the Parliament and the public. As noted at paragraphs 4.23 and 4.25, there is scope for the Director to provide greater transparency on: the effectiveness of management actions undertaken in each park; and the current condition of natural and cultural heritage values specific to each park.

4.53 The Canadian Government entity responsible for management of Canadian national parks, Parks Canada, is required to report on each of its parks every five years. These reports provide an assessment of the state of key park values including ecological integrity, cultural resources and peoples’ connection to the park.⁸⁵ These reports are published and are used to inform future management of the parks.

4.54 The technical audits of management plan implementation undertaken from 2001 to 2011, were published on the Director’s website.⁸⁶ The three most recent technical audits, undertaken between 2012 and 2016, were not released publicly.⁸⁷

84 Additional work on soil remediation was required. The Director was unable to provide the ANAO with information in relation to whether the additional work on soil remediation had been undertaken.

85 Parks Canada state of the park reports. Available from www.pc.gc.ca/en/agence-agency/bib-lib/rappports-reports/parcs-parks.

86 Audits published are of the Booderee, Pulu Keeling and Christmas Island national park management plans.

87 These were audits of the Norfolk Island, Kakadu and Uluru-Kata Tjuta national park management plans.

Recommendation no.7

4.55 For improved transparency of the Director's impact in managing the national parks, the Director of National Parks should publish the technical audits of management plans.

Director of National Parks response: *Agreed.*

4.56 *The Director is committed to transparency of its functions in managing Commonwealth national parks although notes that there is no requirement under the EPBC Act, other legislation or any current park management plans that requires the Director to publicly release the technical audits. None-the-less, the Director will publish all future technical audits of management plans.*

4.57 Recommendations from the 2012 technical audit of the 2007–2014 Kakadu National Park Management Plan were provided to the Minister in 2015 when approval for the 2016–2026 Kakadu National Park Management Plan was sought. No briefing on the results of technical audits of management plans for the other national parks have been provided to the Minister.



Grant Hehir
Auditor-General

Canberra ACT
21 June 2019

Appendices

Appendix 1 Entity responses



Australian Government
Director of National Parks

Mr Grant Hehir
Auditor-General
Australian National Audit Office
GPO 707
CANBERRA ACT 2601

Dear Mr Hehir

Thank you for your email of 9 May 2019 regarding the Australian National Audit Office proposed report on the *Management of Commonwealth national parks*, and for the opportunity to respond. As a relatively recent appointee to the position of Director of National Parks, I appreciate efforts of the ANAO to examine the six Commonwealth terrestrial national parks, in order to help guide future management arrangements.

Pursuant to section 19 of the *Auditor-General Act 1997*, I have prepared a summary response to the report and a more detailed response against each recommendation.

Encouragingly, a number of business improvement projects are already underway that cover many of the recommendations in the report. I will review this program of work, and revise as necessary, to ensure all recommendations are appropriately addressed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Findlay', enclosed within a large, loopy oval.

Dr James Findlay
Director of National Parks

Date 3rd June 2019

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Australian Government
Department of the Environment and Energy

Matt Cahill
Deputy Secretary

Mr Grant Hehir
 Auditor-General
 Australian National Audit Office
 GPO Box 707
 CANBERRA ACT 2601

Dear Mr Hehir

Thank you for your letter of 9 May 2019 seeking comments on the proposed audit report on the Management of Commonwealth National Parks.

Pursuant to section 19 of the *Auditor-General Act 1997*, this letter is the Department's response. We note the suggestion that the review of administrative arrangements between the Department and the Director of National Parks be completed as soon as possible. The Operations and Corporate Change project, which was initiated in 2018, is both analysing and implementing changes. The project has already resulted in Parks Australia's corporate functions reporting through to the relevant Department SES officers, with the Department delivering those services to the Director under a new model. These arrangements will support the Director to focus on the operation of the national parks and to continue to meet his obligations as an Accountable Authority under the *Public Governance, Performance and Accountability Act 2013*. The project will be completed by 30 August 2019.

In relation to the oversight from the Portfolio Audit Committee, I understand an assessment of its performance is scheduled for the 2019-20 Financial Year. The matters raised in this audit report would be taken into account in that assessment. We will consult with your officers as part of that review.

I note the Director of National Parks, as the relevant appointment under the *Environment Protection and Biodiversity Conservation Act 1999*, will be responding separately to the findings and recommendations in the report as directed to that position.

Yours sincerely

Matt Cahill

5 June 2019

Cc: Mr Mark Rodrigues, Audit Manager

Appendix 2 Criteria for the assessment of the appropriateness of performance information

1. To undertake an assessment against the Department of Finance's Quick Reference Guide — RMG 131 Developing good performance information, the ANAO has applied the following audit criteria. These criteria have been applied for audits of performance information since Auditor-General Report No. 58 2016–17 *Implementation of the Annual Performance Statements Requirements 2015–16*. The assessment characteristics and explanations have been updated over time to reflect the ANAO's methodology development.

Table A.1: Criteria for the assessment of the appropriateness of performance information

Finance guidance		Assessment characteristics	Explanation
Relevant	Individual assessment	Benefit The performance criterion clearly indicates who will benefit and how they will benefit from the entity's activities.	The performance criterion should explain who will benefit from the activity and how the recipient will benefit.
		Focus The performance criterion should address a significant aspect/s of the purpose, via the activities.	The performance criterion should assist significantly in informing whether the purpose is being achieved, and the attribution of the entity's activities to it is clear.
		Understandable The performance criterion should provide sufficient information in a clear and concise manner.	The performance criterion should be stated in plain English and signal the impacts of activities to inform users.
Reliable	Individual assessment	Measurable The performance criterion should use information sources and methodologies that are fit for purpose.	The performance criterion should be capable of being measured to demonstrate the progress of fulfilling the purpose. This includes documenting a basis or baseline for measurement or assessment, for example a target or benchmark.
		Free from Bias The performance criterion should be free from bias and where possible, benchmarked against similar activities.	The performance criterion should allow for clear interpretation of results and provide an unbiased basis for assessment.
Complete	Overall assessment	Balanced The performance criteria should provide a balanced examination of the overall performance story.	The performance criteria should reflect a balance of measurement types (effectiveness and efficiency), bases (quantitative and qualitative) and timeframes (short, medium and long-term).
		Collective The performance criteria should collectively address the purpose.	The performance criteria should demonstrate the extent of achievement against the purpose through the activities identified in the corporate plan.

Appendix 3 Performance measures from the Director of National Parks 2017–2021 Corporate Plan

Table A.2: Performance measures from the Director of National Parks 2017–2021 Corporate Plan

Goal and objectives	Indicator	Baseline	Method/data source
Resilient places: to protect and conserve the natural and cultural values of Commonwealth reserves.	Populations of threatened and significant species are increasing	New baseline on 122 species	Park level monitoring programs
	Populations of priority invasive species are reduced	New baseline based on reassessment of priority invasive species in 2015–16	Park level monitoring programs
	New management plans for Australian marine parks in effect and implemented	2016–17	Number of management plans
	Increase in the number of marine park long term monitoring sites	2016–17	Number of long term monitoring sites
Multiple benefits to traditional owners: to support the aspirations of traditional owners in managing their land and sea country.	Increase in numbers of Indigenous staff and/or contractors directly or indirectly providing park services	Level of indigenous staffing in 2015–16	SAP and Indigenous Procurement Policy records for employment data
Amazing destinations: to offer world class natural and cultural experiences, enhancing Australia's visitor economy.	Maintain or improve the level of visitor satisfaction and number of visitors	2016–17	Historical data including website traffic, visitation trends and visitor satisfaction levels
Cross-cutting activities	Proportion of park management plans in place	2014–15	Count of plans in place
	Timeliness of response to incoming ministerial correspondence items, ministerial submission, question time briefs, parliamentary questions on notice, senate estimates questions on notice and public enquiries to the Community Information Unit	2015–16	PDMS and CIU records
	Risk maturity of 'Advanced' in the annual Comcover Risk management Benchmarking Survey	2014–15	Comcover

Goal and objectives	Indicator	Baseline	Method/data source
	Number of externally reportable breaches of the <i>Public Governance, Performance and Accountability Act 2013</i>	2015–16	Certificate of Compliance
	Net return from commercial operations and activities listed in the Director's Charges for Commonwealth Parks	2014–15	Commercial operations and activities listed in the Director's charges for Commonwealth Parks SAP/ Revenue Reporting

Source: Director of National Park's 2017–2021 Corporate Plan.