

Summary and recommendations

Background

1. Australia has globally distinct ecosystems comprising diverse flora and fauna derived from the continent's isolation and unique environmental conditions. The richness of this biodiversity makes it recognised as one of the world's 'megadiverse' countries. Approximately 85 per cent of its flowering plants, 84 per cent of its mammals, 45 per cent of its birds and 89 per cent of its reptiles occur only in Australia. Since European settlement, however, more than 130 of Australia's known species have become extinct. Three documented cases of extinction have occurred since 2009.

2. The Australian Government gives effect to its responsibilities for threatened species through the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act). The EPBC Act provides for the listing, classification and recovery planning of threatened species. The Government is also responsible for coordinating and prioritising threatened species recovery across states and territories. The Department of the Environment and Energy (the department) is responsible for administration of the EPBC Act and for implementing the Government's approach to threatened species management. At February 2018 there were 1827 threatened species listed under the EPBC Act.

3. In July 2014, the Australian Government initiated a new national focus for threatened species management, with the appointment of a non-statutory Threatened Species Commissioner (the Commissioner). Over the following 12 months the Commissioner led the development of Australia's first national Threatened Species Strategy (the Strategy). The Strategy established the long-term goal to halt the decline of Australia's threatened species and support their recovery through four key action areas:

- tackling feral cats;
- safe havens for species most at risk;
- improving habitat; and
- emergency intervention to avoid extinctions.

4. In February 2017 the Australian Government launched the Threatened Species Prospectus (the Prospectus). The Prospectus is an innovative model for attracting private and philanthropic investment to support the recovery of threatened species in partnership with government, and conservation and community groups.

Audit objective and criteria

5. The objective of the audit was to assess the effectiveness of the Department of the Environment and Energy's design of the Threatened Species Prospectus as an innovative approach to attract investment from private and philanthropic sources. To form a conclusion against the audit objective, the ANAO adopted the following high level audit criteria:

- Was an appropriate design process established to support the achievement of the Government's objectives?
- Was a sound performance and reporting framework established, including fit-for-purpose performance monitoring, reporting and evaluation arrangements?

Conclusion

6. The Department of the Environment and Energy's design of the innovative Threatened Species Prospectus was effective, other than the lack of a fit-for-purpose performance framework.

7. Within the broader framework established by the Threatened Species Strategy, the design of the Prospectus was an innovative approach in supporting the Government's intent of promoting projects likely to be attractive to private and philanthropic investors. A total of 51 projects were selected for inclusion in the Prospectus through a largely informal process following stakeholder engagement.

8. The department is not well placed to monitor and report on the effectiveness of the Prospectus in attracting additional funding for threatened species recovery from private and philanthropic investors. Limited performance data is collected against the targets of the Threatened Species Strategy. The department has commenced an evaluation of the Prospectus as part of a broader evaluation of the Threatened Species Commissioner model.

Supporting findings

9. Consistent with the Australian Government's strategy of pursuing external opportunities for funding threatened species programs, the department developed two designs for the Prospectus through an iterative process. The first iteration promoted a mix of Australian Government projects co-funded with states and territories and unfunded projects for which private and philanthropic investment was sought. The final design solely targeted private and philanthropic sectors with investment opportunities. The department's rationale for the final design was undocumented.

10. The department's selection of species and projects for inclusion in the Prospectus was largely informal. The use of a plan and criteria to guide the selection of projects would assist the department to ensure that the Prospectus contains projects that would be most effective in attracting private and philanthropic investment to contribute to the broader objective to halt the decline and support recovery of threatened species.

11. The department invited relevant stakeholders to contribute to the design of the Strategy and propose projects which were considered in the development of the Prospectus. Stakeholders were engaged through established networks, a Threatened Species Summit and social media. The provision of further information by the department on the rationale for selecting projects and the outcome of stakeholder contributions would assist in maintaining effective external engagement.

12. The governance arrangements for the Prospectus are a sub-set of those established for the Strategy, which includes appropriate oversight by departmental committees. In practice, the Commissioner has not fully engaged with these forums in relation to the Prospectus. There is scope for the department to further develop its management of probity risks with respect to the role of informal advisers and the selection of projects.

13. The department is yet to establish a fit-for-purpose performance measurement framework for the Prospectus and its success in attracting external investment. While performance reporting is undertaken against the objective and targets of the Strategy, it does not

provide a clear line of sight to private and philanthropic investment attracted through the Prospectus.

14. The data collected by the department to inform monitoring and reporting on the Prospectus could be strengthened through the implementation of relevant, reliable and complete performance measures. This would better position the department and stakeholders to assess the effectiveness of the Prospectus as an innovative means to attract external investment and the impact of projects on threatened species.

15. The department has commenced an evaluation that will focus on the initiatives championed by the Commissioner. As part of this evaluation the department has undertaken to assess whether the Prospectus has been a useful mechanism for harnessing and attracting resources and building interest in public-private partnerships.

Recommendations

Recommendation no.1 The Department of the Environment and Energy develop fit-for-purpose performance measures to better inform itself and stakeholders on the extent to which the Prospectus is achieving its objective.

Paragraph 3.31

Department of the Environment and Energy response: *Agreed.*

Summary of entity responses

16. The Department of the Environment and Energy's summary response to the proposed report is provided below, while the full response is provided at Appendix 1.

The Department agrees with the recommendation in the report.

The Department acknowledges the pragmatic approach of the Australian National Audit Office in recognising the innovative nature of the Threatened Species Prospectus, and appreciates efforts to examine this approach early on in its delivery, in order to help inform future government endeavours to build innovative funding models.

Reporting on project funding is being included in yearly reporting on implementation of the Threatened Species Strategy to the Minister for the Environment and Energy. The Department will continue to work with partners to track government investment in Prospectus projects, through reporting mechanisms such as the Monitoring, Evaluation and Reporting Information Tool.

Where the Department fulfils only a brokering role for Prospectus projects, we will rely on our relationships with Prospectus partners to seek information for tracking outcomes arising from their investment in those projects.

Developing innovative funding and partnership models for a range of environmental outcomes is an area of focus for the Department. The Department has a dedicated team focused on facilitating cross-sector partnerships for environmental outcomes. The findings of this audit will contribute to the development of a whole-of-department approach to innovative financing and partnerships.

The Department has a high level of oversight of the Threatened Species Strategy through a formal board structure, and will ensure that the board continues to monitor Prospectus implementation. The Department is also increasing the use of social media channels, such as the Threatened Species Commissioner's social media accounts, to communicate outcomes delivered through Prospectus projects.

Key learnings for all Australian Government entities

17. Below is a summary of key learnings identified in this audit report that may be considered by other Commonwealth entities.

Program design

- When implementing an innovative approach to achieving outcomes, entities should establish a performance framework to identify early lessons and facilitate ongoing program development.
- A documented plan for implementing an innovative approach will assist in assuring entities that the intended outcome has been achieved.