Evaluation of the Land Acquisition Program

Final Report

Prepared for the NSW Environmental Trust

March 2018

Disclaimer

Contact

For more information about this report contact:

Vishal Beri
Managing Director
Aegis Consulting Group
T +61 2 9698 2290 E vberi@aegisconsultgroup.com

About Aegis Consulting Group

Aegis is an independent advisor to government, corporate and non-government organisations on:

- Public Policy
- Economics
- Government
- Strategy

Aegis was established in 2002 and has an international team of consultants in Australia, Singapore and United Kingdom.

Public Policy - Economics - Government - Strategy

CONTENTS

Figures

Tables

Glossary of terms

Biodiversity Conservation Investment Principles (BCIS)
Biodiversity Conservation Trust (BCT)
Comprehensive, adequate and representative (CAR)
Foundation for National Parks and Wildlife (FNPW)
National Parks and Wildlife Services (NPWS)
Office of Environment and Heritage (OEH)
Private Land Care Conservation (PLCG)

1. EXECUTIVE SUMMARY AND RECOMMENDATIONS

Program history

This is a report on the evaluation of the Land Acquisition Program (the Program), which is administered by the NSW Environmental Trust (the Trust). The Program provides a non-contestable direct grant to the National Parks and Wildlife Service (NPWS), to fund the purchase of private land for reservation in the national parks estate. The Trust began funding the Program in 2000, and between then and 2014/15 it has allocated a total of about $72M to it.

The Program is intended to support activities (outputs) that can deliver the Program's core goal which is to meet the Trust's statutory object in section 7(d) of the *Environmental Trust Act 1998 "to fund the acquisition of land for national parks and other categories of dedicated and reserved land for the national parks estate"*.

Evaluation methodology

The evaluation includes an examination of the appropriateness, management, effectiveness and efficiency of the Program to assess its value for money. The evaluation involved a review of relevant Program documentation and interviews with NPWS and Trust staff managing the Program, and landholders who have transacted with NPWS.

The most recent annual report of the Program provided by NPWS to the Trust and available to the evaluation was the 2015-16 report. Accordingly, the evaluation focusses on an assessment of the Program from 2000 to 2016. Given that the Program represented a small percentage of the Trust's total annual expenditure in 2015-16 (7 percent), and that the activities (outputs) under the Program are difficult to purchase, the evaluation has based its value for money assessment on how the services help deliver government objectives and the non-cost or qualitative issues such as fitness for purpose, quality, service and support. This is consistent with best practice value for money assessments.

Evaluation

Program benefits

The Program activities (outputs) deliver a range of direct and indirect benefits. The delivery of these benefits is solely dependent on the Program because it is the only source of certain and regular funds which NPWS can rely on to support the acquisition and reservation of private land in the national parks estate.

Without the Program, the capacity of NSW to increase the size of the reserve system and/or improve the management of reserved land would be diminished. For example, between 2000 and 2011 it is estimated that 2 million hectares of land were added to the NSW reserve system. Of this 20 percent can be attributed to the Program; 50 percent to the re-allocation of state forests or Crown land into the reserve system; and 30 percent to other capital funds, such as from Office of Environment and Heritage (OEH) capital funds or Commonwealth National Reserve System (NRS) grants. In future years the certainty and contribution of the Program funding can become additionally important in circumstances where less Crown land is available for re-allocation and capital funding from other sources is more limited.

Environmental benefits

- Between 2000 and 2016 the Program has supported the purchase of 183 properties which total about 433,939 hectares. The business plan underpinning the Program includes an aspirational target of 10,000 hectares purchased each year and NPWS has met this in three and exceeded it in eight of the sixteen years between 2001-16. On average over this period NPWS has purchased about 28,000 hectares annually, more than double the yearly aspirational target.

- Of the total land acquired between 2000 and 2016, NPWS has been able to reserve about 408,156 hectares in the national parks estate. This represents about 94 percent of the total land acquired under the Program. About 35 per cent of land acquired has been used to enhance the long-term viability, visitor experience and management of existing parks, while about 65 percent of land acquired has led to the creation of 18 new parks.

- Of the total hectares preserved in the national parks estate (7 million) since the reservation system began, the land reserved under the Program has contributed about 6 per cent. This reflects the reality that historically most land reserved in the national parks estate over time is re-allocated Crown land. However, between 2000 and 2011 it is estimated that of the 2 million hectares of land added to the NSW reserve system, 20 percent can be attributed to the Program.

- The criteria for selecting land to acquire reflect the comprehensive, adequacy and representative (CAR) goals that NSW Government biodiversity conservation policy is based on. The land selection criteria also apply a proven scientific process defined by the World Conservation Union (IUCN) that is intended to achieve clear environmental outcomes from biodiversity conservation. To date acquired and reserved land under the Program has occurred in 15 of the 18 bioregions in NSW and led to removal or reduction of land use impacts on landscapes in these areas.

- The Program conserves land which holds greater significance and relevance for indigenous Australians.

- This environmental benefit is particularly important when it is considered that the limits on budgets and available land make achieving a CAR consistent reserve system an incremental and continuing process over future decades. It is estimated for example that the current NSW reserve system is about 50 percent of the way towards achieving CAR goals.

Public policy benefits

- The Program directly supports the acquisition and reservation of land to achieve the NSW Government's commitment to CAR goals. There is no other current funding program in NSW that enables NPWS to regularly act to build the national parks estate to contribute to state, national and international biodiversity conservation commitments, and no other comparable alternative funding program provided by the NGO or private sector to secure similar objectives. Thus, the Program is addressing a clear public good and market failure. The NSW Government's funding for the Biodiversity Conservation Trust to promote conservation on private land complements the Program because both approaches are intended to support CAR goals. However, the BCT funding is not a substitute for the Program. This is because the BCT funding encourages permanent and non-permanent conservation, while the Program is entirely focussed on supporting permanent conservation. The Program also delivers conservation land for public access to support tourism objectives.

- Overall more than 80 percent of the 183 properties acquired under the Program by NPWS since 2000 were fully funded by the Program, with the remainder jointly purchased using other OEH capital funds or with Commonwealth NRS grants.

- The certainty and equity offered by the Program funding enables NPWS to leverage other capital funds when opportunities to do so arise. For example, between 2000 and 2012 NPWS managed to use the Program funds to leverage a further $18M from the Commonwealth NRS grants.

Financial benefits

- The Program directly enables the government to meet international biodiversity conservation obligations reflected in CAR goals and conserve land in the national parks estate for inter-generational benefit in a cost-effective way. To ensure cost-effectiveness land acquisitions under the Program are based on market prices and NPWS does not pursue costly purchases which represent risks to the overall Program budget. Over the next 5 years the Biodiversity Conservation Trust funding for private land conservation may have an impact on the cost-effectiveness of the Program. Accordingly, the next Program evaluation should consider the pros and cons of the approaches to public and private land conservation.

Benefits for government administration

- The Program provides direct benefits for collaboration and co-ordination between government agencies. This occurs because the Reserve Establishment Guidelines (REG) include a specific reserve referral process where NPWS formally seeks the views of other relevant government agencies before it acquires land for conservation purposes.

Economic benefits

- The Program supports a range of direct and indirect benefits in local communities in regional NSW. This includes the employment of contractors to undertake works to improve and maintain the conservation of acquired and reserved land; the employment of park rangers to manage conserved lands; and the promotion and provision of opportunities for eco-tourism and scientific research activities in conserved areas which generates income for local transport,

accommodation and retail businesses. It is estimated that at a minimum, the gross value of spending by visitors to less than one third of NSW national parks in regional areas alone is about $1.26 billion annually.

Social benefits

- The Program supports a range of indirect social benefits for the NSW community. This includes the inter-generational legacy of enabling future generations to enjoy and value conserved biodiversity; the improved and increasing opportunities to visit publicly available conservation areas for educational and recreational purposes (this benefit does not arise for private land conservation); and mental and physical health benefits associated with sporting and recreational pursuits able to be undertaken in the national parks estate. It also raises awareness in regional communities about the opportunities that national parks and NPWS offers for land management partnerships and environmental volunteering. This is important because there is significant latent demand for environmental volunteering amongst the volunteering community.

- Although there can be negative perceptions about the socio-economic impacts of the acquisition of land for national parks in regional areas, evidence from NSW OEH and independent research demonstrate that local government areas benefit socially, economically and financially from the land reservation system.

Program risks

There are no unmanaged risks which constrain the current benefits of the Program or its effective management. However, the evaluation has considered some issues which could enhance the capacity of the Program to deliver benefits.

Long term outcome measurement

Current assessments of conservation and other environmental outcomes that the national parks estate exists to achieve are undertaken in two ways:
- NPWS park managers self-assess their compliance with the implementation of Plans of Management (PoM) which are statutorily required to be developed for each reserve;
- Every 3-years NPWS prepares its State of the Parks assessments and publicly reports these.

These mechanisms are informative but may lack rigour about long term outcomes because they are generally assessments of outputs required or immediate outcomes achieved. Improved evaluation of long term outcomes would assist to ensure that benefits delivered by the Program are sustainable.

The evaluation notes that NPWS is developing more robust outcome measurement approaches, consistent with new draft program logics being considered for application to OEH programs. The draft program logic for the reservation of land in the national parks estate has been reviewed by the evaluation and it represents best practice public sector management. The new outcome evaluation approach is expected to be applied in the 2018 State of Parks assessment.

The new approach is likely to offer increased opportunities to gather stronger evidence of the direct and indirect long-term benefits of the Program.

Vendor motivation

The Program is a market based one and competing with the opportunities vendors have to sell elsewhere in the established private market. The implementation of the NSW Government's bio-diversity conservation reforms, which promote conservation on private land, will increase competition for the Program as landholders can pursue conservation aims without selling into the reserve system. Like any market based activity, the allocative efficiency of the Program depends on the way consumers value it, and therefore it is important to systematically understand vendor motivations.

Consultations with landholders during the evaluation suggest that vendor motivations vary and include conservation and/or financial considerations. The desire to include their land for future generations in the reserve system and/or extract the best price from NPWS means that vendors can have flexible responses to the time it may take for NPWS to be able to commence and settle a purchase. Sales to NPWS can also raise awareness in local communities about the opportunities and benefits of selling land into the reserve system. Currently the management of the Program does not specifically collect and record information from vendors about their motivations for selling land to NPWS under the Program. Doing so may assist its competitiveness and is consistent with the Trust's general interest in how the Program's it funds influences community behaviours.

Funding limitations

A risk to the capacity of the Program to maximise the opportunity for benefits is the limitation on funding, which has remained at an annual level of about $5M since 2000. Those benefits include contributing to the achievement of CAR goals to which the NSW Government is committed as well as the other benefits identified in this evaluation. While the process of achieving CAR goals is necessarily an incremental one, pressures on the environment including from land clearing, land production and climate change, suggest that reserving land in the national parks estate to conserve biodiversity should be accelerated not stagnated or slowed.

Factors that impinge on the capacity of the Program to use its fixed funding to accelerate land reservation to include:

- The asset value of rural land in Australia as a percentage of Gross Domestic Product (GDP) has increased by about 70 percent between 2000 and 2014. With the rise in the value of rural land the Program has a narrower capacity to purchase land now than in 2000.
- There is a conflict between using land for production and conserving it in bio-regions in NSW that are under-represented for CAR purposes. This reduces the availability of the land for the Program to purchase where it is needed most.
- Over the 20 years to 2015 it is estimated that rural land prices in NSW grew by an annual average of 6 percent with 4 percent growth experienced in the Western NSW bio-regions where land conservation in the national park estate is under-represented. This growth exceeded the national average annual inflation rate of 2.6 percent over the same period and occurred despite volatility in commodity prices and climate risks. Growth in land prices reduces the market incentive to offer land for conservation purposes.
- Between 2013 and 2015 the total area of agricultural land in Australia reduced by 5.3 percent, however the total area landholders dedicated for conservation reduced by 18.2 percent. Reductions in the supply of farming land, particularly in bio-regions under-represented in the national parks estate, is likely to place upward pressure on land prices and further reduce incentives for conservation.
- The NSW Government's biodiversity conservation reforms which incentivise private land conservation through a $240M fund may reduce demand for the Program across various vendor motivations.

Increasing Trust funding for the Program, and/or supplementing the Program with other capital funds from the NSW Government can assist to resolve these barriers. The estimated benefits and rate of return that the Program displays superior cost effectiveness, making any additional funding a worthwhile and secure investment.

Ministerial approval

The NPWS process governing the acquisition of land requires NPWS to seek Ministerial or Ministerial delegate approval of recommended purposes prior to acquisition. These requests have been made annually and Ministerial approval has been for one year. This process can add delay to the transaction and therefore increase the risk that vendors exit the process prior to purchase. This risk is heightened when the market for land acquisition is competitive. The evaluation notes that NPWS has sought to manage this risk by seeking Ministerial approval periodically and seeking Ministerial approval for 3 years. This is an effective approach.

Value for money

The evaluation finds that the Program represents value for money for the Trust. However, the fitness for purpose of the Program could be improved by the provision of increased capital to accelerate the delivery of the benefits identified in this evaluation. Improvements in data collection and assessment could support greater allocative efficiency. This could occur via the new outcome measurement regime intended to be applied as part of the NPWS 2018 State of the Parks assessment.

Recommendations

Recommendation 1: **Program appropriateness**

The Program is appropriate and critical as it supports the only scientifically based process for permanently reserving land for the NSW national parks estate to deliver the objectives of the IUCN and *Convention on Biological Diversity 1992,* as well as the CAR goals. Accordingly, the Trust should continue to provide the Program as the mechanism to fulfil its statutory object to fund the acquisition of land for the national parks estate.

Recommendation 2: **Program management**

(a) The Program should continue to be managed in accordance with the Reserve Establishment Guidelines.

(b) Ministerial approval for land acquisitions should be sought periodically instead of annually and any approval should extend for a three-year period to align with the program funding cycle and offer NPWS and landowners increased flexibility.

Recommendation 3: **Program effectiveness**

(a) The Program's direct and indirect benefits (including those identified in this evaluation) should be subject to the new outcome evaluation framework being implemented by NPWS in its 2018 State of the Parks assessment. This will assist to provide additional evidence of the long-term contribution of the Program.

(b) Consideration should be given to systematically collecting and recording information about vendor motivation to enable the Trust and NPWS assess the capacity of the Program to influence stronger commitment for conservation in bio-regions where it is needed most.

(c) Given the direct and indirect benefits which the Program supports, ongoing need for the Program and market-based impediments to land acquisition for conservation, consideration should be given increasing Trust funding allocated to the Program and/or regularly supplementing the Program with capital funds from other NSW Government sources. Additional funding for the Program should reflect the estimated average annual increases in NSW rural land prices over the 20 years to 2015 of up to 6 percent (NSW wide average) and at least 4 percent (NSW Western region average). This would enable NPWS to accelerate the achievement of direct and indirect benefits. This is particularly important if it is considered that NSW is about 50 per cent towards achieving its CAR goals and the three Western NSW bio-regions where there is an under-representation of land reserved in the national parks estate have also experienced the highest capital growth in rural NSW land values between 1990 and 2014, well above the national average annual inflation rate of 2.6 percent during this period. Additional funding is consistent with the *Biodiversity Conservation Act 2016* which prioritises investment in areas containing the least protected ecosystems of public and private land.

(d) Given the similar but also varying objectives of the Program and the NSW Government's planned funding for private land conservation by the Biodiversity Conservation Trust over the next 5 years, and the potential impacts of that funding, the Trust may wish to assess the pros and cons of each approach as part of the next value for money evaluation of the Program.

Recommendation 4: **Program efficiency**

Potential allocative efficiency (value to consumers) could be improved by implementing recommendations 2 and 3 in this evaluation.

Recommendation 5: **Value for money**

While the Program represents value for money and it should be continued, recommendations 2 and 3 in this evaluation should be implemented to improve some aspects of the Program's fitness for purpose and allocative efficiency.

2. METHODOLOGY

2.1 Scope and Timeframe of the Evaluation

The Land Acquisition Program (the Program), is administered by the NSW Environmental Trust (the Trust). The Program is intended to meet the Trust's statutory object to fund the acquisition of land for the national parks estate[1]. The Program is a non-contestable grant directly negotiated with the National Parks and Wildlife Service (NPWS) which uses the Program funds to administer the purchase of land for the national parks estate. Between 2000/01 and 2014/15 the Program has provided about $72M to NPWS[2].

The Trust has allocated $20.12M to the Program for the period 2015/16 to 2018/19 (4 years). A further $10M has been allocated to the Program from 2016 to 2021 to specifically target the voluntary acquisition of land that will contribute to the protection of koala populations[3].

An evaluation of the Program has not been previously conducted. The Trust has commissioned Aegis Consulting Group (Aegis) to undertake the evaluation of the Program. The evaluation occurred from May to August 2017.

2.2 Objectives of the Evaluation

The objectives of the evaluation are to:

- Determine to what degree the program is exceeding meeting or likely to meet its intended outcomes and deliverables.
- Identify any risks to the program, including but not limited to risks around governance, financial management, project planning, and delivery of intended outcomes; and
- Provide recommendations on how to address these risks as part of the next business cycle.

[1] Section 7(d) of the Environmental Trust Act 1998
[2] Minutes of Environmental Trust meeting, 12 December 2014 and additional information from NPWS
[3] Program business plan addendum 2016

2.3 Evaluation Framework

2.3.1 Key issues being assessed

The assessment framework to meet the evaluation objectives has been agreed by the Trust and Aegis. The assessment framework is intended to identify the appropriateness, effectiveness, and efficiency of the use of the Program funds by the Trust. These issues form the basis of examining the value for money of the use of the Program funding. The assessment framework is also intended to identify any improvements that can be made to the allocation and management of the funds by the Trust. A series of key questions were developed to guide the gathering and analysis of information required to address these issues.

Table 1: Key evaluation criteria and questions[4]

Key Evaluation Questions	
Appropriateness	1. How appropriate was the planning process in the initial scoping phase? 2. Does the program address the identified need and is it the most appropriate thing to do? 3. Has expenditure to date been appropriate for the program?
Effectiveness	1. How much land acquired with project funds has been added to the reserve system? 2. Does the land purchased align with the government's stated priorities? 3. Is land gazetted as NPWS estate? 4. Is the program on time and on budget? 5. Has the program's activities been implemented as intended? If not, why, and what was the impact? 6. Has the program been appropriately planned and scoped to ensure delivery of intended outcomes and effective measurement of these outcomes? 7. What outputs have been achieved to date, and do these represent value for money? 8. Is it likely the intended outcomes will be delivered?
Efficiency	1. How efficient are the planned program activities? 2. Is the program likely to deliver value for money? 3. What is the program' implementation costs, and are these efficient? Can resources be allocated more efficiently? 4. What are the grant administration costs (Trust and OEH (NPWS)), and are these efficient?

[4] Environmental Trust

Key Evaluation Questions	
Process	1. How well managed is the program? 2. Are appropriate governance arrangements in place for purchasing land? Do these align with relevant government procedures and guidelines? 3. Are the methods for making decisions and managing the program appropriate and likely to ensure success?
Opportunities	1. What are the lessons learned and/or other opportunities related to the program? 2. What could be done differently? 3. What are the associated risks with governance, financial management and project planning? 4. What are the recommendations for the continuation of this program in light of the findings?

2.3.2 Key sources of information

Evidence and data to identify and analyse the key assessment issues and questions and develop recommendations were obtained by the following methods.

Program document review. An extensive range of Program documentation was reviewed. This comprised:

- Trust documents including business plans underpinning the Program; the grant agreement between the Trust and NPWS; minutes and decisions of sub-committee meetings; and annual progress reports of Program management received by the Trust from NPWS.
- NPWS documents including NSW National Parks Establishment Plan 2008; National Parks Reserve Establishment Guidelines 2017; program logic underpinning the acquisition of land for the national parks estate; NPWS historic and future management plans for the Program; and a 2012 audit of the Program.
- NSW Office of Environment and Heritage (OEH) documents.

Consultations with the Trust. This included interviews with Trust staff managing the Program.

Consultations with the NPWS staff managing the Program. This included interviews with NPWS staff who are familiar with the policy history and intention of the Program and staff responsible for the management of the Program.

Consultations with landholders. This included interviews with landholders who have volunteered land for acquisition under the Program.

2.3.3 Value for money

Selected method to assess value for money

The various sources of information were used to assess the costs and benefits that inform the appropriateness, effectiveness and efficiency (value for money) of the Program and options for its shape and delivery. Appropriate, effective and efficient grants administration should ideally aim to[5]:

- Equitably and transparently select funding recipients that represent the best value for money to deliver program objectives; and
- Efficiently and effectively deliver government funding to eligible recipients to achieve desired government policy outcomes.

Value for money is a critical outcome for the expenditure of public funds. The standard approach taken by Australian governments is that the assessment of value for money relies on[6]:

- The nature of the spending by a government agency to purchase or support activities or services; and
- The consideration of relevant issues upon which value for money is based.

In relation to the nature of spending, there are two primary factors to consider:

- The difficulty of securing a supply of services which means (a) the degree to which the required services present risks or are critical to the agency and (b) the extent to which a competitive market for the supply of services exists.
- The relative expenditure for the services which means their cost relative to the total purchasing expenditure of the agency.

The figure below describes how these two factors can be combined, categorised, compared and applied. Generally, spending in categories 2-4 require a detailed analysis and evaluation of the factors contributing to value for money.

[5] Australian National Audit Office, Implementing Better Practice Grants Administration 2010, p3
[6] Australian Government, NSW Government, Queensland Government, State Purchasing Policies

Figure 1: A guide to the nature of purchasing (spending)

Based on the guide to spending the Program fits within category three because:

- The expenditure is a small proportion of the Trust's total annual expenditure. In 2015-16 the Trust allocated over $67M via grants to support the delivery of its objectives. The Program was allocated $5.03M (the annual allocation over a four-year program), representing 7 per cent of the Trust's total spending; and
- The acquisition of land for the national parks estate is difficult to secure because it relies on landholders to volunteer land that fits the objectives of the Program, and such land is not easily available. In addition, the transactional nature of land acquisition carries with it a range of risks that can prevent land from being secured in a timely manner or at all.

Accordingly, the value for money of the Program only needs to be assessed against the first two of the following three factors that are often used to judge value which are:

- *How the services help to deliver government objectives*.
- *The non-cost or qualitative issues such as fitness for purpose, quality, service and support*.
- The whole-of-life costs of the activities funded under the program, including the internal processing costs of acquiring, using, maintaining and disposing of the service. This activity can include comparing the costs of service provision by government and the non-government sector and comparing the unit costs of funding an activity or service against the quantifiable and/or qualitative benefits the activities achieve for government and the community in general.

Selected method in practice

In the implementation of its methodology the evaluation consistently sought to address the two selected key factors relating to value:

- *How the services help to deliver government objectives*.
- *The non-cost or qualitative issues such as fitness for purpose, quality, service and support*.

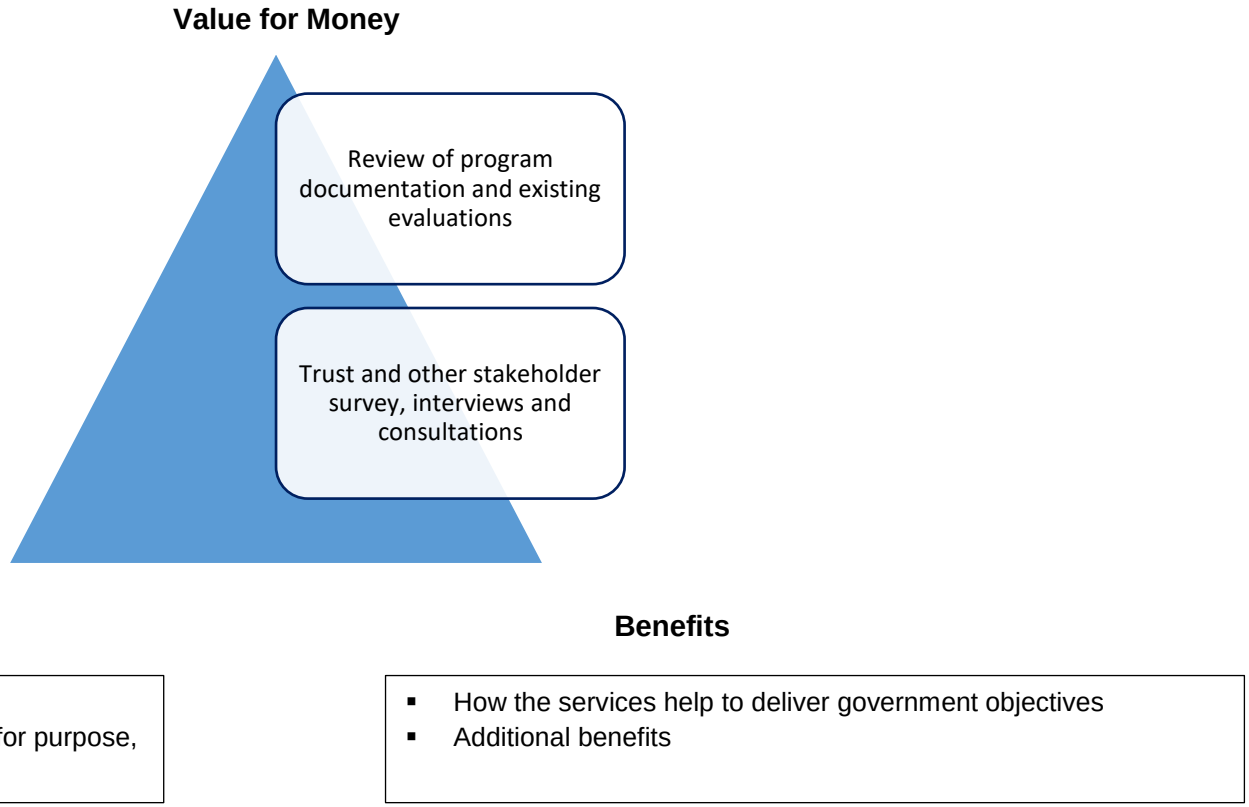
It did this by seeking information that could answer the following fundamental questions which help to address these two key factors.

- What is the environmental problem that needs to be addressed?
- Why does government need to intervene? For example, is it because of some market failure such as necessary behaviour change that cannot occur without government intervention?
- How does this intervention align with the objects of the Trust and government more broadly?
- What are the direct and indirect costs of the chosen option?
- What are the risks of the chosen option?
- What are the benefits of the chosen option?
- What is the timeframe of the intervention and what is the exit strategy for government? For example, is it aimed at delivering a specific short- term outcome or is it seeking to achieve a longer-term change?
- What are the milestones over the timeframe that will be used to steer the intervention and respond to issues that arise so that it remains effective?
- How will the benefits be assessed so that government can judge whether to exit or continue with the intervention within the nominated timeframe or extend the timeframe?

While the methodology focussed on the delivery of government objectives and cost-issues, consideration was also given to cost issues to the extent they impacted on Program efficiency.

The figure below illustrates how the evaluation methodology sought to assess key value for money factors.

Figure 2: Value for money assessment methodology[7]



[7] Aegis Consulting Group 2017 based on the Australian Government, NSW Government, Queensland Government, State Purchasing Policies

3. INTRODUCTION

3.1 Program History

The history of the Program is important to its evaluation as it provides the context for current and future practice.[8]

3.1.1 Reason for the Program

The national parks estate and role of NPWS

The objects of the *National Parks and Wildlife Act 1974* (NPWS Act) are:
(a) the conservation of nature, including, but not limited to, the conservation of: (i) habitat, ecosystems and ecosystem processes (ii) biological diversity at the community, species and genetic levels (iii) landforms of significance, including geological features and processes, and (iv) landscapes and natural features of significance including wilderness and wild rivers;
(b) the conservation of objects, places or features (including biological diversity) of cultural value within the landscape, including, but not limited to: (i) places, objects and features of significance to Aboriginal people, (ii) places of social value to the people of New South Wales, (iii) places of historic, architectural or scientific significance;
(c) fostering public appreciation, understanding and enjoyment of nature and cultural heritage and their conservation; and
(d) providing for the management of land reserved under this Act in accordance with the management principles applicable for each type of reservation.

The objects of the NPWS Act do not impose an obligation on the National Parks and Wildlife Service (NPWS) to actively grow the national parks estate. The objects simply give NPWS the power and function to acquire land for the reservation system and manage that land. While there is no legislative requirement for NPWS to expand the amount of reserved land over time, NSW Government policy over many decades vests in NPWS the task of doing so consistently with prevailing government commitments to protection of biodiversity, landscapes and environmental values.

The legislative and policy parameters suggest that while it is not the statutory core business of NPWS to invest time and resources to expand the volume and quality of land in national park estate, the long-standing policy approach has settled that it has the most natural function within the public sector to perform this task consistent with government priorities.

[8] The information about the history of the program has been obtained from consultations with the NPWS and Environmental Trust

Funding land acquisition and the role of the Environmental Trust

The Trust is an independent statutory body established by the NSW government to fund a broad range of organisations to undertake projects that enhance the environment of NSW. The key features of the Trust are that it is:

- Empowered under the *Environmental Trust Act 1998* (ET Act), and its main responsibility is to make and supervise the expenditure of grants.
- Administered by the NSW Office of Environment and Heritage (OEH).
- Chaired by the Minister for Environment and its other members are the Chief Executive Officer of OEH and representatives from Local Government NSW, the Nature Conservation Council and NSW Treasury.

Section 7(d) of the ET Act requires the Trust to fund the acquisition of land for the national parks estate. The Program is intended to fulfil this statutory object.

On one hand, it may seem incongruous that the Trust, rather than NPWS, should be responsible for funding the acquisition of land for the national parks estate, when the NPWS has the legislative power to acquire and manage this land. However, this statutory object of the Trust, and the independence of Trust funding from government budgetary processes, offers NPWS a degree of funding certainty that it may not enjoy if it had the dual power to fund the acquisition of land and acquire and manage land. This is because NPWS controlled funding would be subject to changing government budget priorities each year.

In addition to quarantining land acquisition funding from variables affecting the general budget process, governments in NSW have acknowledged that it is important to separate the funding function (gamekeeper) from the land acquisition and management function (poacher). This is particularly because independent funding equips NPWS to be competitive and efficient with spending in the land acquisition market over the immediate and long term, while the acquisition and management function must be responsive to the changing environmental policy priorities of government. Essentially the Trust's gamekeeper role (through funding) influences the way the market operates, while the NPWS poacher role (through action) uses the funding to respond to the market.

Effective governments tend to favour separating these gamekeeper and poacher roles between agencies because when combined they can either distort the way markets operate and/or reduce the efficiency and effectiveness of responses in the market.

The separation of the funding and land acquisition roles is consistent for example with capital markets where a financier (in this case the Trust) provides funding to an asset purchaser (in this case the NPWS) for the purchase assets that serves their mutual interest (in this case the satisfaction of the respective legislative objects of the Trust and NPWS).

3.1.2 Type of Program

The Program is one of many grant programs administered by the Trust. Most programs administered by the Trust involve the allocation of grants to government and non-government organisations via contestable methods, such as competitive tendering. However, the Program is a non-contestable grant directly negotiated with the NPWS. The NPWS is chosen by the Trust to manage the Program because the NPWS is the government agency responsible for managing the national parks estate under the NPWS Act.

Between 2000 and 2014/15 the Program provided $72M to NPWS. The Trust has allocated $20.12M to the Program for the period 2015/16 to 2018/19 (4 years). A further $10M has been allocated to the Program to specifically target the voluntary acquisition of land that will contribute to the protection of koala populations. Thus, in total the Trust will have allocated about $102M to the Program to 2018/19, but spent about $77M to 2015/16.

3.2 Program Goals, Objectives, Outcomes and Management

3.2.1 Intended goals, objectives and outcomes

The Program has some clearly intended goals, objectives and outcomes which are outlined in table 2 below.

Table 2: Intention of the Program

Goal	Objectives	Outcomes
Section 7(d) of the *Environmental Trust Act 1998* specifies one of the Trusts objects "to fund the acquisition of land for national parks and other categories of dedicated and reserved land for the national parks estate".	The acquisition, by voluntary purchase, of high conservation value land, at fair market value, within allocated budget.	Addition of land to the NSW reserve system that will: ▪ contribute to the protection of a range of habitats and ecosystems, plant and animal species, and significant geological features and landforms found across the State; ▪ protect important landscape-scale wildlife corridors; ▪ protect places of cultural importance; and ▪ support efficiencies in reserve management and improve access to national parks and reserves.

The objectives and outcomes of the Program are informed by the[9]:

- Policy priorities of the NSW Government in relation to conservation and its contribution to the Australian Government's delivery on national and international conservation commitments;
- Corporate and policy responsibilities of OEH;
- Statutory objects of the Trust; and
- Statutory objects of NPWS.

In March 2011, the NSW Government determined that the reservation and management of land for the national parks estate should focus on improving effectiveness and efficiency to adequately protect the values within the reserve system and to enhance public enjoyment and public access to parks. To achieve this the Government considers that the priorities of the reservation system should be:

- Land that can support connectivity conservation, such as green corridors;
- Land which improves the design of the reservation system to support effective and efficient management; and
- Preserving culturally important landscapes and places.

The corporate goals of OEH reflect this government direction and the various statutory obligations to preserve biodiversity, wilderness areas and native vegetation contained in the *Threatened Species Conservation Act 1995*, *Wilderness Act 1987*, *Native Vegetation Act 2003* and the *Biodiversity Conservation Act 2016* (BC Act) which has led to the repeal and incorporation of some of this other legislation in the BC Act.

The corporate goals of OEH relevant to the Program objectives and outcomes are:

- Ensure vibrant natural assets for the health and prosperity of NSW;
- Protect, celebrate and share our heritage;
- Encourage communities to enjoy their national parks and value their local environment; and
- Build resilience to climate change and environmental hazards and risks.

[9] Information about program goals, objectives and outcomes has been obtained from consultations with the NPWS and Environmental Trust

3.2.2 Management

Overview[10]

The Program is managed by the Trust through its major projects unit and overseen by the Trust's Biodiversity Green Corridors (BGC) Subcommittee. Under the Program:

- *The funding allocation from the Trust to NPWS* is based on a business plan approved by the Trust's BGC Subcommittee. While in some previous years the Program has provided funding for 3 years, the business plan for 2015/16 – 2018/19 is based on a 5-year funding plan with the agreement of the Trust. After the next application for funding by NPWS in 2016/17, it is intended that the Program business plan will consider a 5-year rolling funding cycle, with appropriate governance controls such as periodic evaluation, to stream line administration.

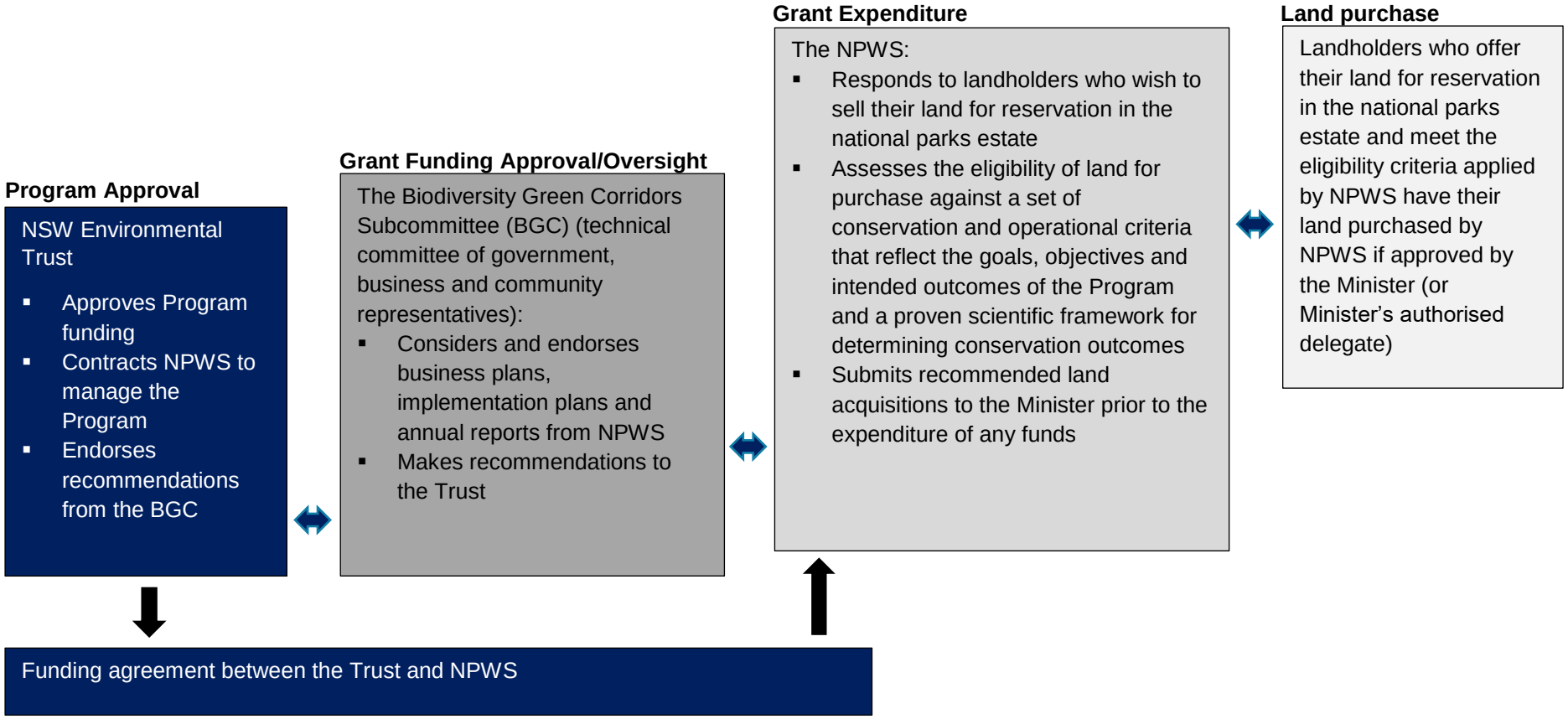
- *The recommended expenditure of Program funds by NPWS* is based on the proven scientific framework defined by the World Conservation Union (IUCN), and contained in the NSW National Parks Establishment Plan 2008 (and the future Direction Statement for National Parks Establishment which will replace the 2008 Plan); Australia's Strategy for a National Reserve System 2009-2030 and the Reserve Establishment Guidelines (REG) 2012. Lands are assessed by NPWS within this framework against a set of conservation and operational criteria. The NPWS submits its recommended land acquisitions to the Minister for Environment, or the Minister's authorised delegate, prior to any expenditure of funds.

The conservation and operational criteria used by NPWS to determine the eligibility of land for purchase and inclusion in the national parks estate implements the following general principles embedded in the NPWS operating framework and which reflect the statutory objects of NPWS:

- The reserve system should be comprehensive, adequate and representative (CAR) of the full range of NSW biodiversity and protect natural systems and processes.
- Reserves should be established to adequately sample and protect cultural heritage, including places, objects and features of significance to Aboriginal people as well as historic heritage.
- Reserves should be established to provide increased opportunities for public access to, and enjoyment of, a broad range of natural environments in regional and urban NSW, for nature based recreation, cultural connection and education.
- Reserves should be designed and managed to support their primary purpose, enhance manageability of the reserve, and improve, maintain and enhance their values. Large reserves are preferable to small ones, though a range of sizes may be appropriate to adequately represent conservation values.

[10] The information about the management of the program has been obtained from consultations with the Environmental Trust and NPWS

Figure 3: Management of the Program[11]



[11] Aegis Consulting Group 2017 based on information from the Environmental Trust and NPWS

NPWS Program management

The Program is managed by the Reserve Establishment team within NPWS. This team is highly experienced and manages the Program within a project management framework that ensures:

- Operational and outcome delivery certainty including adherence to budget parameters and annual milestones for property identification, inspection, approval, negotiation and acquisition;
- Development, application and review of the policies and guidelines governing the national parks estate, such as the NPWS Reserve Establishment Guidelines (REG) 2012; and
- Effective Program risk management including for example the risk of insufficient land supply for the reserve system. Risk management includes the maintenance of the Land Information System database to track and manage lands of interest to NPWS.

General program management by the Environmental Trust

The objects of the Trust are to:

- Encourage and support restoration and rehabilitation projects.
- Promote research into environmental problems of any kind.
- Promote environmental education in both the public and private sectors.
- Fund the acquisition of land for the national parks estate.
- Fund the declaration of areas for marine parks and for related purposes.
- Promote waste avoidance, resource recovery and waste management (including funding enforcement and regulation and local government programs).
- Fund environmental community groups.
- Fund the purchase of water entitlements to increase environmental flows for the State's rivers and restoring or rehabilitating major wetlands.

Section 9(1) of the *Environmental Trust Act 1998* (the Act) requires that a Technical Committee be established to assess applications for funding under each of the programs administered by the Trust. Consistent with the Act, the Subcommittee that assesses the funding applications (business plans) under the Program has representatives from the NSW Government, community and industry. Under s.14 of the Act the functions of the Technical Committee are:

- The Trust is to refer each application for a grant to a Technical Review Committee of the Trust.
- The committee is to assess the practicability and overall worthiness of each application referred to it and provide the Trust with its assessment.
- A member of a committee may nominate another person to take the member's place in assessing a particular application if the member considers that the nature of the application requires the expertise of that other person.

The funding principles of the Trust govern the use of the grants it allocates. These principles are that:

- Grant funding is most appropriate for:
  - actions that will fix a problem or significantly change behaviours around that problem
  - niche filling (where no other funding is available)
  - early intervention of emerging issues, where an early injection of resources will allow innovation and address a persistent problem
  - actions that provide a platform for further action
  - additionality/complementary actions
  - proof of concept projects
- Grant funding should be used to foster co-contributions, strategic collaboration, and longevity of outcomes.
- All funded projects must meet at least one of the objects of Trust.
- Projects cannot be for core business/cost shifting/replacement funding/ongoing maintenance or to fix policy or program failings.

4. EVALUATION

The analysis in this part of the evaluation is based partly on consultations with landowners who have sold land to NPWS for reservation in the national parks estate. With the agreement of the Trust and NPWS, a commitment was provided to these stakeholders that their responses would remain confidential and anonymous in the evaluation report. Accordingly, the findings in this part of the report do not identify any project or stakeholder, but do draw key findings from them.

4.1 Program Appropriateness

4.1.1 Program goals and role of government

General environmental policy

The environment is generally viewed by responsible governments as a public good and an inter-generational legacy worth preserving. As a result, these governments embed a range of measures to promote and continuously improve the conservation of the environment and biodiversity within it. The environmental protection measures that governments choose to take reflect the significant value that both domestic and the global society places on the conservation of biodiversity and natural ecosystems and habitats. For many years this value has been reflected in the World Conservation Union (IUCN), which was established in 1948 to "*influence, encourage, and assist societies throughout the world to conserve the integrity and diversity of nature and to ensure that any use of natural resources is equitable and ecologically sustainable*". The IUCN has over 1000 government and NGO members, as well as more than 11 000 volunteer scientists from about 160 countries, including Australia[12].

More recently, the value that the international community places on environment and conservation has also been captured in the *Convention on Biological Diversity 1992* (CBD). The CBD is an international treaty and the paramount legal instrument governing the conservation of biodiversity. Every nation in the world, except the United States of America, has ratified the CBD[13]. Two of the indicators of the value that the Australian community attributes to the environment and conservation are (1) the fact that the Australian government is a signatory to the CBD[14], and (2) the extent of regulation that the Commonwealth and State parliaments have and continue to enact to implement the CBD and promote and improve biodiversity outcomes[15].

[12] Information from the ICUN
[13] Convention website http://www.cbd.int/countries/
[14] Australia ratified the CBD on 18 June 1993
[15] Commonwealth Department of Environment

Program goal

The Program goal is contained in Section 7(d) of the *Environmental Trust Act 1998* which specifies that one of the statutory objects of the Trust is "*to fund the acquisition of land for national parks and other categories of dedicated and reserved land for the national parks estate*". This goal is consistent with the general commitment of the NSW Government to the *Convention on Biological Diversity 1992.*

Program objective

The sole objective of the Program is the acquisition, by voluntary purchase, of high conservation value land, at fair market value, within an allocated budget.

Policy context

Consistent with its commitment to the aims of the IUCN and CBD, the Australian community is committed to reserving land for conservation. This is demonstrated by the Australian Governments ratification of the *Convention on Biological Diversity Strategic Plan for Biodiversity 2011–2020*, known as the 'Aichi targets'[16]. The principle upon which the Achi targets are based is that conservation should be achieved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area-based conservation measures, integrated into the wider landscape and seascape.

The Achi principle is reflected in the common objective of Australian governments to build a comprehensive, adequate and representative (CAR) reserve system. Applying the CAR system is "*based on the principles of protecting the full, or comprehensive, range of habitats and ecosystems, plant and animal species, and significant geological features and landforms; representative examples of the variation in each of these, and adequately sized areas set aside to ensure that the biota living within reserves can reproduce and persist over time*"[17].

The NSW Government has a commitment to achieve CAR goals through two complementary initiatives. These are the acquisition of land for the public estate (the Program) and funding support for conservation by private landholders. Through its *Biodiversity Conservation Act 2016* the NSW Government has introduced a new mechanism to govern private land conservation. Key parts of this initiative are the creation of a Biodiversity Conservation Trust (BCT) to manage and allocate funds for private land care conservation; the initial commitment of $240M in funding for the BCT to manage; and the development of a Biodiversity Conservation Investment Strategy (BCIS) to guide the prioritisation and allocation of funding[18].

[16] These are referred to as the Aichi targets after the prefecture in Japan that hosted the international meeting
[17] NPWS, Environmental Trust Investment in the NSW Reserve System 2000-2011 - A Retrospective
[18] At the time this report was being prepared the BCIS was in draft form, but the evaluation has viewed it

Program issues

The NSW Government's commitment to encourage conservation through the national parks estate and on private land reflects a need to balance several factors.

The reservation of land by NPWS can face challenges in regional NSW. For example, regional communities and landholders can consider that changes in the primary use of land from agriculture to conservation creates adverse actual or perceived socio-economic impacts for them.

Perceptions that land acquisition for the national parks estate has adverse socio-economic impacts in regional areas can persist despite strong evidence to the contrary. The NSW OEH has undertaken a robust and comprehensive longitudinal analysis comparing financial and socio-economic performance indicators for 112 local government areas (LGAs) in regional towns and cities or rural areas across NSW from 2000 to 2010 to identify the impacts of the reservation system. The assessment shows that examined LGAs experienced a period of economic growth despite the impact of drought and the Global Financial Crisis, and irrespective of land acquisitions for the national parks estate. The analysis suggests that the reservation system does not appear to be correlated with any negative socio-economic effects on either local communities or local councils [19].

To encourage and increase conservation outcomes multiple approaches are often required. For example, the process for reserving land permanently in the national parks estate is based on a proven scientific framework consistent with the objectives of and criteria recommended by the IUCN and *Convention on Biological Diversity 1992.* Permanent conservation can be pursued through this process because government controls it and land being volunteered for conservation is often unproductive. One the other hand encouraging conservation outcomes on private land needs to offer landholders different options to maintaining the productive value of their land and pursue conservation goals.

The biodiversity conservation reforms are informed by investment principles that must recognise and support the different kinds of voluntary conservation agreements that landholders possess (permanent and non-permanent) to encourage the increased preservation (or persistence) of conservation areas on private land. A clear objective of the reforms is to encourage uncommitted landholders to embark on a journey towards permanent conservation agreements because this is viewed as one way to help address concerns about the adverse socio-impact impacts of conservation in regional NSW.

[19] NSW Office of Environment and Heritage, Longitudinal analysis of the socio-economic impact of national park land acquisition on local communities and councils, July 2012

Market interventions

Usually government programs are funded for one or more of the following reasons:

- *To achieve a public good*. Governments can support a public good by (a) funding services that the market would not normally fund (b) subsidising market based activities to enable an increase in the scope, scale or accelerated delivery of services and/or (c) subsidising services to retain affordability for consumers.

- *To address market failure*. Governments can seek to address market failure by (a) providing services itself (b) subsidising market based services to ensure a standard or quality and/or (c) responding with the same actions as it would to support a public good. Barriers to market entry are generally associated with market failure.

The nature of these possible responses by government indicates that there is a range of inter-relationships between supporting a public good and addressing market failure. Sometimes in choosing one option government is also pursuing another.

However, not all market failure can be addressed by government regulation or spending. Some failures can more effectively be addressed by changes in business culture and operating practice in response to commercial need.

When choosing an intervention government should be clear about whether an activity is to provide a public good and/or address a market failure. Doing so will help to clarify the achievable benefits of the intervention at the outset, and shape the measurement and risk management of the intervention. It will also avoid situations where government chooses interventions that it cannot deliver better than business or the market itself.
Public good

The Program clearly exists to promote a public good, namely increasing the amount of permanently conserved land in the NSW national parks estate. The outcomes sought by the Program affirm that it is performing a public good because the outcomes are to add land to the NSW reserve system that will:
- Contribute to the protection of a range of habitats and ecosystems, plant and animal species, and significant geological features and landforms found across the State;
- Protect important landscape-scale wildlife corridors;
- Protect places of cultural importance; and
- Support efficiencies in reserve management and improve access to national parks and reserves.

The outcomes are a public good because they help to deliver the NSW Government's commitment to the IUCN and *Convention on Biological Diversity 1992* as well as the CAR goals. They are also a public good where they contribute to socio-economic benefits associated with land acquisition, the economic opportunities associated with park management, and the well-being and environmental awareness and engagement communities experience when accessing public parks.

Market failure

The Program exists to deliver a statutory object of the Trust, and therefore is likely to inhibit the delivery of the same program with a similar scale by any other party in the market for conservation activities.

The NPWS is the lead agency for the reservation of land for the national parks estate and therefore no other NSW Government agency would substitute its use of the Program with other funding.

The Federal government has responsibilities for the reservation of suitable Commonwealth owned land for national parks, and assisting State Governments with similar reservations within state jurisdictions, but it would be unlikely to directly substitute the role of the NPWS and its use of the Program. Any use of Commonwealth funding for the reservation of land in the NSW owned national park estate would only occur if NSW applied for that funding under the National Reserve System.

Non-government organisations (NGOs) involved in the reservation of land for conservation purposes focus on supplying permanent and non-permanent covenants for landholders to support private land conservation and/or using public donations to supplement the cost to NPWS of reserving and managing land in the national parks estate. Accordingly, these activities are not a substitute for the use of the Program by NPWS.

Thus, the existence of the Program dissuades other parties from engaging in substitutable activities for the creation of the national parks estate. At the same time, the Program exists to address this market failure because in the absence of the Program there is unlikely to be any other source of equivalent funding to support the land reservation activities of NPWS to the desired scale.

The NSW Government's funding for the Biodiversity Conservation Trust to promote conservation on private land complements the Program because both approaches are intended to support CAR goals. However, the BCT funding is not a substitute for the Program. This is because the BCT funding encourages permanent and non-permanent conservation, while the Program is entirely focussed on supporting permanent conservation.

Recommendation 1: **Program appropriateness**

The Program is appropriate and critical as it supports the only scientifically based process for permanently reserving land for the NSW national parks estate to deliver the objectives of the IUCN and *Convention on Biological Diversity 1992,* as well as the CAR goals. Accordingly, the Trust should continue to provide the Program as the mechanism to fulfil its statutory object to fund the acquisition of land for the national parks estate.

4.2 Program Management

4.2.1 Best practice

Any program involving grant administration should seek to apply a best practice approach to managing and measuring the allocation and performance of funds to achieve clear benefits. This best practice approach is framed by seven key principles that should govern grant administration. These principles are described in the table below.

Table 3: Seven principles of grant administration[20]

	Principle
1	**Robust planning and design** which underpins efficient, effective and ethical grants administration, including through the establishment of effective risk management processes.
2	**An outcomes orientation** in which grants administration focuses on maximising the achievement of intended government outcomes from the available funding.
3	**Proportionality** in which key program design features and related administrative processes are commensurate with the scale, nature, complexity and risks involved in the granting activity.
4	**Collaboration and partnership** in which effective consultation and a constructive and cooperative relationship between the administering agency, grant recipients and other relevant stakeholders contribute to achieving more efficient, effective and equitable grants administration.
5	**Governance and accountability** in which a robust governance framework is established that clearly defines the roles and responsibilities of all relevant parties; establishes the policies, procedures and guidelines necessary for defensible funding recipient selection and administration processes that comply with all relevant legal and policy requirements; and supports public accountability for decision-making, grant administration and performance monitoring.
6	**Probity and transparency** in which program administration reflects ethical behaviour, in line with public sector values and duties; incorporates appropriate internal and fraud control measures; ensures that decisions relating to granting activity are impartial, appropriately documented and publicly defensible; and complies with public reporting requirements.
7	**Achieving value with public money** which should be a prime consideration in all aspects of grant administration and involves the careful consideration of costs, benefits, options and risks.

[20] Commonwealth Grant Guidelines—Policies and Principles for Grants Administration, Financial Management Guidance No. 23, July 2009 and NSW Department of Premier and Cabinet, Good Practice Guide to Grants Administration

4.2.2 Compliance with best practice[21]

Robust planning and design

The allocation of funding under the Program to NPWS is not subject to any contestability regime. The NPWS was directly chosen by the Trust as the recipient of the Program funding because the NPWS is the government agency responsible for managing the national parks estate.

Because the Program is a non-contestable directly negotiated grant, the robustness of its planning and design relies on the following key elements and how they interact:

- The framework governing the allocation of Program funding from the Trust to NPWS;
- The framework the NPWS applies to spend the funds under the Program; and
- The framework governing how NPWS reports to the Trust on the expenditure of Program funding and what is being achieved.

Planning and design is robust if the funding and reporting flows that underpin the Program are all clearly based on purchasing activities (outputs) and reporting the benefits (actual outcomes) of these activities against the goals and objectives of the Program (desired outcomes).

There are risks to the planning and design of the Program if this is not occurring as it reduces the capacity of the Trust to assess the Program's value for money. These risks can also create barriers to applying the other principles of best practice program management. If these risks are recognised and managed by the Program this increases the opportunities to properly ensure value for money.

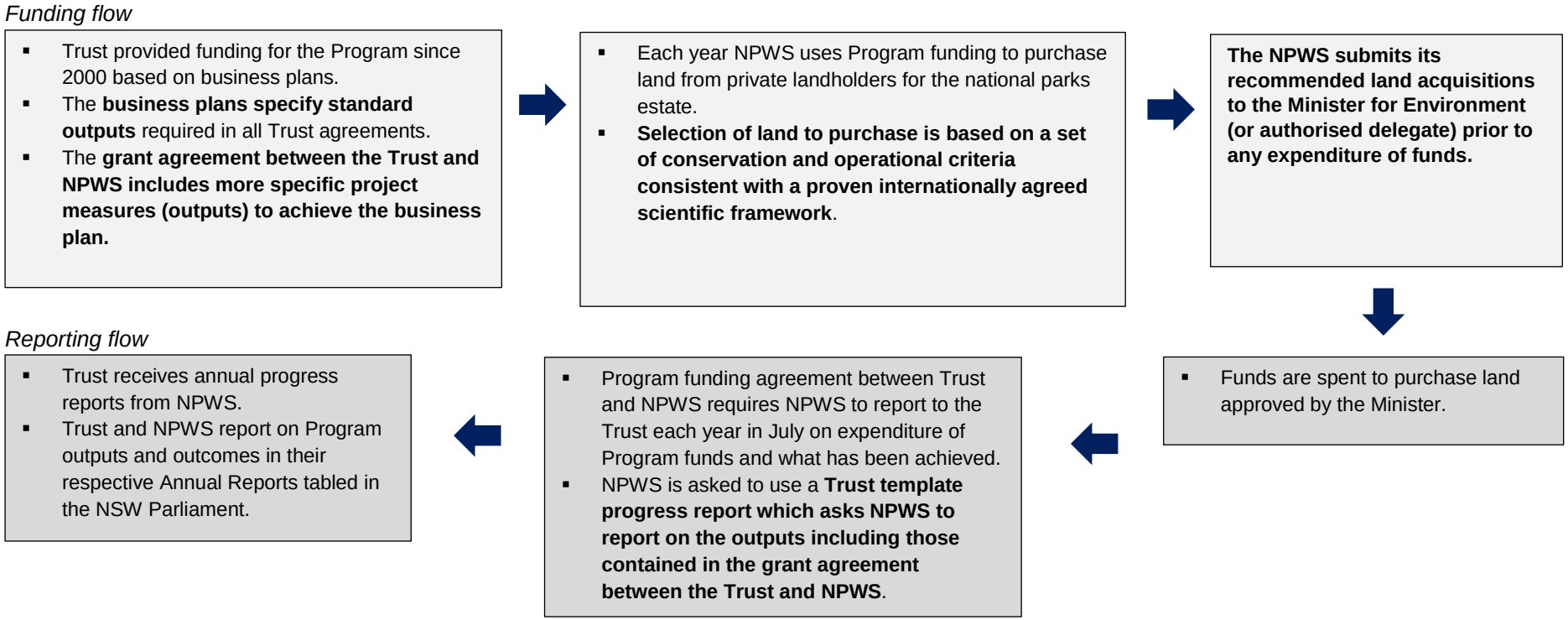
The evaluation has found that there are no unmanaged risks to the planning and design of the Program because:

- Activities being purchased (outputs) in the agreement between the Trust and NPWS are clearly linked to and measured and reported against the goals and objectives of the Program (outcomes);
- NPWS recommendations to purchase land using Program funds are based on strict long-standing criteria consistent with the NSW statutory instruments, NSW, national and international planning instruments and NPWS management instruments governing the purpose and implementation of the reservation of land for the national parks estate in NSW; and
- The NSW Minister for the Environment (or authorised delegate) has the power to approve or reject the NPWS recommendations regarding land acquisition.

Figure 5 provides an overview of the planning and design framework.

[21] The information in this section about processes, procedures, evaluations and assessments is based on advice from NPWS

Figure 4: Overview of the planning and design framework for the Program



The planning and design of the activities (land purchasing) under the Program is robust because it is informed by a range of long-standing instruments and documented processes which exist to implement the NSW Government's commitment to CAR goals. These include:

- Relevant statutory instruments;
- The NPWS national parks estate management plan;
- NPWS documented program logic for the activities pursued under the Program; and
- NPWS guidelines for the reservation of land for the national parks estate.

Figure 6 describes how these instruments and processes work together to regulate the acquisition of land for the national parks estate.

Figure 5: Basis for land acquisition for the national parks estate under the Program

Statutory instruments

- The *National Parks and Wildlife Act 1974* (NSW) provides NPWS with the statutory power to acquire and manage land for the national parks estate. Section 7 makes provision for the consideration and investigation of proposals for the addition of land under Part 4 of the Act; and Sections 145 and 146 provide the Minister for the Environment with the authority to acquire land.
- The objects of the *Environmental Trust Act 1998* (NSW) allow the Trust to fund the acquisition of land by NPWS for the national parks estate.
- The *Land Acquisition (Just Terms Compensation) Act* 1991 (NSW) sets out the terms for acquisition of 'owner initiated acquisition' in cases of hardship or acquisition where clear title does not exist, by agreement with landholder or where land of value is under threat.
- The *Biodiversity Conservation Act 2016* (NSW) affirms the NSW Government's commitment to the CAR goals and prioritises three themes – connectivity of landscapes; effective and efficient management of existing reserves; and protection of culturally important landscapes. The Program would consider the Biodiversity Conservation Investment Strategy when it is finalised.

NSW and national and international planning instruments

- The *Draft Directions Statement for National Park Establishment 2016-2021* (Formerly *NSW National Parks Establishment Plan* 2008) sets the direction for land acquisition and reservation for the national parks estate. The direction is based on achieving CAR goals. The Plan specifies that the effectiveness of the reservation of land in the national parks estate can be measured by how well land meets the CAR goals.
- NSW is a party to *Australia's Strategy for the National Reserve System 2009-2030* which provides the policy framework for Australia to meet its international responsibilities identified under the *Convention on Biological Diversity* and its Program of Work on Protected Areas.

NPWS management and implementation instruments

- There is a draft program logic that underpins the national parks estate land reservation system managed by NPWS.
- Detailed Reserve Establishment Guidelines (REG) inform NPWS implementation of the national parks estate land reservation system.
- The Reserve Referral process within the REG is the agreed process of consultation within government prior to the reservation of land under the NPWS Act.

An outcomes orientation

There are four elements which shape the outcomes orientation of the Program. These are:

- The fact that the Program funds are used to support the implementation of the CAR goals which underpin decision making about land reservation for the national parks estate. This has been discussed in detail elsewhere in this report;

- The draft program logic that NPWS uses to ensure that its land acquisition, generally and under the Program, is achieving immediate and long-term outcomes consistent with the prevailing statutory, policy and planning framework governing the national parks estate reservation system;

- The reserve establishment process that NPWS uses to manage its land acquisition under the Program; and

- The mechanisms NPWS uses to monitor and evaluate the ongoing contribution of acquired land to the CAR goals.

Program logic

During 2016-17 OEH developed outcome hierarchies or logic diagrams for all identified Programs in the OEH strategic framework. As part of this exercise, a draft logic diagram has been developed for the Program. The evaluation has reviewed the draft logic diagram for the Program. It is a robust one and consistent with best practice public sector management. It features the legislative and policy elements which NPWS should consider when managing the reservation of land for the national parks estate. It includes a clear focus on outcomes intended to be achieved from the implementation activities (outputs) which comprise the reserve establishment process. This includes short, medium and long-term outcomes.

Reserve establishment process

The reserve establishment process is informed by the NPWS Reserve Establishment Guidelines (REG). The objective of the REG is to provide for an effective and efficient management framework for reserve establishment which:

- Complies with the requirements of the NPW Act and other relevant legislation;
- Ensures reserve establishment programs and activities align with current policy frameworks;
- Identifies the range of processes required to undertake reserve establishment; and
- Outlines the procedures required to undertake key steps in reserve establishment.

The REG are designed to be able to be used by any NPWS official with responsibility for reserve establishment regardless of their pre-existing corporate knowledge, and accordingly it is a useful management and risk management tool insulated from public sector restructuring. The REG process for each land

parcel acquisition involves six clear steps beginning with new area investigation and ending with land reservation. Steps 1-5 involve detailed assessments aimed at determining whether it is appropriate to progress to the subsequent step in the acquisition process.

Table 4: Reserve Establishment Guidelines and its implementation[22]

Step	Purpose and rationale	Key activities	No acquisition	Acquisition
1 **New area investigation**	Investigating and documenting the values of an Area of Interest (AOI) and assessing its suitability for reservation. Possible triggers include: ▪ government commitment. ▪ community interest or concern. ▪ offer for sale by a landholder. ▪ donation, bequest or transfer by a landholder. ▪ systematic landscape-wide conservation assessments or land use planning processes. ▪ outcome of conservation offset requirement for development. ▪ identification of land as critical habitat or an endangered ecological community. ▪ potential loss of known high conservation value area due to alternative land uses.	NPWS register all offered land in the Land Information System (LIS). **Conduct preliminary assessment**. An AOI may be declined at this stage if it: ▪ is not of interest to NPWS based on prior history (file/LIS). ▪ is not in a relatively natural state (except if under primary consideration for cultural heritage value). ▪ does not align with the government's policy direction for the development of the reserve system. ▪ is too expensive to acquire.	If the AOI does not satisfy the preliminary assessment: ▪ Reasons documented ▪ Landholder advised ▪ Alternative conservation mechanisms considered	If the AOI satisfies the preliminary assessment proceed to step 2.
2 **Conservation value priority setting process**	State-wide priorities are determined - referred to as Suitable New Areas (SNA).	**Conduct comprehensive assessment**. An AOI is prioritised for acquisition as a Suitable New Area (SNA) if it satisfies a range of criteria including: ▪ National and/or NSW heritage, regional, landscape significance. ▪ Capacity to meet CAR goals. ▪ Significance of native vegetation and flora. ▪ Capacity to support habitat and fauna. ▪ Relationship to wetlands or water. ▪ Geological diversity and significance.	If the AOI does not satisfy the comprehensive assessment: ▪ Reasons documented ▪ Landholder advised ▪ Alternative conservation mechanisms considered	If the AOI satisfies the test to become an SNA proceed to step 3.

[22] Aegis analysis based on the NPWS Reserve Establishment Guidelines and draft Program logic

Step	Purpose and rationale	Key activities	No acquisition	Acquisition
		▪ Contribution to environmental outcomes such as coastal protection, erosion mitigation and climate change mitigation. ▪ Cultural heritage. ▪ Scientific, eco-tourism and public experience values. ▪ Land management requirements and risks ▪ Consistency with NPWS objectives and cost effectiveness.		
3 **Socio-economic assessment**	Socio-economic assessment applied to each SNA proposed for acquisition to determine whether it should be prioritised as a New Area Proposal (NAP).	To select which SNAs become NAPs each SNA is **subject to a fit for purpose socio-economic assessment** based on its scale and significance. Some local communities are better placed than others to adapt and/or to take advantage of the outcomes that can result from the national parks estate. Accordingly, socio-economic assessments are undertaken at a Local Government Area level to: ▪ Understand the likely socio-economic outcomes for local communities; and ▪ Identify any local issues requiring consideration in the wider decision-making processes about acquiring land. An SNA is suitable for acquisition and being deemed a NAP if: ▪ It will not disadvantage the social and economic well-being of a region; ▪ Can provide opportunity to benefit a region (eg. visitor opportunities); and ▪ Has minimal adverse impacts.	If the SNA does not satisfy the socio-economic assessment to become an NAP: ▪ Reasons documented ▪ Landholder advised ▪ Alternative conservation mechanisms considered ▪ Retain land as SNA	If the SNA satisfies the socio-economic assessment to become an NAP proceed to step 4.

Step	Purpose and rationale	Key activities	No acquisition	Acquisition
4 **Consultation**	Views of Government stakeholders sought to ensure a whole-of-government approach to reserve establishment Community consultation for new park establishment, where possible.	**For each NAP, the Reserve Referral process is implemented** to consult with other agencies and at Ministerial and Cabinet level where relevant. This is undertaken to identify any objections to the acquisition.	If there are objections to the NAP: ▪ For Crown land, the NAP is abandoned or deferred. ▪ For land purchase, decision to proceed with purchase and/or reservation is reassessed.	▪ If there are no objections to the NAP proceed to step 5.
5 **Land acquisition**	Approval for suitable lands, purchase or transfer of lands. Land acquisition involves either: ▪ Purchase of private land (freehold or leasehold) at market value or for nominal cost ($1 as for development offsets); ▪ Transfer of freehold title at no cost (donation / bequest): ▪ Reservation of Crown land (e.g. state forest, Crown land and Crown reserves).	**The Minister is asked to approve the NAP**. Negotiations with the landholder occur after Ministerial approval of the purchase and scope of purchase price. Sufficient funds need to be available to purchase the NAP.	It is possible that the NAP acquisition does not proceed because of: ▪ No Ministerial approval ▪ Insufficient funds. ▪ No agreement with landholder	▪ If the Minister approves NAP and NPWS and landholder reach an agreement proceed to step 6.
6 **Reservation**	Naming and categorising new reserves, preparing gazette submissions, updating corporate information systems, handover to park management.	**Gazettal of land and registration of land acquisition**.		Land becomes part of the national estate.

Outcome monitoring and evaluation

The NPWS applies a systematic approach to ensuring that outputs are leading to outcomes consistent with CAR goals. This approach is based on several management tools and is consistently evolving to improve outcome assessment. These are as follows.

- Plans of management

Plans of management (PoMs) are statutory documents that are required by and prepared in accordance with the *National Parks and Wildlife Act 1974*. Each park must have a PoM prepared "as soon as practicable" after reservation. Since 2001-02, the PoM framework has required NPWS rangers and managers to conduct self-audits of the PoMs they are responsible for implementing. The process for self-audits is based on the *IUCN Best Practice Protected Area Guideline, Evaluating Effectiveness: A Framework for Assessing the Management of Protected Areas*[23]. The audit is confined to an assessment of the implementation of the policies and actions contained in the plans. To date almost 100 PoMs have been self-audited using this process.

- State of the parks assessment

Regular evaluations of the effectiveness of the management of parks is conducted by NPWS through the State of the Parks (SoP) program. The SoP program is based on an online survey that asks park managers to provide current information about each of their parks. The program collects a wide variety of information about all parks in the reserve system including:

- Park attributes (i.e. gazetted area, bioregions, international agreements, catchment management areas etc.).
- Context information (i.e. plans, values, threats, stakeholders, commercial activities and visitation in the reserve).
- An assessment of management effectiveness (on all management issues i.e. pests, weeds, visitors, fire, law enforcement, natural and cultural heritage management, etc.).

This information is then used to support priority setting and decision making within NPWS operational plans, state-wide strategic planning, and as a major information source for reporting requirements.

To date SoP assessments have been completed in 2005, 2007, 2010 and 2013. The next SoP assessment is expected to occur in 2018. The adopted three yearly assessment since 2007 has been varied between 2013 and 2018 to accommodate a review and enhancement of the survey system. The 2018 SoP assessment is expected to include greater opportunities to complete the evaluations of PoM implementation for each reserve with a plan in place, thereby making the PoM self-audit program more robust.

[23] Hockings, M. et al, 2000

- New evaluation framework

During 2016/17 OEH developed outcome hierarchies as part of logic diagrams for all identified Programs in the OEH strategic framework. The NPWS is the lead agency for 14 of these Programs as it is the major contributor to the delivery of the identified activities that each of these programs contain. The program plans (logic diagrams, narratives, evaluation frameworks) for all OEH Programs are all still in development.

The next phase for OEH is the development of evaluation frameworks based on the program outcomes and the establishment of program governance to review and assess the delivery of programs. For NPWS, the evaluation frameworks will build on the current annual output evaluation that occurs via reporting on operations plan actions that are all aligned to the identified activity categories for each Program.

The evaluation has reviewed the draft logic diagram including outcome hierarchies for the reserve establishment program and it represents best practice public sector management.

Proportionality

The key issues the evaluation has considered in relation to the appropriate balance in program management are as follows.

- *Trust management*. Under the Program, the Trust devolves program management responsibility to the NPWS. There is no evidence of micro-management by the Trust on a regular or annual basis which would be disproportionate to the complexity and risks of the Program. The Trust relies solely on annual progress reports from NPWS to determine whether the Program is value for money. The Trust Biodiversity and Green Corridors (BGC) Sub-committee is involved in reviewing the NPWS progress reports and it approved the original and supplementary business plans and related Program funding.

- *NPWS management*. The NPWS land acquisition project team is highly experienced and its management processes are well developed and documented. The management of the Program must occur within an existing government policy and budgetary framework and this informs the disciplined and proportional risk management applied by the NPWS team. One of the main challenges for NPWS management appears to be obtaining Ministerial approval early in the financial year to give sufficient time to implement the acquisition process in a controlled manner. As this is outside NPWS influence, it is motivated to be as prepared as possible to act immediately once approval is granted.

- *Timetable for land acquisition approval.* Once NAPs have been recommended to the Minister for approval (currently occurs annually) it can take up to one year before a land acquisition is completed and NPWS manages for this. Given that the Ministerial approval is for one year, lengthy negotiations on a final acceptable purchase price can lead to properties being lost or Ministerial approval needing to be sought again. The approval and settlement process is illustrated in the figure below.

Figure 6: Land acquisition approval and settlement timeframe

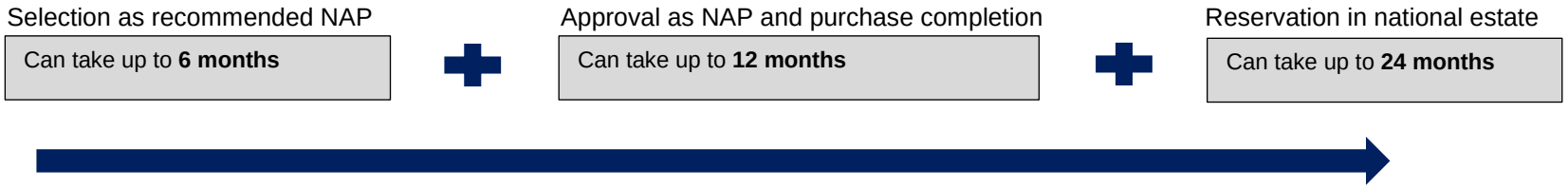
Given the complexity and nature of ensuring that land acquisitions are commensurate with government environment policy, the NPWS budget under the Program, and general requirements of government budgetary and procurement policies, the timeframe for approved acquisitions appears to be proportionate. However, it does create risks that identified properties become unavailable because of the long timeframes in which vendors may attract and accept other offers.

- *Management of approval and acquisition process risks*. The on-going challenge for the Program is to ensure that (a) there are sufficiently suitable and Minister approved properties to acquire; (b) the NAPs include properties at different price points for budget management purposes; and (c) NPWS does not pressure land owners into selling to comply with government budget expenditure time frames. The three-year rolling funding provided by the Program provides certainty to address these challenges.

  However, as an additional management tool, NPWS has proposed that it periodically (instead of annually) submit properties to the Minister for consideration as properties become available and that any Ministerial approval extend for three years (instead of one year). This means NPWS can accumulate candidate properties for acquisition and proceed with purchasing throughout the three-year funding cycle. This may assist to (a) reduce the pressure on NPWS and the Minister to submit and approve annual land purchase lists within a restricted timeframe; (b) avoid the need to have previously approved NAPs re-approved; (c) provide greater control and flexibility for NPWS to manage the Program over budget and financial years; and (d) reduce pressure on NPWS and landholders to settle acquisitions within financial year time limits.

- *Timetable for reservation of acquired lands*. Following the acquisition of land, it can take up to a further two years for properties to be included in the national parks estate. This is because NPWS must ensure there are no matters associated with the land that will affect or be effected by reservation. Doing so is another risk management measure as the revocation of acquired land from reservation requires an Act of Parliament, which would be an undesirable outcome. Thus, in total the time involved in reserving land from the time of its identification to inclusion in the national parks estate can extend to over three years. While this appears to be excessive, it is commensurate with the nature and process involved in ensuring land is appropriate for public purchase and inclusion in the overall effort to achieve CAR goals. The need for outcome certainty demands rigour in the acquisition process.

Figure 7: Total possible land acquisition timeframe



Collaboration and partnership

The management of the Program involves a high degree of collaboration and co-operation between the NPWS, landholders who are volunteering their land and other relevant government agencies with an interest in proposed acquisitions. The nature and degree of collaboration is documented in the REG and Reserve Referral process. The nature and scale of this collaboration helps to ensure that program management remains effective and efficient.

Governance, accountability, probity and transparency

The Program is within the functions of the Trust as defined in the *Environmental Trust Act* 1998 (the Act). Section 8 of the Act specifies that the Trust may make grants for projects that help to carry out its objectives. The goals and objectives of the Program is consistent with the objects of the Trust to (a) encourage and support restoration and rehabilitation projects; and (b) promote environmental education and research. Section 15 of the Act specifies that the Trust can make a grant *"to any person, including to any individual, corporation or organisation"* [24].

The primary ways the Trust appears to maintain the accountability of the Program are through the:

- Business plans on which the Program funding is based;
- Funding agreement between the Trust and NPWS which includes project measures (outputs) and key performance indicators which reflect standard outputs the Trust seeks, and which reflect in large part the Program business plans;
- Informal consultation and reporting during the project period, especially in relation to management of any possible budget related risks;
- Annual progress reports submitted by the NPWS on the Program expenditure and results being achieved;
- Reporting by the NPWS to the Trust Biodiversity and Green Corridors Sub-committee; and
- This current evaluation of the Program.

[24] Environmental Trust Act 1998 section 15

These measures of accountability are consistent with the Trust's general approach to managing grants.

Across NSW the NPWS manages more than 850 national parks and reserves, 4 World Heritage-listed sites, several Australian National Heritage sites and 17 Ramsar wetlands[25]. As a result, NPWS has extensive experience managing and being accountable for Program expenditure aimed at conserving biodiversity, as well as natural and cultural heritage

The primary ways the NPWS appears to maintain the accountability of the Program are through the:

- Business plans approved by the Trust and funding agreement with the Trust;
- Reserve establishment guidelines which document the process required to be undertaken to spend Program funds;
- Internal controls including fortnightly briefings of the Program Director by the Program team on the program management issues such as progress and risks with land purchases and budget expenditure;
- Formal periodic reporting to the NPWS Executive;
- Briefings for the Minister to support Parliamentary accountability; and
- Annual reporting to the Trust.

The evaluation of the reserve system outputs and outcomes through PoM reporting and state of the parks assessments informs the NPWS annual reports to the Trust on benefits being achieved with Program expenditure.

In 2012 the Program was independently audited. The audit concluded that Program "*is being managed effectively, and that there are appropriate procedures and processes in place to properly administer the Program. In particular, the detailed review undertaken of twelve land acquisitions under the Program stretching from 2009/10 to 2011/12, confirmed that:*

- *There was an adequate project planning and management methodology in place for land purchases.*
- *Financial (including approvals under delegations) and non-financial records for each property purchase were accurate and complete, especially in relation to centralised records held by the RELI Section. The level of detailed records held at PWG Branch level for individual property purchases varied.*
- *Overall program reporting and evaluation mechanisms were assessed as adequate*"[26].

The audit made some recommendations to improve the formalisation of risk management and the process for conducting preliminary investigations of AOIs. These recommendations were made to address any risks that acquired land was not of a high conservation value. The audit proposed that these improvements be incorporated into the revised REG. The current REG (version 4, 2017) reflects the recommendations of the audit.

[25] Office of Environment and Heritage, Annual report 2015-16

[26] IAB Services, Review of project management of PWG land purchase program, February 2012, p2

Achieving value with public money

The assessment of program management does not raise any risks to the value for money of the Program.

Recommendation 2: **Program management**

(a) The Program should continue to be managed in accordance with the Reserve Establishment Guidelines.

(b) Ministerial approval for land acquisitions should be sought periodically instead of annually and any approval should extend for a three-year period to align with the program funding cycle and offer NPWS and landowners increased flexibility.

4.3 Program Effectiveness

The effectiveness of the Program depends on whether funding is delivering the goals and objectives (outcomes) and related benefits. The discussion of effectiveness is based on consultations with the NPWS and representative landholders under the Program.

4.3.1 Overview

In most programs that the Trust funds it is seeking two kinds of benefits, sometimes simultaneously. These are:

- Environmental benefits such as improved conservation and environment protection; and
- Behaviour change benefits such as improved population awareness and responses to the need for conservation and environment protection.

The Program goals and objectives (intended outcomes); project measures (desired outputs); and activities to purchase land to achieve outcomes and outputs primarily reflect an effort to secure environmental benefits.

4.3.2 Environmental benefits

Overall, the Program supports a range of direct and indirect environmental benefits. These include:

- Contributing to CAR goals (direct).
- Removal or reduction of land use impacts on landscapes in most of NSW's bio-regions (direct).
- Conserving land which holds greater significance and relevance for indigenous Australians (direct).
- The presence of reserved lands increases public awareness of the value of conservation and community engagement and co-operation to promote it, including in areas where there are conflicts between the use of land for conservation and productive use (indirect).

Volume of land acquired

Between 2000 and 2016 the Program has supported the purchase of 183 properties which total about 433,939 hectares[27]. The number of properties purchased each year and the amount of land these properties represent vary widely because of a range of factors including the prevailing focus of government conservation policy, location and size of properties, and the market price of properties. For example:[28]

[27] NPWS information

[28] NPWS

- In years where a conservation focus is on acquiring land east of the Great Dividing Ranges and coastal areas, NPWS tends to purchase fewer properties with Program funds because the market price of properties in these locations is higher than for land in western NSW. Land acquired in eastern NSW also tends to be smaller in size because of the historic size and use of properties in these regions.

- There are a range of environmental policy themes which NPWS needs to prioritise at any one time and this influences the amount and size of available land to purchase. Priorities can include purchasing land in western NSW where there is limited national parks estate holdings; to preserve coastal wetlands; to protect world heritage areas; to increase Aboriginal culture and heritage; or to improve conservation by connecting landscapes to create green corridors. The themes that NPWS is required to prioritise at any time reflects the need to conserve various bio-regions to meet CAR goals as well as changes in government priorities and approaches to conservation.

- The highest annual number of hectares acquired occurred in 2000-01 with the purchase of 18 properties representing 120,000 hectares, while the smallest area purchased was 1,628 hectares in 2013/14 but involved the purchase of 12 properties.

- The highest number of properties purchased in any year was 22 in 2003-04 and this contributed about 53,000 hectares, while the smallest number of properties acquired was 4 in 2004/05 but this represented over 80,000 hectares.

The business plan underpinning the Program includes an aspirational target of 10,000 hectares purchased each year and NPWS has met this in three and exceeded this in eight of the sixteen years between 2000-16. On average over this period NPWS has purchased about 28,000 hectares annually[29].

Volume of land reserved

Of the total land acquired between 2000 and 2016 (433,939 hectares) under the Program, NPWS has been able to reserve about 408,156 in the national parks estate. This represents about 94 percent of the total land acquired. About 35 per cent of land acquired has been used to enhance the long-term viability, visitor experience and management of existing parks, while about 65 percent of land acquired has led to the creation of 18 new parks.[30].

Overall in NSW there are more than 850 national parks and reserves managed by NPWS representing over 7M hectares. These conservation areas have been accumulated over decades using a range of funding sources including NSW Government funding, Commonwealth government funding under the National Reserve System and Program funding. Of the total hectares in the national parks estate the land reserved due to the Program has contributed about 6 percent.

[29] Program annual report 2016, NPWS information and Aegis analysis
[30] NPWS information

Type and quality of land acquired and reserved

The type and quality of land purchased and reserved under the Program is linked because the criteria for selecting land to acquire reflect the CAR goals. Therefore, there is an embedded assumption in the land acquisition process that purchased and reserved land is of high conservation value as defined by the IUCN.

In practice, it is also assumed that the CAR goals can be met by ensuring that acquired and reserved land represent the various bioregions of Australia.

- *CAR goals*. Consistent with NSW Government policy, the objective of conservation and reserve system planning and implementation is to build a comprehensive, adequate and representative (CAR) reserve system. This is based on the principles of (a) protecting the full, or comprehensive, range of habitats and ecosystems, plant and animal species, and significant geological features and landforms; (b) accumulating representative examples of the variation in each of these; and (c) conserving adequately sized areas to ensure that the biota living within reserves can reproduce and persist over time[31].

- *Conservation by bioregion*. The national and state planning framework for setting and measuring efforts to meet CAR goals is the Interim Biogeographic Regionalisation of Australia (bioregions). These are based on the dominant landscape attributes of the physical environment being climate, geology, landforms and vegetation. There are 85 bioregions in Australia. Of these 18 occur in NSW. Two of the 18 reside wholly within NSW, and 16 are shared with neighbouring states. To date acquired and reserved land under the Program (183 properties) has occurred in 15 of the 18 bioregions in NSW. This is a significant benefit achieved with Program funds.

The benefit achieved with Program funds is particularly important when it is considered that the limits on budgets and available land make achieving CAR goals an incremental and continuing process over future decades. It is estimated for example that the current NSW reserve system is about 50 per cent of the way towards reaching CAR goals[32]. Given the extended timeframes and limitations involved in establishing the national parks estate, the use of Program funding must be flexible and adaptive enough to maintain, increase and enhance the presence of reserves in as many bioregions as possible. For example:[33]

- Overall the Program must support the NPWS priorities for protecting certain landscapes within the national parks estate. These priority areas are poorly-reserved ecosystems and habitats; wetlands, floodplains, lakes and rivers; critical landscape corridors; lands within important water catchments; and culturally important places;

[31] NPWS information
[32] NPWS
[33] NPWS

- In the bioregions of Western NSW where there are fewer reserves the Program focuses on the establishment of new reserves and the expansion of existing reserves; and

- In the bioregions of Eastern NSW where reserve system building is more advanced, land is added to existing reserves to refine their boundaries, create landscape connectivity and enhance their management efficiency and effectiveness. This is consistent with the themes that the NSW Government is prioritising.

The geographic spread of land acquired and reserved is one good indicator of the benefits being achieved with Program funds consistent with CAR goals and bioregion priorities. It is estimated that between 2000 and 2016:[34]

- About 20 percent of acquired properties are in the Far West or Central Western Plains of NSW. They are generally 5000-25,000 hectares in size, except Yanga (80,000 hectares). These properties represent new reserves and significant expansion of existing reserves;

- About 40 percent of acquired properties are within the Tablelands, Western Slopes and Australian Alps. They are generally less than 1000 hectares in size and mainly assist with building up existing reserves to enhance their long-term viability, management effectiveness and efficiency. They also seek to address the impacts of land clearing, given that the Tablelands and Western Slopes are two of the most heavily cleared bioregions in NSW;

- About 40 percent of acquired properties are on the Coast and Coastal Ranges and were usually less than 200 hectares in size. These play a role in consolidating reserve boundaries; enhancing reserve management capacity; incorporating catchment lands and wetlands; improving wilderness areas and enhancing world heritage parks and facilitating better visitor opportunities; and

- Six properties were acquired to specifically meet the needs and aspirations of Aboriginal communities.

4.3.3 Other benefits of land acquisition and reservation

There are a range of direct and indirect benefits associated with the acquisition and reservation of land for the national parks estate under the Program.

- **Public policy benefits**. The Program directly supports the acquisition and reservation of land to achieve the NSW Government's commitment to CAR goals. The management and implementation of the Program reflects the direction and priorities for reserve establishment in the National Parks Establishment Plan (2008) and the draft Direction Statement for National Parks Establishment. There is no other current funding program in NSW that

[34] NPWS

enables NPWS to regularly act to build the national parks estate to achieve NSW's international biodiversity conservation commitments and no other comparable alternative funding program provided by the NGO or private sector to secure similar objectives. The NPWS can access capital funds from OEH (or NSW Treasury) to support land purchases but this is ad hoc and on a case by case basis. Other land allocated to the national parks estate is sourced from NSW Crown lands which the Government chooses to dedicate to conservation under the *National Parks and Wildlife Act 1974*.

The only other external funding source which NPWS has accessed to purchase land for the national parks estate is the Commonwealth Government's NRS. However, the NRS has not operated since 2012 and there is no indication currently that it will be made available again. In any event the NRS is a competitive grant program available to many government and non-government organisations and therefore does not provide the certainty which NPWS requires to incrementally and steadily build the reserve system. Overall more than 80 percent of the 183 properties acquired under the Program by NPWS since 2000 were fully funded by the Program, with the remainder jointly purchased using other OEH capital funds or with Commonwealth NRS grants. The certainty and equity offered by the Program funding enables NPWS to leverage other capital funds when necessary. Between 2000 and 2012 NPWS used the Program funds to leverage a further $18M from the Commonwealth NRS[35].

- **Financial benefits**. The Program directly provides two kinds of financial benefits for the NSW government. Firstly, it enables the Government to meet its international biodiversity conservation obligations and conserve land for national parks estate for inter-generational benefit in a cost-effective way. By the end of 2016 NPWS has used about $77M of the approved Program funding to acquire 183 properties totalling about 433,939 hectares[36]. This represents average expenditure of about $177 per hectare. To ensure cost-effectiveness of outcomes being purchased, land acquisitions under the Program are based on market prices and NPWS does not pursue costly purchases which represent risks to the overall Program budget.

  Secondly, additional expenditure may often be required to improve or maintain the conservation values of reserved land. However, where the land lies inside a reserve, management costs are likely to be reduced as vehicle access or asset protection from wildfire may no longer be required for that land.

  The NSW Government's planned funding under the Biodiversity Conservation Trust (BCT) over the next five years ($240M) may have an impact on the future cost effectiveness of the Program. The BCT funding is intended to support conservation on private land.

  The BCT funding and the Program are complementary because both are being used to achieve the CAR goals. However, they also differ to these extents:
  - The Program enables permanent conservation, while the BCT funding is directed to conservation efforts of private landholders that is permanent or non-permanent.

[35] NPWS
[36] NPWS

- The Program also supports tourism objectives (visitation to parks and reserves), while the BCT funding does not because conservation activities under it occur on private land.
- The BCT funding is intended to enable landholders to retain productive use of their land while also pursuing conservation outcomes, however the Program is reliant on volunteered land that is no longer productive.

Given the similar and varying purposes of planned funding for public and private land conservation over the next 5 years, and potential impacts of that funding, the Trust may wish to assess the pros and cons of each approach as part of the next evaluation of the Program.

- **Benefits for government administration**. The Program provides direct benefits for collaboration and co-ordination between government agencies. This occurs because the Reserve Establishment Guidelines (REG) includes a specific reserve referral process where NPWS formally seeks the views of other relevant government agencies before it acquires land for conservation purposes. This ensures the efficient administration of land acquisition and reduces the risk for NPWS and other government agencies associated with preserving land for exclusive purposes.

- **Economic benefits**. The Program supports a range of direct and indirect benefits in local communities in regional NSW. This includes the employment of contractors to undertake works to improve and maintain the conservation of acquired and reserved land; the employment of park rangers to manage conserved lands; and the promotion and provision of opportunities for eco-tourism and scientific research activities in conserved areas which generates income for local transport, accommodation and retail businesses.

  The NSW OEH has assessed the gross value of spending by visitors to national parks and reserves in the national parks estate. Based on an assessment of regional and rural parks only it estimates that each year park visitors spend between $1.26 billion and $1.79 billion per annum. This represents between 5 and 7 per cent of total tourism spending in NSW annually. These estimates would be higher if metropolitan parks were included in an assessment[37].

  Other longitudinal studies in regional NSW of the socio-economic impacts of land acquisitions to create and expand national park estates suggest that there are a range of benefits from such acquisitions which occur over the short to long term. The assessments indicate that short and medium-term benefits create long term benefits.

  The table below illustrates the kinds of benefits these studies have identified.

[37] NSW OEH, The value of tourism spending in NSW national parks and reserves

Table 5: Estimated socio-economic benefits of national park estate land acquisition[38]

Type of Benefit	Timeframe to realise benefits	
	Short-medium term	**Long term**
Improved local housing value	▪ Increase in the volume and value of housing developments ▪ Increases in developer contributions to councils	▪ Increases in rate revenue
Stimulus to local business	▪ Increase in local business investment ▪ Increase in total income within local government area (LGA) ▪ Increase in council user charges (business use of council services)	
Increased local funding	▪ Increased revenue from grants as LGAs with lands in the reserve system attract an increased share of state and federal funding	▪ Continued increased revenue from grants ▪ Increased total revenue

- **Social benefits**. The Program supports a range of indirect social benefits for the NSW community. This includes the inter-generational legacy of enabling future generations to enjoy and value conserved biodiversity; the improved and increasing opportunities to visit publicly available conservation areas for educational and recreational purposes (this benefit does not arise for private land conservation); and mental and physical health benefits associated with sporting and recreational pursuits able to be undertaken in the national parks estate.

  Consultations with stakeholders during this evaluation reveal that the Program has a positive effect in raising awareness amongst landholding communities of the opportunities and benefits associated with selling land to NPWS for reservation in the national parks estate. This includes increased awareness of the role and benefits of national parks in the landscape such as partnerships for land management, ecosystem services security (especially water), and access to NPWS knowledge about land management techniques (pest/weed management).

  Increased awareness of this kind can boost volunteering for environmental protection and land management activities in communities generally. This is consistent with the identified latent demand for environmental conservation volunteering. Recent research shows that while 3.9 percent of the NSW

[38] Heagney, Kovac, Fountain and Conner, Socio-economic benefits from protected areas in South-eastern Australia, Conservation Biology, Volume 00, No. 0, 1–11, 2015

community is currently engaged in environmental volunteering, about 30 percent of all volunteers would be interested in engaging in environmental volunteering[39].

One key example of the provision of these various direct and indirect benefits is the support the Program has provided for the purchase by NPWS of Yanga Station, which is located east of Balranald on the Lower Murrumbidgee (Lowbidgee) River Floodplain[40]. This area is included on the Directory of Important Wetlands in Australia. It was gazetted as Yanga National Park and State Conservation Area in 2007. The Program contributed $14.5M towards the purchase over three years from 2005, and this remains the single largest acquisition under the Program[41].

Since the acquisition of Yanga, NPWS estimates it has contributed over $11.5M to the local economy including salaries of $4.2M, local business purchasing of $1.7M and capital works projects worth $5.2M. In June 2007, the 6,891 hectares of high value cropping lands purchased as part of the Yanga acquisition were sold at auction, to park neighbours. Following its opening to the public in 2009 the park has attracted increasing numbers of recreational visitors, scientists, students and researchers[42].

4.3.4 Management of benefits

Reliance on the Program for the benefits

The Program is the only source of certain and regular funds which NPWS can depend on to support the acquisition and reservation of land in the national parks estate. Accordingly, the delivery of direct and indirect benefits that arise from the acquisition and reservation of land for conservation purposes is solely reliant on the Program.

Measurement of benefits

The systematic collection of data by NPWS on the economic and social benefits of land acquisition and reservation (like that assessed for Yanga Station) would assist to demonstrate the broader value of the Program and national parks estate in general. Information of this kind is important to support any future case for additional funding for the Program via the Trust or other sources of capital.

[39] Deakin University and NSW Environmental Trust, Integrated Environmental Volunteering Initiative Final research report, January 2017
[40] NPWS information
[41] NPWS
[42] NPWS

The new evaluation framework being developed by NPWS that is planned to be applied in the 2018 State of the Parks assessment is an opportunity to embed methods to collect and assess information about the economic and social value of the reserve system.

The range of environmental and public policy, financial and socio-economic benefits discussed in the evaluation provide some guidance on the types of issues that may be worth assessing in an evaluation framework.

Vendor motivations

Consultations with landholders during the evaluation suggest that vendor motivations to sell land to NPWS vary and include:

- A desire to ensure that land unwanted for production, but valuable for conservation, is preserved for conservation purposes and not subject to further clearing by future landholders;
- A reliance on the price offered by NPWS because there is limited alternative interest in the market. This can arise when productive land is also of conservation value and therefore subject to additional land management costs required by government. In this scenario, the additional management costs dissuade market interest in the land; and/or
- Market fluctuations which may make the NPWS offer attractive.

Currently the management of the Program does not specifically collect and record information from vendors about their motivations for selling land to NPWS under the Program. Given that the Trust is generally interested in how its Programs are influencing behaviour change, there may be value in systematically collecting information about vendor motivation. For example, doing so could assist to identify the impact that the Program is having on influencing landholders in regional farming communities to consider selling land to NPWS for conservation purposes. Understanding this would assist to potentially improve the allocative efficiency of the Program as it would provide better information about the extent to which the market (landholders) values conservation.

Rate of return on Trust investment

The Program's rate of return for the Trust can be assessed against a range of measures. This assessment suggests that there is a need to consider increasing funding for the Program either via the Trust and/or other capital sources within government. This assessment is supported by the environmental and other identified benefits the Program delivers.

- *The need for ongoing land reservation*. It is estimated that compared with other jurisdictions, NSW has a low volume of high value conserved land. About 9 per cent of land in NSW is reserved in the national parks estate compared to about 14 per cent in Western Australia, 17 percent in Victoria, 26 percent in South Australia, 41 per cent in Tasmania and the national total of about 13 per cent[43]. As discussed elsewhere in this report, it is estimated that NSW is about 50 per cent of the way to achieving CAR goals, and therefore there is a need increase the amount of conserved land as well as improve the

[43] NPWS

management of existing reserves to fulfil this objective. In this context, the Program plays a critical role because it supports a key source of new land for the national parks estate and this means the Program is a solid investment for the Trust.

- *The proportional contribution of the Program*. The Program is a key part of the overall effort to conserve land for the national parks estate, and without it the capacity of NSW to increase and/or improve the management of reserved land would be diminished. For example, between 2000 and 2011 it is estimated that 2 million hectares of land were added to the NSW reserve system.

  Of this 20 percent can be is attributed to the Program, 50 percent to the re-allocation of state forests or Crown land into the reserve system; and 30 per cent from other capital funds, such as from NSW Government reforms like City and Country Environment Restoration Program ($13M) or targeted land purchase for legal reasons (Jervis Bay ($63M) or the Commonwealth programs NRS or Rivers and Environmental Restoration Program[44].

  In future years the certainty of the Program funding can become additionally important in circumstances where less Crown land is available for re-allocation and capital funding from other sources is more limited.

- *The market competition for land use*. In 2015/16 about 53M hectares of land in NSW was subject to agricultural production[45]. Over the period 1990–2014 (24 years), the average annual capital growth for rural property in NSW has been 4.52 percent, and this is reflected in land prices[46]. It is estimated that the average annual increase in land prices for NSW farmland was 6.1 percent during the 20 years to 2015[47].

  Farming land in bio-regions of NSW that are under-represented in the reserve system (Western regions of NSW) have experienced close to average and in some cases above average capital growth during this period. For example, between 2005 to 2014, rural land in the North West and Far West have recorded average annual capital returns of 4.21 percent and 5.67 percent respectively. Between 1990–2014, the grazing regions of Far West NSW have experienced the highest average annual capital return at 6.67 percent[48]. Over 20 years to 2015 this kind of capital growth has resulted in an average annual increase of 4 per cent in land prices in the Western regions of NSW[49].

[44] NPWS
[45] Australian Bureau of Statistics, Agricultural commodities Australia 2015-16, Cat No. 7121.0
[46] Professor Eves, C, The analysis of NSW rural property investment returns: 1990-2014. Farm Policy Journal, 13(2), pp. 35-43
[47] Rural Bank, Australian Farmland Values 2015, Volume 1 May 2016, p5
[48] Professor Eves, C, The analysis of NSW rural property investment returns: 1990-2014. Farm Policy Journal, 13(2), pp. 35-43
[49] Rural Bank, Australian Farmland Values 2015, Volume 1 May 2016, p5

The experienced average annual increases in NSW land prices (4-6 percent) exceeds the national average annual inflation rate over the same period which was 2.6 per cent[50]. Continuous increases in rural land capital growth and prices reduces the capacity of the Program to be used to acquire rural land to help achieve CAR goals. Assessments indicate that rural land prices in NSW remained resilient even during challenging periods such as variations in commodity prices and extreme climate effects[51]. Thus, it is not certain that the Trust can utilise these kinds of external impacts to improve the Program's capacity to make acquisitions.

While the overall asset value of land in Australia has increased exponentially since 2000, but the Program funding which is made available to purchase land has not increased at all. For example, between 2000 and 2014 the asset value of rural land as a percentage of Gross Domestic Product (GDP) increased by about 70 percent[52]. This means that with the rise in the value of rural land the Program has a narrower purchasing power now than in 2000.

The purchasing power of the Program may also be affected by the rate at which land is volunteered for conservation reservation. For example, between 2013 and 2015 the total area of agricultural land in Australia reduced by 5.3 percent, however the total area landholders dedicated for conservation reduced by 18.2 percent[53]. This may demonstrate that as the supply of farming land reduces, there is less incentive for landholders to quarantine available land for conservation.

If the supply of farming land continues to fall it may increase upward pressure on land prices particularly in periods of asset consolidation and heightened foreign investment in agricultural production. This would further limit the capacity of the Program to acquire properties to progress towards CAR goals.

[50] Reserve Bank of Australia, inflation calculator http://www.rba.gov.au/calculator/annualDecimal.html
[51] Rural Bank, Australian Farmland Values 2015, Volume 1 May 2016, p11
[52] Deputy Governor Philip Lowe, Reserve Bank of Australia, National Wealth, Land Values and Monetary Policy, 12 August 2015
[53] Australian Bureau of Statistics, Land management and farming in Australia 2014-15, Cat No. 4627.0

Recommendation 3: **Program effectiveness**

(a) The Program's direct and indirect benefits (including those identified in this evaluation) should be subject to the new outcome evaluation framework being implemented by NPWS in its 2018 State of the Parks assessment. This will assist to provide additional evidence of the long-term contribution of the Program.

(b) Consideration should be given to systematically collecting and recording information about vendor motivation to enable the Trust and NPWS assess the capacity of the Program to influence stronger commitment for conservation in bio-regions where it is needed most.

(c) Given the direct and indirect benefits which the Program supports, ongoing need for the Program and market-based impediments to land acquisition for conservation, consideration should be given increasing Trust funding allocated to the Program and/or regularly supplementing the Program with capital funds from other NSW Government sources. Additional funding for the Program should reflect the estimated average annual increases in NSW rural land prices over the 20 years to 2015 of up to 6 percent (NSW wide average) and at least 4 percent (NSW Western region average). This would enable NPWS to accelerate the achievement of direct and indirect benefits. This is particularly important if it is considered that NSW is about 50 per cent towards achieving its CAR goals and the three Western NSW bio-regions where there is an under-representation of land reserved in the national parks estate have also experienced the highest capital growth in rural NSW land values between 1990 and 2014, well above the national average annual inflation rate of 2.6 percent during this period. Additional funding is consistent with the *Biodiversity Conservation Act 2016* which prioritises investment in areas containing the least protected ecosystems of public and private land.

(d) Given the similar but also varying objectives of the Program and the NSW Government's planned funding for private land conservation by the Biodiversity Conservation Trust over the next 5 years, and the potential impacts of that funding, the Trust may wish to assess the pros and cons of each approach as part of the next value for money evaluation of the Program.

4.4 Program Efficiency

4.4.1 Approach to assessing efficiency

Allocative efficiency

A traditional approach to assessing whether any program is an efficient allocation of resources involves examining whether the grant is maximising the economic well-being (welfare) of society. The efficient allocation of resources usually occurs in a competitive, freely functioning market when supply is in equilibrium with demand and therefore the marginal cost of government expenditure is equal to the marginal benefit gained by people using it. However, this approach is not applicable to the Program for the following reasons:

- As established in section 2.3.3, the size and nature of the Program does not require an assessment of the whole of life cost issues that would form the basis of determining the efficiency of the allocation.

- Expenditure in the environmental sector does not lend itself to a traditional assessment of allocative efficiency[54] because environment values are complex and multi-dimensional. Many environmental activities are not valued by markets but communities intrinsically value them. Even where individuals have little or no use for a given environmental asset or attribute they would nevertheless feel a 'loss' if such things were to disappear. Thus, it can be meaningless to assign an economic value to an environmental asset, activity or expenditure.

In circumstances where a traditional approach to assessing allocative efficiency is not possible governments can still consider that it is efficient to allocate spending to environmental programs to achieve policy, legislative or program objectives to achieve a public good or to address market failure. The objective of the Program is consistent with strengthening the capacity of communities to care for their environments which represents a public good. Accordingly, to the extent possible given the sources of data, this evaluation considers whether the Program represents allocative efficiency in non-price terms based on its value to the consumers of its services.

[54] **Allocative efficiency** occurs when there is an optimal distribution of goods and services. This involves considering the preferences of consumers and calculating whether the price that consumers are willing to pay is equivalent to the marginal benefit that they receive from the service of good. Allocative efficiency occurs when the marginal benefit of the good or service equals the marginal cost of purchasing it.

Technical efficiency

Technical efficiency requires that goods and services be produced at the lowest possible cost. This is a key component of cost-effectiveness which is the measure of how efficiently the outcomes of a service were achieved.

As discussed elsewhere in this evaluation, the primary purpose of the Program is to increase the amount of high value conservation land reserved in the national park estate. There is strong evidence that Program funds are used to pursue activities which are assumed to be relevant to achieving the Program purpose. However, the management of the Program does not currently include methodologies which provide evidence of long-term benefits or trends towards long term benefits. Currently, reporting under the Program is based on providing evidence of inputs and outputs to pursue the purpose of activities and some immediate outcomes, not evidence of long term effects of those activities. Accordingly, there is insufficient data to assess the cost-effectiveness of the Program. But the evaluation considers some issues about technical efficiency.

It is noted that from 2018 NPWS evaluation methodologies are intended to include more rigorous assessment of long term outcomes in addition to outputs.

4.4.2 Assessment of efficiency

Allocative efficiency

Market and intrinsic value

The complexity of environmental expenditure assessment partly arises because there is a need to examine (1) sustainability issues such as how the welfare of society is affected if future generations have reduced opportunities to enjoy 'natural assets'; and (2) the intrinsic value of activities that are not valued by markets. The very existence of the Program and the kinds of activities pursued under it are based on the fundamental assumption that the welfare of society would be worse off if poor environmental management reduced access to and the quality of environmental resources for future generations. Consistent with this assumption, the Program has the primary purpose of permanently reserving land for conservation in the publicly accessible national parks estate.

To achieve this the Program funds the purchase of land which vendors wish to offer to the national parks estate. Funds are used to acquire land at market value.

The fact that national parks are used by visitors for a range of recreational, research, education and scientific reasons is one indicator that the Program activities have value in the market and are also intrinsically valued even if markets do not. The fact that Program funds are used to acquire and reserve land across NSW's various bio-regions also indicates that landholders and communities across NSW may attach an intrinsic value to biodiversity conservation.

Nevertheless, there is not sufficient direct data about the use of parks, how parks motivate community behaviour in relation to conservation or the reasons vendors offer land to NPWS to assess whether the expenditure has directly delivered environmental outcomes that may be valued by markets or intrinsically valued, even if markets do not. To determine this, future activities under the Program would need to include more robust measurement of conservation outcomes and vendor motivations.

Impediments to efficiency

There is value in purchasing high value conservation land for inclusion in the national parks estate and, but the positive environmental benefits this may motivate is uncertain, possibly indirect and long term.

The potential allocative efficiency (value to consumers) would be improved by more clearly understanding the motivations of vendors and improving the measurement of immediate, intermediate and long-term outcomes of the national parks estate. It is noted that the NPWS evaluation framework from 2018 is intended to include improved outcome measurement.

Technical efficiency

Inputs and outputs

As identified in this evaluation, the cost of the Program (primary input) has been about $77M between 2001 and 2015/16, or an average of about $4.8M each year. In 2015/16 the annual allocation represented about 7 per cent of the Trust's total expenditure in that year.

The Program funding includes an allocation to the NPWS to subsidise the cost of administering the Program on behalf of the Trust. The allocation is capped at 5 percent of the annual Program allocation. In 2016 the NPWS reported that its expenditure on administration was 4.1 per cent, below the budget cap. For the 5-year period from 2016/17 the NPWS has budgeted to spend 4.9 per cent of Program funds on its administering the Program[55].

The cost of administration compares favourably to the Trust's Community Bush Regeneration Private Land Conservation program which provides a devolved grant to the Foundation for National Parks and Wildlife (FNPW) to fully fund the FNPW's Private Land Conservation Grant (PLCG) program. That devolved grant allocates 10 percent of the total annual Program funds to FNPW administration of the Program. The total funding provided to the FNPW for its PLCG program has been $3.475M since 2012, or about $0.5M each year[56].

[55] Program annual report 2016 and financial information from the 2016/17-2020/21 business plan.

[56] Aegis Consulting Group, Evaluation of the community bush regeneration private land conservation program, 2017

Under the Land Acquisition program, NPWS annual expenditure on program management is 50 per cent less than what the FNPW spends on administering the PLCG, even though the NPWS is managing ten times the funds administered by the FNPW. The comparison is important because both the Program and the PLCG program have similar purposes, namely the reservation of high value conservation land for bio-diversity. However, it should be noted that the PLCG program manages the Trust funding via a grant process to individual recipients (landholders with conservation agreements) and this can generate costs that the Land Acquisition program is not exposed to.

For these costs, the activities (outputs) of the Program have several characteristics.

- *They are integral to NSW Government policy commitments.* The activities are essential to deliver NSW's international obligations and commitment to conserve bio-diversity consistent with CAR goals.

- *They are unique*. The system for allocating funding under the Program is the only scientifically based approach in NSW to fund biodiversity conservation outcomes that are accessible to the public. The system is consistent with the general NPWS approach to reserving land for the creation of the national parks estate.

- *They are ambitious in nature*. They demonstrate this by using Program funds to acquire high value conservation land in as many of NSW's bio-regions as possible. They seek to use funds efficiently to achieve the most appropriate balance in the reservation of land across bio-regions to address gaps.

- *They have wide reach*. The demand amongst landholders to offer their properties for sale to NPWS for the national parks estate is spread across NSW and this is demonstrated by the geographic spread of 183 properties acquired under the Program.

- *They attract good responses*. The landholders consulted during this evaluation are generally supportive of the activities and consider them to be valuable. They consider that NPWS engages with them frequently and transparently during land acquisition transactions and that while the process can be an extended one NPWS manages expectations effectively. This enables the Trust to build on the activities and leverage stakeholder interest more widely.

Recommendation 4: **Program efficiency**

Potential allocative efficiency (value to consumers) could be improved by implementing recommendations 2 and 3 in this evaluation.

4.5 Value for Money

The assessment of Program appropriateness, management, effectiveness and efficiency demonstrates that the Program represents value for money for the Trust. Overall the benefits delivered by the Program exceed program costs. The value of the Program supports the evaluation's recommendation that consideration should be given to accelerating and extending the benefits by increasing Program funding via the Trust and/or supplementary funding from other sources of capital within government. Additional funding would improve the program's fitness for purpose.

The value for money assessment based on the methodology outlined in section 2 of this evaluation is provided in the table below. While the methodology to assess value for money is based on examining delivery of government objectives and non-cost issues, the table also includes an assessment of cost issues arising from the assessment of allocative and technical efficiency.

The assessment in the table can be read in accordance with the following key.

Meets value for money criteria	Needs improvement to meet value for money criteria	Does not meet value for money criteria
This means that an assessed element of the Program contributes sufficiently to the overall value for money.	This means that an assessed element of the Program has some features which are valuable, but other features may not contribute to value. Accordingly, the assessed element requires improvement for it to fully support the overall value for money.	This means that an assessed element of the Program does not support the overall value for money.

Recommendation 4: **Value for money**

While the Program represents value for money and it should be continued, recommendations 2 and 3 in this evaluation should be implemented to improve some aspects of the Program's fitness for purpose and allocative efficiency.

Table 6: Value for money assessment

Assessment factor	Criteria	Value for money assessment	Status
Delivery of government objectives	*Delivery of legislative and/or policy objectives*	The evaluation has found that the intent and principles underpinning the Program are consistent with the: ▪ Specific legislative objects of Trust. ▪ Corporate goals of OEH. ▪ Policy priorities of the NSW Government contained in CAR goals, and the 2016 biodiversity conservation reforms. However, the appropriateness of the Program also depends on the practicality of implementing its purpose and the nature of implementation actions (the fitness for purpose). The evaluation finds that the Program is fit for purpose (see non-cost issues below), although minor improvements can be made.	
	Promotion of public good	The evaluation has found that the goals and related objectives of the Program to increase the amount of high value conservation land are a public good. This assumes that the welfare of future generations would be decreased if current behaviours deplete conservation areas by reducing resources unnecessarily or using them inefficiently.	
	Support for regional service delivery	The evaluation has found that the Program is used to acquire properties across bio-regions in NSW and this creates a range of social and economic benefits for regional areas.	
Non-cost issues	*Fitness for purpose*	The evaluation of has found that the Program is fit for purpose. The Program is well managed and valued by landholders. However, the effectiveness of the Program could be improved by additional funding for it from the Trust and/or supplementary funding from the NSW Government to enhance and accelerate the capacity of the Program to achieve its direct and indirect benefits. This is particularly because of the nature of the benefits and the market competition for land use that increases land prices and impedes the purchase of land for conservation in the national parks estate when funding is limited.	
	Risk exposures	The evaluation has found that there are no unmanaged risks impeding the Program.	

Assessment factor	Criteria	Value for money assessment	Status
	Benefits to be obtained from the purchase	The evaluation has found that the activities deliver a range of direct and indirect benefits. These include: ▪ *Public policy benefits*. The Program directly supports the acquisition and reservation of land to achieve the NSW Government's commitment to CAR goals. There is no other current funding program in NSW that enables NPWS to regularly act to build the national parks estate to achieve NSW's international biodiversity conservation commitments and no other comparable alternative funding program provided by the NGO or private sector to secure similar objectives. ▪ *Financial benefits*. The Program indirectly enables the NSW Government to meet its international biodiversity conservation obligations and conserve land for national parks estate for inter-generational benefit in a cost-effective way. This is because Program funds are used to purchase land at market value and NPWS manages land purchasing in line with Program and general NPWS and NSW Treasury budgetary requirements. ▪ *Benefits for government administration*. The Program provides direct benefits for collaboration and co-ordination between government agencies. This occurs because the Reserve Establishment Guidelines (REG) includes a specific reserve referral process where NPWS formally seeks the views of other relevant government agencies before it acquires land for conservation purposes. ▪ *Environmental benefits*. The Program supports a range of direct and indirect benefits. These include: ➢ Contributing to CAR goals (direct). ➢ Removal or reduction of land use impacts on landscapes in most of NSW's bio-regions (direct). ➢ Conserving land which holds greater significance and relevance for indigenous Australians (direct). ➢ The presence of reserved lands increases public awareness of the value of conservation and community engagement and co-operation to promote it, including in areas where there are conflicts between the use of land for conservation and productive use (indirect). ▪ *Economic benefits*. The Program supports a range of direct and indirect benefits in local communities in regional NSW. This includes the employment of contractors to undertake works	

Assessment factor	Criteria	Value for money assessment	Status
		to improve and maintain the conservation of acquired and reserved land; the employment of park rangers to manage conserved lands; and the promotion and provision of opportunities for eco-tourism and scientific research activities in conserved areas which generates income for local transport, accommodation and retail businesses. ▪ *Social benefits*. The Program supports a range of indirect social benefits for the NSW community. This includes the inter-generational legacy of enabling future generations to enjoy and value conserved biodiversity; the improved and increasing opportunities to visit publicly available conservation areas for educational and recreational purposes (this benefit does not arise for private land conservation); and mental and physical health benefits associated with sporting and recreational pursuits able to be undertaken in the national parks estate. The role parks play in increasing awareness and enjoyment of environmental value can stimulate additional environmental volunteering for which there is latent demand. The achievement of these benefits is solely dependent on the Program because there is no alternative in NSW for the reservation of land in the national parks estate.	
	Compliance with specifications where relevant	The evaluation of has found that the Program has defined goals and objectives and key performance indicators are included in the grant agreement between the Trust and NPWS.	
Cost Issues	*Allocative efficiency*	The evaluation of efficiency (value to consumers) has found that the fact that national parks are used by visitors for a range of recreational, research, education and scientific reasons is one indicator that the activities have value in the market and are also intrinsically valued even if markets do not. The fact that Program funds are used to acquire and reserve land across NSW's various bioregions also indicates that landholders and communities across NSW may attach an intrinsic value to biodiversity conservation. Nevertheless, there is not sufficient direct data about the use of parks, how parks motivate community behaviour in relation to conservation or the reasons vendors offer land to NPWS to assess whether the expenditure has directly delivered environmental outcomes that may be valued by markets or intrinsically valued, even if markets do not. To determine this, future activities under the Program would need to include more robust measurement of conservation outcomes and vendor	

Assessment factor	Criteria	Value for money assessment	Status
		motivations. It is noted that improved outcome measurement is intended to be applied as part of the NPWS 2018 State of the Parks assessment.	
	Technical efficiency	The evaluation of efficiency has found that the Program costs (inputs) represent a small proportion of the Trust's overall spending and that the Program administration costs are within or below the agreed Program cap. For these costs, the funding supports activities (outputs) that are essential to deliver NSW Government commitments to conservation; are unique given the scientific basis upon which private land is chosen for purchase; are ambitious in purpose and design; have a wide reach amongst stakeholders; and receive good responses from landholders. There are no impediments to efficiency.	