



# Oversight and Accountability of Committees of Management





VICTORIA

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Victorian  
Auditor-General

# Oversight and Accountability of Committees of Management

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The Hon. Bruce Atkinson MLC  
President  
Legislative Council  
Parliament House  
Melbourne

The Hon. Ken Smith MP  
Speaker  
Legislative Assembly  
Parliament House  
Melbourne

Dear Presiding Officers

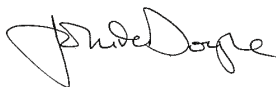
Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my report on the audit *Oversight and Accountability of Committees of Management*.

This audit assessed the Department of Environment and Primary Industries' (DEPI) governance and oversight of community-based committees of management (CoM), the support that DEPI provides to them, and whether these supports enable CoMs to effectively and efficiently manage Crown land reserves.

In respect to these issues, I found significant shortcomings, including in DEPI's inadequate governance of CoMs and its lack of a strategic approach to supporting and overseeing CoMs. DEPI has also failed to take adequate steps to ensure the sustainability of CoMs into the future.

More positively, DEPI acknowledged these issues early in the audit, and has already begun to implement improvement initiatives.

Yours faithfully



John Doyle  
*Auditor-General*

5 February 2014



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# Auditor-General's comments



**John Doyle**  
*Auditor-General*

There are over 8 000 Victorians who play an important role in managing some of the state's most valued areas of public land by volunteering on community-based committees of management (CoM). These volunteers invest significant time and effort to manage Crown land reserves effectively and to benefit their communities and the state. Every year, CoMs collectively contribute about 840 000 hours of voluntary labour, estimated to be worth up to \$32 million.

Given the substantial contribution they make and the important role they play, it is essential that they are properly supported to carry out their functions. Without CoMs, responsibility for managing around 1 500 Crown land reserves would otherwise revert back to the government at a significant cost, and at the expense of valuable citizen and community involvement.

This is why it is critical for the Department of Environment and Primary Industries (DEPI) to address the weaknesses that this audit has identified in its governance, oversight and support for CoMs. These issues are not new. Several have been highlighted in internal and external reviews over the last two decades, but little has been done over the years to address them.

It is pleasing that at an early stage of this audit, DEPI acknowledged these issues, and has taken swift action to commence a series of improvement initiatives. DEPI has committed to actions that if fully implemented will address four of my 11 recommendations, and will go a substantial way towards addressing the remainder.

A key concern highlighted in my report is that funding operational and maintenance costs is problematic for the majority of CoMs and is a source of concern for them. This calls into question the financial sustainability of many CoMs. Around a quarter of all CoMs have annual incomes of less than \$500, and DEPI's limited grant funding available to CoMs—just over \$3 million in 2012–13—cannot be accessed for maintenance and operational costs.

In response to this issue, DEPI has acknowledged that it needs to develop an informed, risk-based approach to understanding and seeking to address CoMs' financial needs. Decision-makers within government need to be aware of the risks resulting from current funding levels for CoMs—including the deterioration of reserves and facilities, the development of public safety risks, and the possibility of CoMs folding.

I am encouraged by DEPI's cooperative and proactive approach to tackling the issues identified in the audit after many years of inaction. It is imperative that DEPI follows through with implementing its committed actions. I will follow up in the future to assess the department's progress.

## Audit team

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*Analyst*

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*Engagement Quality  
Control Reviewer*

I would like to thank department staff for their assistance and cooperation during this audit. I also thank the members of CoMs who provided valuable input into this audit through focus groups and direct consultation, and other CoMs who continue to make such an important contribution to our state.

A handwritten signature in black ink, appearing to read "John Doyle". The signature is fluid and cursive, with a large initial "J" and "D".

John Doyle  
*Auditor-General*  
February 2014

# Audit summary

Crown land reserves are areas of public land set aside for the benefit and enjoyment of Victorians. The Department of Environment and Primary Industries (DEPI) has overarching responsibility for their management. It has delegated responsibility for managing around 1 500 reserves to nearly 1 200 community-based committees of management (CoM), comprised of more than 8 000 volunteers. Many of these reserves have significant social, cultural, heritage or environmental value.

CoM members devote significant effort and time to carrying out their duties, collectively contributing around 840 000 hours of voluntary labour annually. They provide substantial social value and economic benefits to local communities and to the state. As such, CoMs require sufficient investment in terms of providing them with support and resources to manage their reserves.

As public assets, it is important that Crown land reserves are managed to ensure their sustainability and to maximise social, environmental and economic benefits to the state. DEPI must provide appropriate governance and support to CoMs to enable them to achieve these goals. Robust and coordinated processes are also needed to oversee CoMs so that they are managing reserves effectively. Given the number of CoMs and the diverse range, type and value of reserves they manage, a tailored and targeted approach is required.

This audit assessed DEPI's governance and oversight of CoMs, the support that DEPI provides to CoMs, and whether these measures enable CoMs to effectively and efficiently manage Crown land reserves.

## Conclusions

Over the past 20 years, there has been a succession of audits and internal reviews relating to the use of CoMs to manage Crown land reserves and the challenges that they face. These reviews have identified common and persistent issues, but little has been done to address them.

In response to concerns raised by VAGO at an early stage of this audit, DEPI acknowledged that there have been significant weaknesses in its governance, support and oversight of CoMs. DEPI has developed a series of proposals to address most of these weaknesses.

Key areas of concern identified by the audit and acknowledged by DEPI were that:

- Despite recent progress, DEPI's governance of CoMs requires significant improvement—it has not consistently established CoMs with appropriate governance arrangements. While DEPI has adopted a categorisation framework that is used to classify CoMs into four categories, this framework has not been used to develop tailored and consistently applied governance arrangements—including appointment methods, probity checks, and internal governance and accountability requirements. In addition, the framework does not sufficiently take account of environmental and social risks.
- DEPI does not take a strategic approach to supporting and overseeing CoMs. Gaps in the support and guidance it provides impact on CoMs' ability to carry out their roles and responsibilities in managing Crown land reserves. DEPI has not sufficiently targeted support and oversight to CoMs who manage reserves with higher-risk profiles, nor to areas in which CoMs require further guidance. Further, DEPI has not used the information it collects about CoMs effectively. Gaps in DEPI's internal coordination and communication have also led to confusion regarding staff responsibilities for engaging with and allocating resources to CoMs, and have reduced the effectiveness of DEPI's support.
- The sustainability of CoMs is not assured. DEPI has not taken sufficient steps to ensure that Crown land reserves are managed by appropriate managers in the future. It has not addressed membership succession issues for CoMs, and has not developed a fully informed and adequate approach to best address the funding needs of CoMs.

DEPI has proposed and committed to a number of improvement initiatives to address these key areas of concern. In October 2013, DEPI established a project team responsible for leading these initiatives, and has begun work to implement them. If fully implemented, these initiatives will substantially improve DEPI's governance, oversight and support for CoMs.

## Recommendations and committed actions

For the 11 recommendations made in this audit, DEPI's committed actions, if implemented, are likely to:

- address four of these recommendations—1, 2, 3 and 9
- go a substantial way towards addressing the remaining seven—4, 5, 6, 7, 8, 10 and 11.

The actions DEPI has committed to are described under each recommendation.

## Governance

### Recommendation 1 Page 13

That the Department of Environment and Primary Industries further develop its categorisation framework for committees of management, based on an analysis of financial, social and environmental risks.

#### DEPI's committed actions

DEPI's current categorisation framework for CoMs is based on an assessment of financial risk only. Environmental and social risks can be significant and should also inform DEPI's governance of CoMs.

DEPI has committed to further develop its categorisation framework to include consideration of social and environmental risks as well as financial risk. This should sufficiently address Recommendation 1.

### Recommendation 2 Page 13

That the Department of Environment and Primary Industries apply its categorisation framework to develop a tailored and consistent approach to governance processes for committees of management.

#### DEPI's committed actions

Where there are higher levels of risk in an organisation's operations, these should be matched by stronger governance structures and processes. Governance arrangements for CoMs should be based on risk and applied consistently.

DEPI has committed to use its revised categorisation framework to develop a tailored and consistent approach to:

- **appointment methods**—ensuring that higher-risk CoMs are appointed using a skills-based process, where possible
- **probity requirements**—including reducing declaration of private interest requirements for lower-risk CoMs
- **reporting, governance and compliance requirements**—this includes assessing whether it should recommend additional higher-risk CoMs become subject to the governance requirements of Divisions 2 and 3 of Part 5 of the *Public Administration Act 2004*, and considering remuneration for these CoMs.

DEPI is also evaluating the compliance risks posed by CoMs that are appointed on an ongoing basis, and will determine an appropriate oversight mechanism for them.

These actions should sufficiently address Recommendation 2.

### Recommendation 3 Page 13

That the Department of Environment and Primary Industries review and revise its appointment procedures for skills-based committees of management to ensure that they are robust and are applied consistently.

#### DEPI's committed actions

The procedures DEPI uses to select members to recommend for appointment to skills-based CoMs—which manage reserves with higher levels of risk—are not consistent nor sufficiently robust.

DEPI has committed to review and revise the procedures it uses to recommend appointment of members to skills-based CoMs, to ensure that they are robust and consistently applied. This should sufficiently address Recommendation 3.

## Support and guidance

### Recommendation 4

Page 25

That the Department of Environment and Primary Industries develop and implement an engagement guideline to guide its approach to providing support and guidance to committees of management, informed by its revised categorisation framework and the key areas in which committees require support and guidance.

#### DEPI's committed actions

A risk-based approach to support and guidance for CoMs would see DEPI engaging with CoMs strategically—targeting efforts to CoMs who manage reserves with greater financial, environmental and social risks, and to common problem areas. DEPI has not adequately applied such an approach.

DEPI has committed to using its revised categorisation framework to develop a tailored approach to providing inductions to CoMs. It is also piloting a CoM engagement program in one region. This program brings CoM members together for a half or full day, provides training and relevant information, offers recognition for volunteer service, and facilitates networking between CoMs.

While tailored inductions and DEPI's pilot engagement program are good steps forward, DEPI's broader approach to providing support and guidance to CoMs needs to be developed and articulated. A more strategic approach to engaging with CoMs is required.

### Recommendation 5

Page 25

That the Department of Environment and Primary Industries take steps to improve the support and guidance it provides to committees of management, including:

- updating its *Committees of Management: Responsibilities and Good Practice Guidelines* and developing detailed supporting guidance on key issues
- consolidating guidance information and useful links for committees onto one website
- supporting networking between committees.

#### DEPI's committed actions

There are some key areas in which DEPI's support and guidance for CoMs is lacking:

- its main reference for CoMs, the *Committees of Management: Responsibilities and Good Practice Guidelines*, has existed as an interim version 'for discussion' since March 2011
- there is an absence of detailed information that different categories and types of CoMs require on particular topics
- it does not make sufficient use of its website to communicate essential information to CoMs
- it does not facilitate any formal or informal communication processes between CoMs.

DEPI is currently:

- updating its CoM guidelines to provide high-level guidance for CoMs, and developing supporting detailed guidance on key areas in the form of fact sheets, tailored to different CoM categories
- developing its CoMs webpage to include all existing DEPI guidance material for CoMs, and links to additional guidance and support available from other government and community volunteer support agencies
- considering ways to develop networking between CoMs using online engagement and social media.

These actions will significantly improve the support and guidance that DEPI provides to CoMs. However, DEPI has not indicated that it will prepare any additional guidance materials in some key areas in which they are currently lacking, such as materials tailored to management issues for different types of reserves. The development of further materials should be guided by the engagement guideline proposed in Recommendation 4.

## Information management and departmental coordination

### Recommendation 6 Page 25

That the Department of Environment and Primary Industries evaluate its current collection and use of information, identify any shortcomings, and develop and implement a strategy to guide information collection with respect to committees of management and their management of Crown land reserves.

#### DEPI's committed actions

The targeted collection and effective collation and use of information about CoMs is essential to understanding and best responding to the issues that CoMs face. It also enables an assessment of their performance. DEPI has not managed its collection and use of information effectively.

DEPI has committed to evaluating how it currently uses the information that it collects. It will centrally review and analyse information reported to date by CoMs through annual returns and will distil and refer any issues identified to regional offices for follow-up.

DEPI has also committed to using its revised categorisation framework to tailor and streamline the annual reporting information it seeks from CoMs. DEPI will tailor its template for annual returns across CoM categories, such that:

- it requests a greater range of information from higher-risk CoMs than is currently sought
- less information is sought from lower-risk CoMs, with the template requesting summary financial details and providing an opportunity for CoMs to raise issues of concern and update contact details.

These actions should improve the efficiency and effectiveness of DEPI's data collection and use. However, DEPI should go further by formalising a strategy for information collection and analysis, which should include consideration of the need for additional information collection and verification outside of annual returns, such as through reserve inspections or audits. The strategy should also consider the collation and use of other information collected, such as complaints or issues about CoMs reported to DEPI.

### Recommendation 7 Page 26

That the Department of Environment and Primary Industries clarify staff roles and responsibilities relating to committees of management through group and work performance plans.

#### DEPI's committed actions

DEPI has not sufficiently defined and internally communicated roles and responsibilities relating to CoMs. In some key areas, responsibilities have not been allocated or have been unclear.

DEPI has established a cross-organisational project team responsible for leading the CoM initiatives it has committed to. It is developing project plans for each of the initiatives that will clearly identify and allocate responsibilities across these projects.

More broadly, DEPI has also indicated that it is undertaking a business planning collaboration project, which is aimed at ensuring that business plans for DEPI's six regions and for DEPI's policy groups are aligned, assign responsibilities and accountabilities, and avoid duplication.

These actions will improve the clarity of responsibilities. However, DEPI should take steps to ensure that it systematically identifies and clearly allocates all organisational responsibilities for CoMs.

## Information management and departmental coordination – *continued*

### Recommendation 8

Page 26

That the Department of Environment and Primary Industries develop and implement an internal communication strategy outlining formal and informal communication channels to improve information sharing across the department on issues relating to committees of management.

#### DEPI's committed actions

Gaps in communication and information flow between DEPI groups have reduced DEPI's efficiency in providing support to CoMs, and have increased the likelihood of inconsistency. DEPI has taken steps to improve internal communication regarding CoMs. It has established a cross-organisational project team with responsibility for implementing DEPI's CoM initiatives, which includes staff from regional offices and from head office. Public land program managers from each region—who have lead responsibility for DEPI's public land roles, including CoMs—are now meeting on a monthly basis, with the project team chair attending these meetings.

These steps should significantly improve communication across DEPI regarding CoMs. However, DEPI should go further to formalise its communication channels and processes, as this is important to ensure improved information sharing.

## Appropriate and viable managers

### Recommendation 9

Page 36

That the Department of Environment and Primary Industries develop and implement strategies to better identify the most appropriate managers for Crown land reserves, and align reserves accordingly.

#### DEPI's committed actions

Historically, DEPI has not taken a strategic approach or had an overarching rationale for determining which Crown land reserves are best managed by CoMs or other bodies. As a result, it has not ensured that reserves are overseen by an appropriate land manager. DEPI is currently developing Crown land assessment criteria to guide determination of the most appropriate manager for a Crown land reserve. This will include seeking to align reserves with the most appropriate department, and engaging with and seeking to reassign to local councils reserves with local-level values—that is, reserves that are not of regional or state significance.

These actions should sufficiently address Recommendation 9.



## Appropriate and viable managers – *continued*

### Recommendation 10

Page 36

That the Department of Environment and Primary Industries develop and implement strategies to ensure that committees of management have an adequate volunteer base, including by investigating opportunities to amalgamate committees

#### DEPI's committed actions

CoMs require a sufficient and viable base of members to continue to manage the Crown land reserves for which they are responsible. DEPI has not taken steps to address membership succession issues that threaten the viability of smaller CoMs.

DEPI has committed to investigate opportunities to amalgamate CoMs, where this would provide better management or financial improvements. DEPI has also committed to identifying ways to recognise volunteer service, which should improve volunteer satisfaction and retention.

DEPI should also look to develop and implement additional strategies to ensure adequate volunteer succession, such as more actively promoting CoMs and volunteer opportunities, and supporting CoMs to make use of short-term, activity-based volunteerism.

## Funding

### Recommendation 11

Page 36

That the Department of Environment and Primary Industries develop an informed approach to understanding the funding needs of committees of management, so that funding decisions appropriately consider and address risks, including the sustainability of committees.

#### DEPI's committed actions

Many CoMs have insufficient financial resources to carry out basic operational and managerial responsibilities. DEPI offers some limited grant funding to CoMs. However, DEPI does not have a comprehensive understanding of the risks of the current funding arrangements, the impact of these on the condition of reserves, and the strain placed on CoM members.

DEPI has committed to provide information about grant opportunities and guidance on preparing grant applications on its CoMs website. DEPI has also acknowledged the need to develop a better understanding of CoMs' funding needs, so that it can allocate funds to best address risks, and ensure that the government is aware of the potential consequences of funding arrangements. Other actions that DEPI has committed to, particularly in regards to Recommendations 6 and 8, will assist it to achieve this.

## Submissions and comments received

In addition to progressive engagement during the course of the audit, in accordance with section 16(3) of the *Audit Act 1994* a copy of this report was provided to the Department of Environment and Primary Industries with a request for submissions or comments.

Agency views have been considered in reaching our audit conclusions and are represented to the extent relevant and warranted in preparing this report. The Department of Environment and Primary Industries' full section 16(3) submissions and comments are included in Appendix B.



# 1 Background

## 1.1 Introduction

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Crown land reserves are areas of public land set aside for the benefit and enjoyment of Victorians for a range of purposes. Victoria has over 12 000 Crown land reserves covering an area of around 550 000 hectares. They include coastal areas, bushland, community halls, historic buildings, sporting grounds, rail trails, parks and gardens.

For more than 100 years, committees composed of community members have been used in Victoria to manage some Crown land reserves. This enables community members to take an active role in managing, maintaining and improving public assets in their local community.

Community-based committees of management (CoM) play a critical role in managing Crown land reserves. Nearly 1 200 CoMs, comprised of more than 8 000 volunteers, manage around 1 500 Crown land reserves across the state. Several of these reserves are high-profile locations that have significant social, cultural and heritage value, including coastal reserves on the Mornington Peninsula and the Surf Coast, extensive rail trails, and other prominent sites. They also include much of the state's most intensively used recreational land, such as local sporting, recreation and public hall facilities. CoMs manage reserves valued at around \$586 million, including 20 of the 50 highest-value reserves in Victoria.

In managing reserves, CoMs provide substantial social value and economic benefits to local communities and to the state. They collectively contribute around 840 000 hours of voluntary labour each year, estimated to be worth between \$16 million and \$32 million annually.

Crown land reserves are public assets, so it is important that they are managed in a way that maximises the social, environmental and economic benefits for the state, and ensures their sustainability.

## 1.2 Roles and responsibilities

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On behalf of the Minister for Environment and Climate Change, the Department of Environment and Primary Industries (DEPI) has overarching responsibility for the management of the majority of Victoria's state-owned public land, including Crown land reserves. DEPI manages some public land directly, but delegates much of its responsibility for managing Crown land reserves to bodies such as CoMs.

## 1.2.1 Roles of the minister and the department

### Appointment roles

The minister has the power to establish CoMs and to appoint members to CoMs under the *Crown Land (Reserves) Act 1978* (the Act). DEPI manages the appointments process on behalf of the minister.

The minister can appoint three or more community members to form a CoM—generally volunteers from the region in which the reserve is located—or a local organisation or community group that has been incorporated for a public purpose, such as an environmental group or a historic society. CoM members are generally appointed for a term of three years, but can be reappointed.

While this audit focused on community-based committees of management, the minister can appoint other bodies, such as alpine resort management boards and catchment management authorities, as committees of management under the Act. Most commonly, these are local government councils, which manage around 2 900 reserves in their municipalities as committees of management, and Parks Victoria, the committee of management for around 100 reserves.

### Oversight roles

CoMs are not under the day-to-day direction and control of the minister or DEPI, but the minister has a range of legislative powers relating to CoMs, many of which are delegated to DEPI. The minister can:

- impose conditions on the appointment of a CoM or a CoM member
- remove a member of a CoM or revoke a CoM altogether, at any time
- direct CoMs as to their expenditure or application of revenue
- declare a CoM to be subject to requirements under the *Financial Management Act 1994*
- recommend to the Department of Premier and Cabinet that the Governor in Council be requested to issue an order declaring a CoM to be subject to the governance requirements of Divisions 2 and 3 of Part 5 of the *Public Administration Act 2004*
- recommend that the Governor in Council exercise the power to annually appoint a person to audit the accounts of any CoM.

In addition, the minister's written approval is generally required before a CoM can enter into an agreement to lease its reserve, finalise the terms and conditions of a lease, or grant a licence. The minister also makes recommendations to the Treasurer of Victoria on whether he should approve proposals by incorporated CoMs to borrow money.

## 1.2.2 Roles of committees of management

The Act requires CoMs to manage, improve, maintain and control their reserve or reserves for the purposes for which the land was reserved.

The Act enables CoMs to:

- manage and develop the reserve
- undertake financial transactions, including borrowing money—with the Victorian Treasurer’s consent—and entering into contracts
- negotiate leasing and licensing arrangements for all or part of the reserve, subject to the minister’s approval
- employ people to assist in managing the land
- enforce regulations associated with using the land
- spend revenue generated from the reserve on maintaining and improving it.

CoMs may have further obligations under environmental, Aboriginal heritage and other legislation, depending on the type of reserve.

## 1.3 Range of committees of management

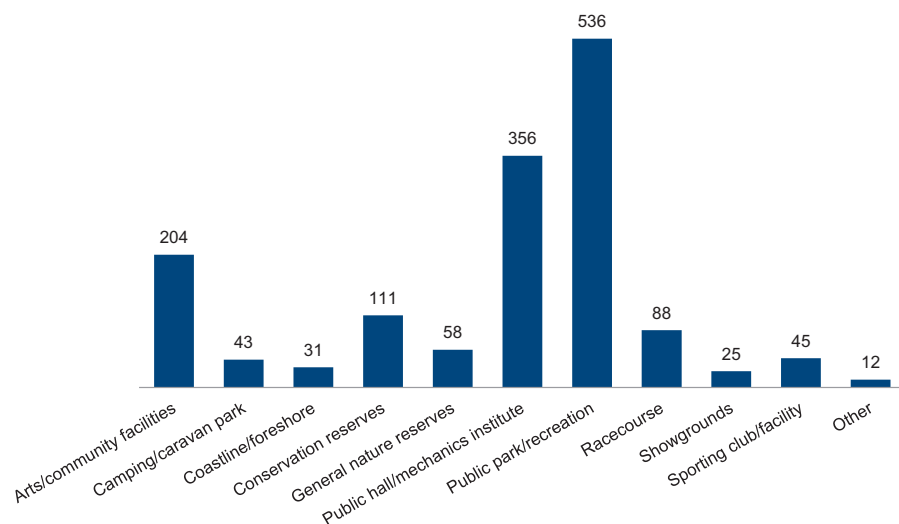
There is a great diversity across the CoMs operating in Victoria:

- At one extreme, a relatively small number of CoMs manage or lease significant assets on their reserves, such as caravan parks or camping grounds, and therefore generate significant annual revenues and employ paid staff.
- At the other extreme, the majority of CoMs have limited capacity to generate revenue, and rely on volunteer labour, fundraising or grants to manage reserves with annual revenues of less than \$10 000.

### 1.3.1 Reserve types

As Figure 1A illustrates, public parks and recreation reserves are the most common type of reserve managed by CoMs, followed by public halls and mechanics institutes.

**Figure 1A**  
**Number of reserves managed by committees of management, by major use**



Source: Victorian Auditor-General’s Office based on data from the Department of Environment and Primary Industries.

### 1.3.2 Appointment methods

The number of members appointed to CoMs ranges from three—the legislated minimum—to 12 members. Around 80 per cent of CoMs have six or more members.

Figure 1B describes the methods DEPI uses to appoint members.

**Figure 1B**  
**Appointment methods for committees of management**

Appointment method	Description	Number of CoMs	Per cent of CoMs
Publicly elected	Members are elected via ballot at a public meeting, generally convened by a local council member. DEPI officially appoints the elected members, under delegation from the minister.	954	81
Ongoing	These CoMs have been removed from the regular three-year appointment cycle, and are appointed by the minister for an ongoing, unlimited term. Most ongoing CoMs are incorporated associations, and include bodies such as historical societies, racing clubs and conservation associations.	103	9
Skills-based	Members are appointed following a public expression of interest process conducted by DEPI, based on particular skills and expertise sought for the CoM. This process takes up to nine months, and involves DEPI advertising for nominations, using a panel to interview potential candidates, assessing the candidates, and recommending candidates to the minister for appointment.	48	4
Representative	Members are mostly representatives nominated by various user groups involved with the reserve, and appointed by the minister. For example, for a reserve that is a sports field, the CoM could comprise representatives from the football, soccer and rugby clubs that use the field.	35	3
Other	Members of these CoMs may be appointed by a combination of methods. For example, some of the members may be appointed from a particular user group and others by public election.	32	3
<b>Total</b>		<b>1 172</b>	<b>100</b>

*Source:* Victorian Auditor-General's Office based on data from the Department of Environment and Primary Industries.

Historically, the appointment method for most CoMs was public election. Over time, DEPI has moved more CoMs to a skills-based appointment process—particularly coastal CoMs, and some CoMs that have higher revenue.

### 1.3.3 Financial categorisation

In mid-2012, DEPI's Secretary approved a categorisation framework which DEPI has used to classify CoMs into four categories, as shown in Figure 1C.

**Figure 1C**  
**DEPI's categorisation framework for committees of management**

CoM category	Annual expenditure and/or cash balance <sup>(a)</sup>	No. of CoMs
A	\$1 million or higher	11
B	\$250 000 up to \$1 million	27
C	\$10 000 up to \$250 000	495
D	Less than \$10 000	639
<b>Total</b>		<b>1 172</b>

(a) Cash balance can include cash-type items, such as term deposits.

Note: The categorisation framework also provides that any CoMs with borrowings will fall into category A.

Source: Victorian Auditor-General's Office based on data from the Department of Environment and Primary Industries.

This framework was developed to provide an objective, consistent and practical way to categorise CoMs, based on financial risk. DEPI intended to use it to inform a tailored approach to oversight and governance for CoMs, according to their level of risk.

## 1.4 Previous reviews

In 1989 and 1997, VAGO undertook audits that considered the frameworks that DEPI's predecessors had in place for the management and accountability of CoMs. The 1989 audit found the department did not have a systematic approach to administering and monitoring the delegated management of Crown land reserves. The follow-up audit in 1997 found that the department's overall framework was still deficient and did not facilitate proper accountability and monitoring of the operations of CoMs.

Since 1997, the department has undertaken and commissioned several reviews relating to the use of CoMs to manage Crown land reserves, and the challenges that CoMs face. The most recent review was in September 2012. Reviews have highlighted issues such as:

- insufficient information, education and support for CoMs to discharge their responsibilities
- a lack of processes and systems to ensure consistent management of relationships between DEPI and CoMs
- minimal and poorly implemented monitoring and evaluation processes relating to the performance of CoMs
- concerns about the ongoing viability of CoMs in terms of their ability to recruit new members and raise sufficient revenue to adequately maintain their reserves.

## 1.5 Audit objective and scope

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The audit objective was to determine whether the governance and support that DEPI provides to CoMs enables them to effectively and efficiently manage Crown land reserves.

To address this objective, the audit examined whether DEPI:

- effectively establishes CoMs and associated governance arrangements
- provides the guidance and support that CoMs need to carry out their responsibilities and meet their obligations
- monitors the effectiveness of CoMs in meeting their obligations and responsibilities, and ensures transparency and accountability in CoMs' operations, in accordance with the level of risk.

The audit did not extend to other bodies that may be appointed as committees of management, such as Parks Victoria, municipal councils, alpine resort management boards and catchment management authorities, or to trusts appointed to manage Crown land reserves.

## 1.6 Audit method and cost

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The audit was conducted under section 15 of the *Audit Act 1994* and in accordance with the Australian Auditing and Assurance Standards. Audit evidence was gathered through:

- meetings with key DEPI staff
- the review of relevant DEPI policies and documentation
- the review of data from information reported by CoMs through annual returns submitted to DEPI for 2008–09 to 2011–12
- meetings with members of a sample of CoMs
- the review of results of a CoM member survey and focus groups conducted with CoM members.

Pursuant to section 20(3) of the *Audit Act 1994*, unless otherwise indicated, any persons named in this report are not the subject of adverse comment or opinion.

The total cost was \$390 000.

## 1.7 Structure of the report

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Part 2 examines DEPI's governance of CoMs.

Part 3 considers DEPI's support for and oversight of CoMs.

Part 4 considers how DEPI ensures the ongoing management of Crown land reserves.



# 2 Governance of committees of management

## At a glance

### Background

Community-based committees of management (CoM) manage Crown land reserves with varying levels of financial, social and environmental risk. The Department of Environment and Primary Industries (DEPI) must ensure that CoMs manage their reserves effectively. This requires good governance processes tailored to CoMs' level of risk.

### Conclusion

Although DEPI has made recent progress, its governance of CoMs requires significant improvement. Weaknesses in DEPI's categorisation framework and its application of the framework mean that DEPI has not consistently established CoMs with appropriate governance arrangements. It cannot be assured that CoMs managing reserves with greater levels of risk are doing so appropriately and in the public interest.

However, during this audit, DEPI has committed to significantly improve its governance of CoMs.

### Findings

- DEPI's categorisation framework for CoMs is not adequately developed, as it does not consider environmental and social risks.
- DEPI does not use consistent and sufficiently robust appointment methods for higher-risk CoMs.
- DEPI conducts adequate probity checks of CoM members, but does not tailor them according to risk.
- DEPI does not ensure that all higher-risk CoMs have adequate internal governance processes, and is inconsistent in their remuneration.

### Recommendations

That DEPI:

- further develop its categorisation framework for CoMs and use it to develop a tailored and consistent approach to its governance of CoMs
- review and revise its appointment procedures for skills-based CoMs to ensure they are robust and are applied consistently.

## 2.1 Introduction

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Governance refers to the structures and processes by which an organisation is directed, controlled and held to account. Good governance demonstrates accountability, strong leadership, integrity, stewardship and transparency.

It is important that where there are higher levels of risk in an organisation's operations, these are matched by stronger governance structures and processes.

This audit focused on the following aspects of the Department of Environment and Primary Industries' (DEPI) governance of community-based committees of management (CoM):

- categorisation
- appointment methods
- probity checks
- the setting of internal governance and accountability requirements for higher-risk CoMs
- remuneration for members of higher-risk CoMs.

## 2.2 Conclusion

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In the past, DEPI has not consistently established CoMs with appropriate governance arrangements. This remains the case, despite DEPI making recent progress by developing a categorisation framework for CoMs based on financial risk, and applying this framework to introduce a more robust appointment process for some CoMs in the highest risk category.

However, during the audit, DEPI has committed to further changes that have the potential to significantly improve its performance in this area. It will:

- further develop its categorisation framework to include consideration of social and environmental risks as well as financial risk
- use this revised framework to develop and apply tailored and appropriate appointment and governance processes across all CoMs
- review and revise its member appointment processes for skills-based CoMs to ensure they are robust and consistent.

## 2.3 Governance

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### 2.3.1 Categorising committees of management

DEPI has not developed a sufficient approach to classifying CoMs that allows it to tailor its governance of CoMs appropriately based on risk.

Almost 1 200 CoMs across Victoria manage reserves with varying levels of financial, social and environmental risks. Their management responsibilities range from maintaining small local parks to managing high-usage tourism and recreation reserves with significant infrastructure and commercial activity. Overseeing this range and number of CoMs requires a tailored and risk-based approach to governance, based on appropriate categorisation.

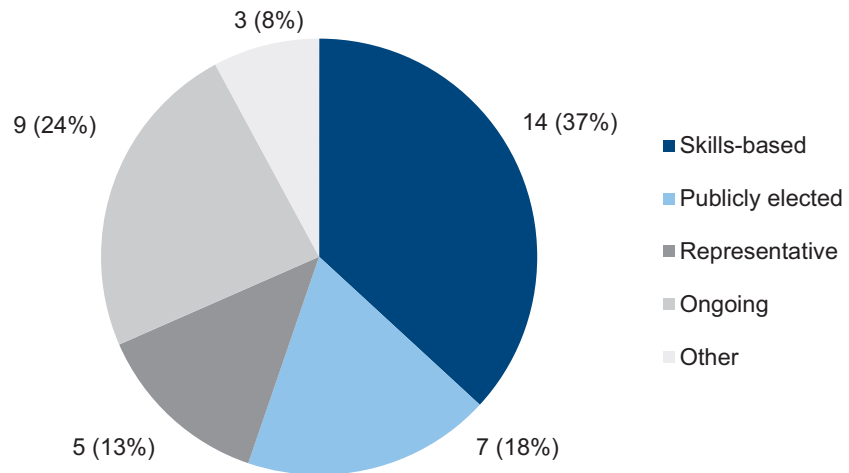
DEPI's Secretary approved a categorisation framework in 2012, which divides CoMs into four categories based on an assessment of financial risk. It does not consider environmental or social risks, which should also inform decisions about the governance of CoMs. During this audit, DEPI has committed to further develop its categorisation framework to include consideration of environmental and social risks.

### 2.3.2 Appointment methods

DEPI does not use consistent and sufficiently robust appointment processes for higher-risk CoMs—that is, those who manage reserves with greater levels of financial, environmental or social risk. A number of higher-risk CoMs are appointed on an ongoing basis, which poses particular risks for DEPI due to the limited review and oversight mechanisms for these CoMs.

An appointment process which takes into account the skills and expertise of nominees is required to ensure that the collective capability of a CoM is commensurate with its level of risk. The skills-based appointment method is the only process that formally does this. While, over time, DEPI has changed the appointment process for a number of higher-risk CoMs from public election to a skills-based process, it has not done so for all higher-risk CoMs. Figure 2A illustrates that 63 per cent, or 24 out of 38, of category A and B CoMs are appointed using other methods.

**Figure 2A**  
**Appointment methods for category A and B committees of management**



*Note:* Category A and B committees of management have annual expenditure or cash balance of \$250 000 or more.

*Source:* Victorian Auditor-General’s Office based on data from the Department of Environment and Primary Industries.

In addition, the current procedures DEPI uses to recommend appointments to skills-based CoMs are not consistent nor sufficiently robust or transparent. DEPI does not consistently:

- place sufficient emphasis on governance skills and business acumen
- consider the past performance of renominating members, and consult with CoM members regarding the CoMs’ skills gaps
- stagger appointments to allow greater continuity of CoM members.

Nine of the 38 category A and B CoMs are appointed on an ongoing basis, rather than the standard three-year term for other CoMs. In many cases, ongoing CoMs are the primary users and beneficiaries of the reserves they manage, and they are not required to report to DEPI. Consequently, DEPI cannot be assured that they are managing reserves for the broader public good, rather than for their own benefit.

DEPI has committed to using a revised categorisation framework to develop a tailored and consistent approach to appointment methods, ensuring that higher-risk CoMs are appointed using a skills-based process where possible. It will review and revise the procedures it uses to recommend appointments to skills-based CoMs to ensure they are robust and consistent. DEPI has also committed to evaluate the risks associated with ongoing CoMs to determine an appropriate oversight mechanism for them.

### 2.3.3 Probity checks

Probity checks aim to ensure that candidates for appointment have records of personal, professional and commercial integrity. It is important that adequate probity checks are undertaken to obtain assurance that those appointed to CoMs can be entrusted to manage public assets. The extent of probity checks should reflect the level of risk associated with the relevant CoM.

DEPI conducts appropriate probity checks for all nominees for appointment or reappointment to a CoM in accordance with the Department of Premier and Cabinet's (DPC) *Appointment and Remuneration Guidelines for Victorian Government Boards, Statutory Bodies and Advisory Committees* (the DPC guidelines). These comprise checks of:

- the Australian Securities and Investments Commission register of banned or disqualified persons under the Commonwealth *Corporations Act 2001*
- the Insolvency and Trustee Service Australia's National Personal Insolvency Index
- national police records.

DEPI's Secretary has approved a waiver of criminal record checks for many CoMs, as permitted under the DPC guidelines. This has reduced some of DEPI's administration around CoM appointments.

#### Declaration of private interest requirements

In accordance with the DPC guidelines, DEPI requires all CoM nominees and members to complete the same detailed declaration of private interests (DoPI). This is the case regardless of the level of risk associated with the CoM.

CoM nominees must complete a DoPI prior to appointment, and annually thereafter. This is intended to ensure that actual, potential and perceived conflicts of interest are declared so that any risks arising from these private interests can be managed.

Many members of smaller CoMs view the level of detail required by the DoPI as intrusive and not relevant to their role. The extent of information sought may deter potential CoM members and delay appointments.

#### **Figure 2B** **Comments from members of smaller committees of management** **on declaration of private interest requirements**

The general consensus about the declaration of private interest form was that it is intrusive and a deterrent to recruiting volunteers: 'We've got our new members questioning whether they want to fill it in. So if they don't fill it in what does that mean?'

Other comments included: 'That is a sore point', 'That's not good' and 'It's a disgrace'.

*Note:* These comments were made by committee members in focus groups conducted for the audit.  
*Source:* Victorian Auditor-General's Office.

DEPI has committed to review and tailor DoPI requirements in accordance with its revised categorisation framework. This will reduce the dissatisfaction of nominees and members of lower-risk CoMs, and will further reduce unnecessary DEPI administration.

### 2.3.4 Internal governance and accountability requirements for higher-risk committees

DEPI does not ensure that all higher-risk CoMs have adequate internal governance processes in place. In terms of accountability, DEPI currently applies the same reporting requirements to all CoMs, regardless of their level of risk.

For assurance that higher-risk CoMs are managing their reserves effectively, these CoMs require more robust internal governance processes and higher levels of accountability than lower-risk CoMs.

Divisions 2 and 3 of Part 5 of the *Public Administration Act 2004* set out a series of requirements aimed at ensuring that public entities have effective internal governance. As of 1 July 2013, five of the 11 category A CoMs are subject to these divisions.

DEPI requires coastal CoMs to develop coastal management plans consistent with the *Coastal Management Act 1995*. These are effectively strategic plans that inform reserve management. As part of DEPI's Coastal Management Reform Program, it is developing a monitoring and evaluation framework through which coastal CoMs will report to DEPI on key areas of responsibility under their coastal management plans. A similar approach to develop strategic planning and reporting requirements for higher-risk CoMs would be useful to guide their reserve management and improve accountability.



*The Great Ocean Road Coast Committee Inc. manages 37km of coastal Crown land reserves along the Great Ocean Road.  
Photo by Christina Bagot.*

DEPI has committed to using its revised categorisation framework to develop a tailored and consistent approach to internal governance, reporting and compliance requirements for higher-risk CoMs. This will include assessing whether it should recommend additional higher-risk CoMs become subject to the governance requirements of Divisions 2 and 3 of Part 5 of the *Public Administration Act 2004*.

### 2.3.5 Remuneration for higher-risk committees of management

There is a lack of consistency and transparency in remuneration for members of higher-risk CoMs. Currently, the members of only two CoMs are remunerated.

Managing reserves is generally more demanding for CoM members appointed to manage higher-risk reserves. To manage these reserves effectively, CoM members must be highly skilled in a variety of specific areas, and invest more time in their role.

**Figure 2C**  
**Views of category A committee of management chairs**

VAGO consulted with the chairs of three category A committees of management during the audit. All emphasised the significant time they invest in their roles and were supportive of remuneration for higher-risk committees:

- One chair noted that he spends more than one day per week on committee activities, and that remuneration for members would emphasise the professional nature of members' roles.
- Another committee chair suggested that remuneration for more complex committees could attract younger and more suitably qualified members.

Source: Victorian Auditor-General's Office.

Two category A CoMs sought approval for sitting fees for their members, and now receive these in accordance with the DPC guidelines, paid out of the CoMs' revenue. There is no clear reason why other CoMs that manage higher-risk reserves are not similarly remunerated.

DEPI has committed to considering remuneration for additional higher-risk CoMs, where they have significant operations, high levels of responsibility and risk, and are subject to the governance requirements of the *Public Administration Act 2004*.

## Recommendations

That the Department of Environment and Primary Industries:

1. further develop its categorisation framework for committees of management, based on an analysis of financial, social and environmental risks
2. apply its categorisation framework to develop a tailored and consistent approach to governance processes for committees of management
3. review and revise its appointment procedures for skills-based committees of management to ensure that they are robust and are applied consistently.





# 3 Support and oversight of committees of management

## At a glance

### Background

A well-structured and tailored approach to providing support and oversight to community-based committees of management (CoM) is needed to enable the Department of Environment and Primary Industries (DEPI) to manage Crown land reserves effectively. It should be informed by the collection and analysis of key information, and its delivery should be coordinated across DEPI.

### Conclusion

DEPI has not provided sufficient support and guidance to CoMs. Its approach has been inadequately targeted, and has not been informed by analysis of key information. Gaps in departmental coordination have also reduced the effectiveness of DEPI's support and guidance.

However, DEPI has committed to and is implementing actions that will significantly improve its support and oversight of CoMs.

### Findings

- DEPI's approach to supporting and guiding CoMs is not sufficiently risk-based, tailored or strategic.
- Guidance material is lacking in key areas, or is not adequately communicated.
- DEPI does not adequately collect, collate and analyse information about CoMs and their performance.
- There are significant gaps in DEPI's internal coordination relating to CoMs.

### Recommendations

That DEPI:

- develop and implement a CoM engagement guideline and improve the support and guidance it provides to CoMs
- evaluate and improve its current collection and use of information about CoMs
- clarify staff roles and responsibilities relating to CoMs
- develop and implement a strategy to improve internal communication on CoMs.

## 3.1 Introduction

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A well-structured and tailored approach to providing support and oversight to community-based committees of management (CoM) is needed to enable them to manage Crown land reserves effectively. It should be informed by the collection and analysis of key information. Its delivery should be coordinated across the Department of Environment and Primary Industries (DEPI).

This Part considers how well DEPI has:

- supported and guided CoMs
- managed the information that is needed to effectively support and oversee CoMs and understand the impacts of its efforts
- coordinated efforts within and across the department to support and guide CoMs.

## 3.2 Conclusion

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DEPI does not take a sufficiently strategic approach to supporting and overseeing CoMs. Gaps in the support and guidance it provides impact on CoMs' ability to carry out their roles and responsibilities in managing Crown land reserves. DEPI has not sufficiently targeted support and oversight to CoMs who manage reserves with higher risk profiles, nor to areas in which CoMs require further guidance. Nor has DEPI used the information that it collects about CoMs adequately. Gaps in coordination across DEPI have also reduced the effectiveness of its guidance and support for CoMs.

However, DEPI has committed to and is implementing actions to address these issues:

- It will develop tailored inductions for CoMs and is piloting a CoM engagement program.
- It is updating its guidelines for CoMs, developing its CoMs website and considering how to develop CoM networking.
- It is evaluating its information use and will tailor and streamline its annual returns process, through which CoMs report information to DEPI.
- It has taken steps to clarify staff roles and responsibilities, and to improve its internal communication.

These are positive developments, and with some further actions and sufficient formalisation, will substantially improve DEPI's support and guidance for CoMs.

## 3.3 Support and guidance for committees of management

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A risk-based approach to support and guidance for CoMs would see DEPI engaging with CoMs strategically—targeting efforts to CoMs who manage reserves with greater financial, environmental and social risks, and to common problem areas. Such an approach should be guided by DEPI's revised categorisation framework. The approach should also be informed by DEPI intelligence on the key areas in which CoMs require guidance, and should be documented.

VAGO found that DEPI has not adequately applied this type of approach.

Gaps in DEPI's support and guidance for CoMs increases the likelihood of CoMs being unclear on their roles and responsibilities. Inadequate support and guidance has also resulted in some CoMs missing opportunities to manage their reserves more effectively and efficiently. For example, VAGO's interviews with CoMs indicated that some may have been significantly overspending on employee costs because of a lack of benchmarks or guidance on appropriate expenditure levels, and some CoMs had failed to adequately identify and address risks.

Adequate support and guidance is also a key contributor to volunteer satisfaction and is good practice. Volunteering Australia, the national peak body working to advance volunteering, emphasises in its model code of practice the importance of clear roles and responsibilities and providing appropriate levels of support and guidance for volunteers.

VAGO's interviews with CoMs suggested that gaps in available support and guidance are causing some CoM members—who invest significant time and energy in managing reserves—considerable frustration at having to 'reinvent the wheel', while knowing that other CoMs must have faced and dealt with similar issues. The unnecessary duplication of work by CoMs is inefficient and wasteful of volunteer time and effort. Improving guidance and support for CoMs is likely to increase CoM member satisfaction and have a positive impact on their retention and recruitment.

### 3.3.1 Support for committees of management

To some degree, DEPI takes a risk-based approach to engaging with CoMs, having closer and more active relationships with some higher-revenue and skills-based CoMs, such as the larger coastal CoMs. However, engagement has largely been reactive and opportunistic rather than strategic and systematic. For the most part it has not been targeted, transparent or consistent.

DEPI is currently piloting a CoM engagement program in the Gippsland region, and this is a positive development. This program includes networking and education events, and volunteer recognition. DEPI will evaluate this pilot before preparing a CoM consultation and engagement guide that can be applied across all CoMs. DEPI needs to use these evaluation results and do further work to develop and document a strategic and risk-based approach to engaging with all types of CoMs.

DEPI needs to improve CoM inductions and more effectively link members from different CoMs, so that they can support and inform each other. DEPI has committed to further actions to achieve these improvements.

## Inductions

It is important that roles and responsibilities are communicated clearly to volunteers when they are appointed to CoMs, so that they can understand and carry out their duties.

DEPI has put in place some effective induction measures for category A coastal CoMs. These include face-to-face inductions focusing on the importance of good governance, and providing statements of expectations that set out key areas of responsibility and DEPI's expectations. However, DEPI does not apply these measures uniformly to all higher-risk CoMs. In addition, many CoMs do not receive any form of induction process or induction materials from DEPI so most CoMs rely largely on the informal transfer of knowledge from outgoing to incoming members. This increases the risk of CoMs misunderstanding their roles and responsibilities.

DEPI has committed to developing a tailored approach to induction processes as part of the further development of its categorisation framework.

## Committee networks

CoMs could be an invaluable source of information, guidance and support for each other, particularly where they manage similar reserves. Knowledge sharing across CoMs would also reduce their dependence on direct DEPI support. Figure 3A illustrates the value that CoM networks could provide.

**Figure 3A**  
**Former Mornington Peninsula Combined Foreshores Committee**

From 1996 until around the end of 2010, there was a network of Mornington Peninsula coastal CoMs, which was actively supported by DEPI's Port Phillip regional office. Meetings were generally held every two months, and were regularly attended by members of nine coastal CoMs, representatives of the Mornington Peninsula Shire Council, and the former Department of Sustainability and Environment. This provided the opportunity for participants to:

- develop networks
- discuss common issues
- share ideas about solving problems
- support and motivate each other
- make unified suggestions to government agencies
- conduct joint training and forums.

It also allowed the Department of Sustainability and Environment to have regular contact and communicate with several CoMs at once, which enhanced administrative efficiency.

Source: Victorian Auditor-General's Office.

With the exception of its new pilot program in Gippsland, DEPI does not facilitate any formal or informal communication processes between CoMs. As a result, there are limited opportunities for CoMs to collaborate or exchange information.

DEPI has committed to consider ways to develop networking opportunities for CoMs, including through the use of online engagement and social media.

### 3.3.2 Guidance material

The guidance material available to CoMs does not fully meet their needs. DEPI has not used its website effectively as a medium to communicate essential information to CoMs. Useful materials exist that are not easily accessible to CoMs, such as guidance information contained in newsletters that DEPI has published for CoMs, a template constitution which is only provided to CoMs upon request, and management plans that DEPI has assisted CoMs to develop.

VAGO notes and supports DEPI's recent actions and further commitments to address these issues.

#### Written guidance

The main source of documentary guidance for CoMs is DEPI's *Committees of Management: Responsibilities and Good Practice Guidelines*, published in 2002 and issued as an interim version 'for discussion' in March 2011. The guidelines are still to be finalised. They are general in nature and do not provide information specific to particular reserve types, or the detailed information that different categories and types of CoMs require on particular topics.

Specific areas where CoMs have indicated that they require further written guidance materials include:

- resources relating to employment—for those CoMs that employ staff
- resources tailored to specific types of reserve uses—for example, information specific to managing public halls and recreation reserves
- templates for treasury tasks
- information about insurance and liability, and risk management templates.

DEPI is currently reviewing the guidelines to provide high-level advice for CoMs. The guidelines will be supported by fact sheets tailored to different categories of CoMs, which will offer more detailed guidance on key issues.

DEPI has also recently developed some useful guidance materials on good governance. These materials are suitable for higher-risk CoMs, but DEPI has not adequately promoted them to CoMs. It is now taking steps to do this. DEPI is also developing governance support materials for smaller, publicly-elected CoMs.

#### Accessibility of material

There are considerable existing information and guidance materials relevant to CoMs, but they are not easily accessible. DEPI does not make sufficient use of its website as a resource for CoMs. Limited guidance material is published on the website, and there are no links to other useful websites, such as other organisations' websites or guidance materials that can offer support to CoMs.

Providing a populated, easy to navigate, accessible, topic-based website with useful links for CoMs would reduce the administrative burden on regional offices that are regularly contacted by CoMs seeking advice. It would also improve the consistency of DEPI advice to CoMs, as there is no common resource for staff to consult to offer guidance to CoMs, other than the guidelines.

DEPI has committed to consolidating guidance material and useful links onto one website for CoMs.

### 3.3.3 Measuring effectiveness

To determine the effectiveness of DEPI's guidance and support, assessment measures are needed to ensure that efforts are being targeted to the most appropriate issues and CoMs. DEPI should develop a strategic approach including such measures to provide support and guidance to CoMs.

## 3.4 Information management

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The targeted collection, effective collation and use of information about CoMs is essential if DEPI is to understand and best respond to the issues they face, and to assess their performance.

DEPI has not effectively managed the collection and use of information to understand issues, prioritise its actions or understand how well CoMs are performing and where they are at risk.

DEPI has put considerable effort into collecting, and to some extent, collating information about CoMs. However, it has not analysed the information it has collated from annual returns submitted by CoMs, while further data about complaints and issues are not stored in a way that it can be easily analysed.

During the course of this audit, DEPI has committed to actions that will substantially improve its information management. It will evaluate how it uses the information that it collects, undertake central analysis of annual returns, and use its revised categorisation framework to tailor its annual returns template and streamline annual returns. However, DEPI should go further to formalise a strategy for information collection, analysis and use. Such a strategy should consider:

- the need for the collection of additional information outside of the annual returns process, such as through reserve inspections or audits
- the collation and use of other information collected, such as through complaints or issues raised about CoMs.

### 3.4.1 Collection of information

DEPI collects some useful information about CoMs, but it is stored in unconnected electronic repositories and hard copy files, and is not collated centrally or regionally. This limits access to and the use of this information. It also limits DEPI's ability to analyse this information comprehensively and strategically.

## Annual returns

The main mechanism DEPI uses to collect information about CoMs' performance is the annual returns process. Legislation requires most CoMs to submit basic financial information to DEPI annually, and DEPI collects this and additional information through a template form it mails to CoMs. This provides DEPI with important self-reported information about CoMs and the reserves they manage.

The data in annual returns is not routinely collated or analysed. However, DEPI ran a project for 18 months that collated the information from annual returns for the financial years 2008–09 to 2011–12 into a single database. No analysis of this information was undertaken throughout the project. As a result of a departmental restructure, the team with responsibility for the database was disbanded in late 2012 and no further data has been entered since then.

Introducing a web-based annual returns system whereby CoMs could submit information online would improve the efficiency of DEPI's data collection, and would enable the central collation of this data. The analysis of annual returns data could identify performance issues and enable these to be addressed proactively. It would also enable DEPI to better target guidance and support for CoMs.

## Other information collection

Outside of the annual returns process, DEPI's collection of information about CoMs is largely reactive or undertaken on an ad hoc basis—often as a result of CoM members or the public highlighting particular issues. This information is then kept in the hard copy file for the relevant CoM or in a separate database. DEPI does not maintain a log of complaints or issues relating to CoMs.

### 3.4.2 Analysis and use of information

DEPI does not collate the information it collects about CoMs. It is therefore not able to analyse it efficiently, or use it to identify systemic issues, map trends over time, or report on CoMs' performance. VAGO's analysis of DEPI's annual returns database covering 2008–09 to 2011–12 illustrates issues that can be revealed:

- Several CoMs reported that built assets on their reserves were in poor condition—in 2010–11, 228 built assets needed attention.
- CoMs commented on the need for maintenance funding, and noted public safety risks on their reserves, such as dangerous trees, fire hazards and access issues. In 2010–11, around 30 CoMs specifically commented on their need for funds.
- Around 80 CoMs reported receiving revenue from leases or licences, but did not appear to provide details of any formal lease or licence agreements in place.
- A small number of CoMs had borrowings without having obtained the Treasurer's consent, which is a legislative requirement.

The information DEPI collects should be collated and analysed to highlight compliance issues and areas in which more guidance and support for CoMs is needed. DEPI should use information analysis to inform decisions around the priority and allocation of resources to CoMs to best mitigate identified high-risk issues. It should also use such analysis to report on CoMs' performance and increase transparency in its delegation of land management responsibilities to CoMs.

Although DEPI has in the past commissioned 'risk reviews' for a few specific CoMs that have experienced serious issues, DEPI does not have an ongoing audit or reserve inspection program. Where reserve inspections have occurred, they have been sporadic and have not been guided by an underpinning strategy.

### Assessing the performance of individual committees of management

DEPI does not use the information it collects to assess how CoMs are performing as land managers or to identify areas for follow-up. Most CoMs only submit limited information on performance. Except for coastal CoMs, there is no requirement to develop strategic plans or undertake regular assessment against such a plan. DEPI requires coastal CoMs to develop coastal management plans and regularly assesses their performance against these.

For non-coastal CoMs, regional DEPI staff may assess performance informally through their closer relationships with a small number of CoMs, and by monitoring the level of community and stakeholder satisfaction with the work done by CoMs. There is also some monitoring of specific issues through grants programs administered by DEPI, where CoMs must demonstrate that they have met grant conditions. However, the majority of CoMs do not obtain grants through DEPI.

Alongside DEPI's revised categorisation framework, information analysis should also guide DEPI to target higher-risk issues in which verification or further information is needed for assurance that CoMs are managing their reserves effectively—for example, through audits or reserve inspections.

## 3.5 Internal coordination

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Poorly defined roles and responsibilities and gaps in communication across DEPI have limited its ability to support and oversee CoMs effectively.

DEPI operates through a regional model. Services are delivered to CoMs via 11 offices across DEPI's six regions. Several groups within DEPI support regional services through policy development and by providing corporate and administrative services.

Clear allocation of roles and responsibilities and strong communication processes between and within these groups are needed for DEPI to effectively and efficiently support and oversee CoMs in a consistent and transparent manner.



DEPI has undergone structural changes over the past few years that have contributed to gaps in its coordination in relation to supporting and overseeing CoMs. Before a July 2011 restructure devolved responsibility to its regional offices, DEPI had a statewide function, with a senior staff member responsible for the whole state in terms of DEPI's public land functions. However, under the current organisational structure, each region operates and delivers its activities differently.

During the course of this audit, DEPI has taken steps to clarify responsibilities and improve internal communication regarding CoMs. However, DEPI should go further to ensure that it systematically identifies and allocates responsibilities, and formalises its communication channels and processes.

### 3.5.1 Roles and responsibilities

DEPI has not sufficiently defined and internally communicated roles and responsibilities relating to CoMs. In some key areas, responsibilities have not been allocated or have been unclear, as illustrated in the three following examples.

#### *Committees of Management: Responsibilities and Good Practice Guidelines*

DEPI staff were unable to identify who within the organisation had ownership responsibility for the guidelines, the primary written source of guidance for CoMs. The guidelines have been an interim version 'for discussion' since March 2011. During this audit DEPI committed to review the guidelines and has recently allocated responsibility for this task to a project team.

#### *Annual returns*

DEPI does not systematically and consistently review annual returns. The responsibility for doing this is unclear.

CoM annual returns are lodged with DEPI's Transaction Centre, which scans them and returns hard copies to the relevant regional office. The DEPI staff we interviewed were unclear on who should review and follow-up on annual returns:

- One DEPI region believed that financial information reported by CoMs is scrutinised by DEPI's Knowledge and Governance Branch, which is not the case.
- Another region indicated that when they receive hard copies of annual returns, they will look over them, but they don't really do anything with the information.

As a result, annual returns are not consistently reviewed or followed up where required.

#### *Role to support and oversee committees of management*

Some regional DEPI staff noted that the extent of their role in overseeing and providing support to CoMs is not clear. This lack of clarity impacts upon their ability to set clear expectations by conveying to CoMs the boundaries of DEPI's role.

During this audit, DEPI has committed to further developing its categorisation framework and making clear the level of support and guidance that DEPI will provide to each category of CoMs. This must be clearly communicated to DEPI staff.

## 3.5.2 Internal communication

Gaps in communication and information flow between DEPI groups have reduced DEPI's efficiency in providing support to CoMs, and have increased the likelihood of inconsistency.

### Absence of a central information repository

There is no central repository or source of information for DEPI staff who deal with CoMs, such as a clearly defined area on DEPI's intranet. DEPI does have a Land Administration database, but while this holds some useful templates and documents, many are out of date and information in the database is not easily accessed by staff.

As a result, DEPI staff largely deal with issues on a case-by-case basis as they arise. They rely on their own knowledge accumulated through dealing with CoMs, and upon other more experienced staff as necessary. Accordingly, there is no assurance that similar issues are handled consistently across DEPI.

The lack of a central repository also reduces efficiency in providing services, as staff may be duplicating previous efforts. Placing heavy reliance on the knowledge of individual staff also increases the likelihood and extent of losing valuable corporate knowledge through staff attrition.

### Communication gaps

There are good relationships between DEPI staff in different regions, with staff consulting counterparts in other regions as required. However, there have been limited opportunities for sharing information and advice more broadly and in a structured way. This has led to gaps in communication between DEPI groups and regional offices. For example:

- There has been limited awareness in regional offices of the approaches that other regional offices take regarding CoMs. Staff in one region commented that since DEPI moved to a regional model in July 2011 the connections between the regions, and between each region and head office, have weakened.
- There are gaps in the information flow from head office to regional offices. For example, staff in one region were unaware of the existence of newsletters that DEPI distributes to CoMs until discovering them by accident through an internet search.
- There is a disconnect between DEPI's Transaction Centre and regional offices. The Transaction Centre manages appointments for publicly-elected CoMs for three regions, which has streamlined and improved the consistency of these procedures. However, staff from one region indicated that they are not advised if paperwork is not returned by a CoM to the Transaction Centre until after a CoM's appointment has expired.

DEPI has recently re-started monthly forums of regional public land program managers, who have the lead responsibility for CoMs and other public land matters. This will improve the communication flow regarding CoM matters between DEPI's regional offices. DEPI's commitment to develop its CoMs website could also assist as a central source of information for DEPI staff.



*The Royal Melbourne Mint is managed by the Mint Inc. committee of management.  
Photo courtesy of Wikimedia Commons.*

## Recommendations

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That the Department of Environment and Primary Industries:

4. develop and implement an engagement guideline to guide its approach to providing support and guidance to committees of management, informed by its revised categorisation framework and the key areas in which committees require support and guidance
5. take steps to improve the support and guidance it provides to committees of management, including:
  - updating its *Committees of Management: Responsibilities and Good Practice Guidelines* and developing detailed supporting guidance on key issues
  - consolidating guidance information and useful links for committees onto one website
  - supporting networking between committees
6. evaluate its current collection and use of information, identify any shortcomings, and develop and implement a strategy to guide information collection with respect to committees of management and their management of Crown land reserves.

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## **Recommendations – *continued***

That the Department of Environment and Primary Industries:

7. clarify staff roles and responsibilities relating to committees of management through group and work performance plans
  8. develop and implement an internal communication strategy outlining formal and informal communication channels to improve information sharing across the department on issues relating to committees of management.
-

# 4 Ongoing management of Crown land reserves

## At a glance

### Background

Crown land reserves require ongoing management by an appropriate land manager. Where community-based committees of management (CoM) are appropriate, they need a sufficient base of volunteers and adequate financial resources to be sustainable.

### Conclusion

The Department of Environment and Primary Industries (DEPI) has not taken the steps required to position CoMs to achieve their objectives and sustain this success over time because it has not:

- undertaken strategic planning to determine and assign reserves to the most appropriate land manager
- implemented strategies to ensure CoMs have an adequate volunteer base
- understood and addressed the risks of current funding arrangements for CoMs.

However, during this audit, DEPI has committed to actions that will more strategically match reserves with managers, and will take steps towards addressing succession concerns.

### Findings

- Some reserves managed by CoMs do not align with DEPI's core functions, and DEPI does not select the delegated land manager strategically.
- DEPI is not taking steps to ensure that CoMs have a sufficient volunteer base.
- DEPI's allocation of limited funds to CoMs is not fully informed.

### Recommendations

That DEPI:

- develop and implement strategies to better identify the most appropriate managers for Crown land reserves, and align reserves accordingly
- develop and implement strategies to improve CoMs' volunteer base
- develop an informed approach to understanding the funding needs of CoMs, so that funding decisions appropriately consider and address risks.

## 4.1 Introduction

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The successful and sustainable management of Crown land reserves requires that they are overseen and managed by an appropriate land manager.

Where community-based committees of management (CoM) are the most appropriate manager, they need:

- a sufficient and viable base of members
- adequate financial resources to maintain, improve and control their reserves and manage risks.

This Part examines whether the Department of Environment and Primary Industries (DEPI) has:

- taken steps to determine appropriate managers for Crown land reserves and sought to align them accordingly
- understood and adequately responded to the membership and financial challenges that threaten CoMs' viability and performance.

## 4.2 Conclusion

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DEPI has not taken the steps required to position CoMs to achieve and sustain their objectives because it has not:

- undertaken strategic planning to determine and assign reserves to the most appropriate land manager
- implemented strategies to ensure CoMs have an adequate volunteer base
- understood and addressed the risks of current funding arrangements for CoMs.

However, during this audit DEPI has committed to take action aimed at assigning Crown land reserves to the most appropriate manager, based on land use. In terms of addressing concerns about the succession of volunteers, it has committed to identifying approaches to recognise volunteer service, and will investigate opportunities to amalgamate CoMs.

DEPI has also acknowledged that it needs to develop a better understanding of the funding needs of CoMs, so that it can base funding allocations on a comprehensive understanding of the risks, including risks to the sustainability of CoMs. DEPI also needs to ensure that decision-makers within government are aware of the potential consequences of funding arrangements.

## 4.3 Determining the appropriate manager

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Historically, DEPI has not taken a strategic approach or had an overarching rationale for determining which Crown land reserves are best managed by CoMs or others. As a result, it has not ensured that reserves are overseen by an appropriate land manager.

The wide range of uses of Crown land reserves is reflected in those that DEPI has delegated to CoMs to manage on its behalf. Consequently, some of the reserves that CoMs manage have little correlation with DEPI's core functions. For example, some CoMs manage reserves with assets such as historic buildings, racecourses, golf courses and airplane landing strips. While these account for only a small proportion of CoMs, they consume a significant amount of the time and resources DEPI has available to support CoMs. Some of these reserves align more closely with the functions of other departments, who would be able to oversee their management more effectively and efficiently.

Where Crown land reserves managed by CoMs do align with DEPI's core functions, CoMs may not always be the most appropriate delegated manager.

For the most part, the delegated managers of reserves have been based on historical arrangements, with DEPI attempting to find a willing manager when the need arises. For example, if a CoM dissolves and DEPI is unable to find new members, DEPI will usually approach the relevant local council or Parks Victoria to see if either is willing to assume the responsibility. The appointment of a local council or Parks Victoria as the delegated manager depends upon their agreement to accept this responsibility.

However, during this audit, DEPI has committed to steps that will address concerns about land management arrangements. DEPI is currently developing Crown land assessment criteria to guide the determination of the most suitable land manager for a Crown land reserve. It has also committed to engage with local government to identify opportunities to reassign to councils reserves with local-level values—that is, reserves that are not of regional or state significance. These initiatives should improve the effectiveness and efficiency of reserve management.

## 4.4 Viability of committees of management

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Where DEPI determines that CoMs are appropriate land managers for Crown land reserves, it needs to have strategies in place to ensure that they have an adequate volunteer base to continue into the future.

DEPI has not taken steps to address the clear membership succession issues that threaten the viability of smaller CoMs. It does not promote volunteering opportunities, nor adequately recognise volunteer contributions. DEPI has not fully explored and acted on opportunities to amalgamate small CoMs into larger, more viable entities.

DEPI has committed to investigate further opportunities to amalgamate CoMs where this would result in better management or financial improvements. It has also committed to identifying ways to recognise volunteer service, which should improve volunteer satisfaction and retention. However, it should go further to promote CoMs and volunteer opportunities.

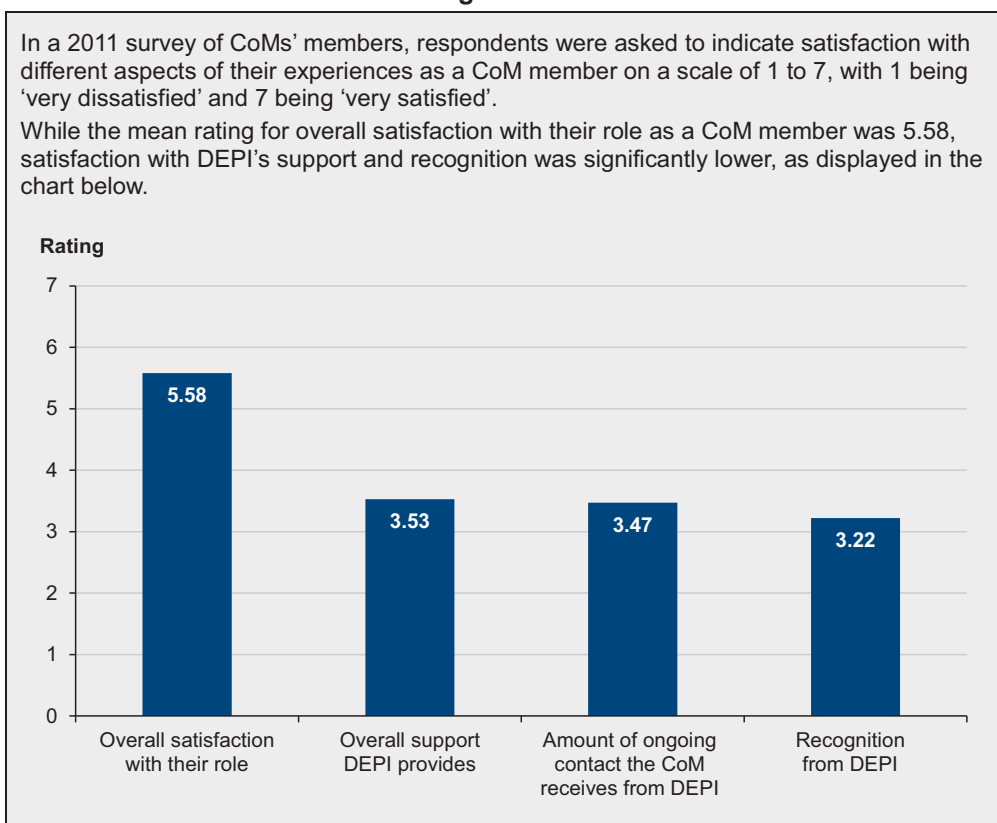
### 4.4.1 Succession of volunteers

It is critical that CoMs have sufficient numbers of members who have the necessary skills to undertake their assigned roles and responsibilities. The succession of CoM members, and consequently the future viability of CoMs, is a key concern—particularly for category C and D CoMs, who have annual expenditure of less than \$250 000.

The current cohort of CoM members is ageing. A 2011 survey of CoM members indicated that more than 80 per cent of respondents were over 50 years of age, and nearly 20 per cent were in their seventies. In addition, many CoM members sit on more than one volunteer committee and are at risk of burnout—87 per cent of survey respondents volunteered with more than one organisation, with more than one-third serving on three or more. These factors are compounded by the decline of the general population in some regional areas.

There is also considerable dissatisfaction among existing CoM members about the level of support, interest and appreciation they receive from DEPI, as illustrated in Figure 4A.

**Figure 4A**  
**Committees of management member satisfaction**



Source: Victorian Auditor-General's Office based on data from Victoria University.



## Promoting committees of management and volunteer opportunities

DEPI does not actively promote CoMs, the work they do, or opportunities to volunteer. As a result, there is limited public awareness about the existence of CoMs and of the opportunities to contribute to their operation.

DEPI's website is a largely untapped resource because it:

- includes little information about CoMs and the role that they play, or about how someone would volunteer for or support a CoM
- does not include contact details for any CoMs, nor links to their websites where these exist.

DEPI does not promote CoMs and the opportunity to volunteer through organisations that support and promote volunteering, such as Volunteering Victoria.

DEPI could also support CoMs to make better use of short-term, activity-based volunteerism. For example, DEPI could support and encourage CoMs to develop 'Friends Of' groups as a labour resource.

## Recognising volunteer contributions

DEPI provides little recognition of the contribution made by CoM volunteers, and where it does recognise contributions, it does not do so in a consistent way. There are no formal recognition policies or programs.

Acknowledging the value of volunteer contributions and providing them with adequate recognition is an important means of encouraging volunteers to continue, and reflects good practice. Volunteering Australia, the national peak body working to advance volunteering, includes the recognition of volunteers as an important element of its model code of practice for organisations involving volunteer staff.

There are a range of inexpensive, simple ways in which DEPI could recognise volunteers. For example, Parks Victoria undertakes a range of recognition activities for 'friends of' groups—including celebrating National Volunteer Week, offering biennial awards for individuals and groups who have made an outstanding contribution to the Victorian park system, and a range of less formal recognition methods such as social events and letters of thanks.

DEPI has committed to identifying approaches to recognise volunteer service, and is currently piloting an engagement program in the Gippsland region, which includes recognising the efforts of long-standing CoM members.

### 4.4.2 Amalgamating committees of management

DEPI has recognised the benefits from identifying and acting on opportunities to amalgamate small coastal CoMs to form larger, more viable and financially sustainable entities. Similar benefits would flow from amalgamating smaller, non-coastal CoMs where possible. DEPI has not fully explored opportunities to do so.

Some amalgamations of non-coastal CoMs have occurred on an ad hoc basis. There may be further opportunities to amalgamate CoMs that have similar purposes and manage reserves that are close to each other. For example, if there are two public halls in close proximity, two separate CoMs may not be necessary.

DEPI has committed to investigating opportunities to amalgamate CoMs, where this would provide better reserve management and financial improvements.

## 4.5 Funding for committees of management

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The overwhelming majority of CoMs derive very little revenue from the reserves they manage. They rely on grants, volunteer labour and fundraising to maintain and improve their reserves. Around 70 per cent of CoMs have annual incomes from these sources of less than \$10 000, and nearly a quarter have annual incomes of less than \$500. In many cases, this is insufficient for CoMs to carry out basic operational and managerial responsibilities.

Funding pressures for small CoMs have intensified in recent years. Between 2008–09 and 2011–12, DEPI grant funding for CoMs fell from \$7 million to just over \$3 million. In addition, DEPI has not adequately supported CoMs to apply for non-departmental grant funding to help offset this decline.

DEPI does not have a comprehensive understanding of the risks of the current funding arrangements, the impact on the condition of reserves, and the strain placed on CoM members. DEPI's allocation of the existing limited funding is not fully informed and VAGO is therefore not assured about how it prioritises the allocation of these funds.

VAGO acknowledges that DEPI has committed to provide information about grant opportunities and guidance on preparing grant applications on its CoMs website. This will assist CoMs to identify and obtain grant funding. DEPI has also accepted the need for it to develop a better understanding of the risks of the current funding approach, ascertain the financial needs of CoMs, and determine how it can best assist these to be met.

In this section, we describe in more detail:

- current funding arrangements for CoMs
- how DEPI supports CoMs to obtain grant funds
- consequences of the current funding arrangements.

### 4.5.1 Current funding available

DEPI does not provide any direct funding to CoMs. They are required to fund their expenditure from revenue generated from the reserve, such as through rental or user fees, by applying for grants offered by DEPI, local councils, other government departments or organisations, or through fundraising activities or donations.

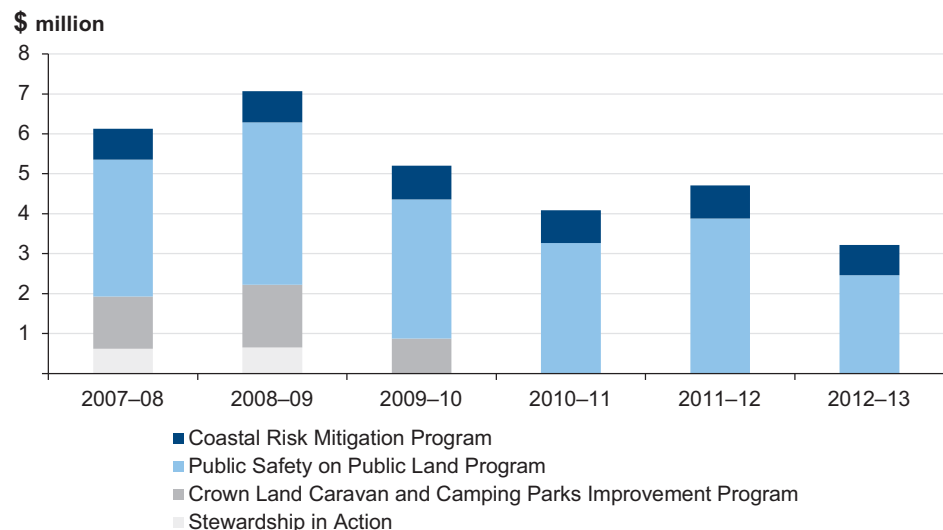
Only two grant programs offered by DEPI are accessible to CoMs:

- **Coastal Risk Mitigation Program**—is only open to CoMs and other bodies who manage coastal land—around 3 per cent of all CoMs. Funding under this program in 2012–13 was \$760 000.
- **Public Safety on Public Land Program**—offers funding for projects to address risks to the public of injury or death. Funding in 2012–13 under this program was around \$2.5 million.

Both of these programs specifically exclude operating costs, such as utilities, and maintenance works that are part of the day-to-day management of the reserve.

As shown in Figure 4B, the total grant monies allocated by DEPI to CoMs has declined significantly over the past six years, primarily because two grants programs have ceased.

**Figure 4B**  
**Grant funding allocated to committees of management through the Department of Environment and Primary Industries’ grant programs—excluding flood recovery funding—2007–13**



*Note:* Funding levels for 2012–13 are overestimated, as some funding for municipal councils—as well as for committees of management—is included in the total for the Coastal Risk Mitigation Program. Additionally, the Public Safety on Public Land Program funding amount includes funds for some works undertaken by the Department of Environment and Primary Industries.

*Source:* Victorian Auditor-General’s Office based on data from the Department of Environment and Primary Industries.

There is no opportunity for CoMs to obtain external funding to cover maintenance and operating costs. At the same time, these costs are increasing for some CoMs, as their members become less able to do hands-on work themselves, either because they are ageing, or because they lack people with the necessary maintenance skills.

## Previous grant program

From 2005–06 to 2008–09, DEPI ran the ‘Stewardship in Action’ grant program which expressly recognised ‘the valuable role of committees and the importance of Crown land reserves to small communities’. This program, which offered grants of up to \$30 000, enabled CoMs to apply for funding for some maintenance costs. The program objectives were to protect and enhance the environmental, economic and social values of reserves, and to encourage and support CoMs in their stewardship of reserves. Grants were for projects to arrest physical deterioration, improve accessibility, protect natural values, increase community use of the reserve, or contribute to the general condition of the reserve.

Over the four years of the program, DEPI received 1 385 grant applications seeking funding totalling nearly \$21 million. Funding of \$2 million was allocated to 292 projects, leaving unfunded 1 093 projects to the value of \$19 million.

### 4.5.2 Support to obtain grants

In addition to grants offered by DEPI, CoMs may be eligible to apply for more general grant programs offered by other bodies, such as local and federal governments. However, CoMs require additional support from DEPI to become aware of and obtain such grants. Regional DEPI staff commonly receive inquiries from CoMs about sourcing and applying for grants. Focus groups conducted for this audit confirmed the difficulties CoMs experience, as noted in Figure 4C.

**Figure 4C**  
**Lower-revenue committees of management member**  
**comments on seeking grants**

In terms of grants, some respondents mentioned the difficulty of obtaining funds for maintenance as opposed to start up projects. Respondents generally found sourcing grants disheartening:

‘It’s not a user-friendly process because we’re all bidding against one another.’

‘You get one go at it, you get very little advice and if you fail you wait until next year.’

Rejection letters were ‘really patronising in the approach... and that sort of thing is demoralising’.

Source: Victorian Auditor-General’s Office.

Some DEPI regional offices email CoMs to advise them of grant opportunities, and upon request provide letters of support to CoMs who are preparing grant applications. However, DEPI’s website does not provide information about available grants or sources of funding. Nor does DEPI offer any guidance materials for CoMs on how to prepare grant applications.

During the course of the audit, DEPI has committed to provide information about available grants and guidance on preparing grant applications on its CoMs website.

### 4.5.3 Consequences of limited funding

Low revenues and limited grant opportunities mean that funding key operational and maintenance costs is problematic for the majority of CoMs. These CoMs are unlikely to be able to undertake sufficient improvement or maintenance works to key reserve assets. Some of these CoMs manage reserves that have significant social and environmental value, such as rail trail reserves and conservation reserves.

Many CoMs have emphasised the need for funding. In a 2011 survey of CoMs asking them to identify the greatest challenges over the next five to 10 years, 25 per cent of respondents indicated financial issues. Respondents highlighted the lack of funds available for maintenance and new projects. CoMs have made similar comments when reporting information to DEPI via annual returns. A selection of these comments are included in Figure 4D.

**Figure 4D**  
**Category C and D committees of management comments on funding**

‘As a volunteer committee of management, it is increasingly difficult to manage the maintenance of public buildings and reserves without supplementary grant funding. Consideration for financial assistance for cyclic maintenance would be of great value to committees.’

‘Committee members are all volunteers who have full-time occupations or run their own businesses. Our opportunities for fundraising are very limited so we have an ongoing frustration due to the lack of funds for everyday maintenance, e.g. chainsaw fuel and repairs, unblocking septic systems, wages to employ people to do minor jobs...’

‘Hall needs maintenance—painting, repairs, water damage etc.—which are beyond the committee’s financial reach. If these are not carried out one can see in the not too distant future the building may have to be closed and handed back to the relevant authority...’

*Note:* These comments are from annual returns for 2010–11 and 2011–12.

*Source:* Victorian Auditor-General’s Office based on data from the Department of Environment and Primary Industries.

As a result of the limited funding available for CoMs:

- some CoM members are paying reserve-associated costs out of their own pockets
- reserves and facilities are deteriorating, leading to increased public safety risks, such as fire risks, hazardous trees and accessibility issues
- CoM members are concerned and frustrated at seeing reserves and facilities deteriorate, and feel that their volunteer efforts are not supported by a commensurate funding investment.

In the longer term, inadequate funds and the consequent lack of ongoing maintenance may lead to greater expense in having to replace capital assets.

Ultimately, some CoMs may not be financially sustainable into the future, given their low levels of revenue and their ongoing needs for a basic level of finance to maintain their reserves and pay for minor costs such as tools and stationery. This could lead to CoMs folding and responsibility for reserves falling back upon DEPI, placing greater strain on DEPI's resources. For example, the Burke Road Billabong CoM described in Appendix A manages a small parcel of land, but has devoted over 300 hours of labour over the course of one year to improving the reserve. If this CoM were to fold, DEPI would need to find the resources to continue the management of this reserve.

Ensuring that CoMs have adequate funds to effectively manage their reserves would likely improve CoM member satisfaction, and have a positive impact on the retention and recruitment of CoM members.



*Gippsland Plains Rail Trail.  
Photo used with permission of the Gippsland Plains  
Rail Trail Committee of Management Inc.*

## Recommendations

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That the Department of Environment and Primary Industries:

9. develop and implement strategies to better identify the most appropriate managers for Crown land reserves, and align reserves accordingly
10. develop and implement strategies to ensure that committees of management have an adequate volunteer base, including by investigating opportunities to amalgamate committees
11. develop an informed approach to understanding the funding needs of committees of management, so that funding decisions appropriately consider and address risks, including the sustainability of committees.

## Appendix A.

# Case study: Burke Road Billabong committee of management

The Burke Road Billabong Reserve is around three hectares of public land in Kew adjacent to the Yarra River, near the intersection of the Eastern Freeway and Burke Road. It has been reserved to conserve an area of natural interest, and for public recreation. The main Yarra Trail bicycle path passes through the reserve.

An assessment of the land in 1994 found that from an environmental and conservation perspective, the land was of national significance—the area had remnants of native vegetation, and provided habitat for a number of bird species and possums. That assessment commented that 'proper management practices need to be introduced to control environmental and noxious weed species and pest animals'.



*Part of the Burke Road Billabong Reserve.  
Photo by Amie Gordon.*

Prior to the appointment of the community-based committee of management (CoM) in 2008, the Department of Environment and Primary Industries (DEPI) had direct management responsibility for the land. DEPI did not have the resources to actively manage the site, and as a result, there were several complaints over the years regarding the condition of the land. In 1992, the City of Kew wrote to DEPI several times expressing concerns regarding the state of the land, and the potential public safety hazards—overgrowth was a hazard to bicycle path users, snakes had been sighted in the vicinity of the path, and long grass was a fire hazard. Members of the public made further complaints regarding the condition of the reserve in 1997 and 1998, which included writing to the Minister for Conservation and Land Management. These concerns led to DEPI staff undertaking some ad hoc weed removal on the site, and in 1999, paying a contractor on several occasions to undertake weed spraying, at a cost of \$1 000 per spray.

In 1998, the City of Boroondara—formed from the amalgamation of the City of Kew and other municipalities—estimated that the cost of weed control and replanting to clean up the land would be between \$100 000 and \$150 000, with an ongoing cost of \$20 000 per year for maintenance.

The current Chair of the Burke Road Billabong CoM is a local resident who has a strong background as a committed conservationist. He noticed that the land in question and its groundcover was full of weeds, but also had some beautiful River Red Gums. He was concerned that the site was in poor condition and was not being actively managed, and approached DEPI in April 2007, inquiring about the existing management arrangements. DEPI confirmed that the site was unreserved Crown land for which it was responsible, and suggested that the resident could look to form a CoM for the area. The resident found three other interested persons through his networks. DEPI arranged for the land to be reserved, and appointed the CoM in September 2008. Since that time, the CoM has undertaken extensive weed removal and revegetation on the site in accordance with the management plan it developed for the reserve, with regular ‘working days’ for members of the public held on site. For 2009–10, the CoM estimated that 322 hours of labour had been devoted to improving the reserve.

The CoM is a category D CoM—it has no means of generating revenue through the reserve, and receives no funding from DEPI. The CoM relies on obtaining grants to fund its costs. The CoM reported that its total income for 2011–12 was \$1 100 in grant monies, and its expenditure was \$3 500.

The chair of the CoM has indicated that succession is a significant concern for the CoM, particularly given that three of its four members are aged 63, 67 and 73.



## Appendix B.

# *Audit Act 1994* section 16— submissions and comments

### Introduction

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In accordance with section 16(3) of the *Audit Act 1994*, a copy of this report was provided to the Department of Environment and Primary Industries.

The submissions and comments provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

**RESPONSE provided by the Secretary, Department of Environment and Primary Industries**



**Department of Environment and Primary Industries**

Ref: SBR006859  
File: AU/02/3015  




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Mr John Doyle  
Victorian Auditor-General  
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MELBOURNE VIC 3000

22 JAN 2014

Dear Mr Doyle

**VAGO PROPOSED AUDIT REPORT: OVERSIGHT AND ACCOUNTABILITY OF COMMITTEES OF MANAGEMENT**

Thank you for your letter dated 8 January 2014, regarding the Proposed Audit Report on Oversight and Accountability of Committees of Management.

The Department of Environment and Primary Industry (DEPI) welcomes the findings in the report and accepts all the recommendations.

Issues raised in the audit have provided DEPI with an opportunity to review its oversight of Committees of Management and to develop four key initiatives to address many of the report's findings. A detailed action plan is attached, together with completion dates. (Attachment 1).

With regards to DEPI's funding for committees of management, funds available are limited and allocated based on priorities and needs. To improve our assessment of requests for funding, DEPI has recently transferred the management of 'Public Safety on Public Land' funds to our regional services group. This allows local decision making, based on a broad understanding of risks facing local committees, to determine allocation of funds.

In addition, as part of its action plan, DEPI is committed to improving committees of management access to information about available grants for activities outside of the department's responsibilities and will continue to support their applications for funding from these other sources.

Thank you for the opportunity to comment on the report.

Yours sincerely

**Adam Fennessy**  
Secretary

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**RESPONSE provided by the Secretary, Department of Environment and Primary Industries – continued**

## Attachment 1

DEPI Action Plan  
Oversight and Accountability of Committees of Management

Action	Initiatives	Completion Date
1. Development of DEPI's Committees of Management (CoMs) Categorisation Framework	The department will commit to developing the CoM Categorisation in consultation with regional and corporate staff to provide a tailored approach to induction, reporting, governance and compliance requirements for each category of CoMs.  The improved framework will reduce red tape for smaller CoMs and ensure compliance requirements for larger CoMs are in line with their responsibilities.  The improved framework will also identify approaches for the recognition of volunteer service suitable for the different types of committees.	31/10/14
	The department will determine which additional Category A and B CoMs it recommends become subject to Divisions 2 and 3 of Part 5 of the <i>Public Administration Act 2004</i> under an Order of the Governor in Council.	
	The department will ensure CoMs subject to Division 2 and 3 of Part 5 of the PAA are aware of VAGO audit requirements.	
	The department will evaluate the compliance risk of ongoing committees to determine an appropriate oversight mechanism.	
	The department will determine its position in relationship to CoMs that are incorporated associations.	
2. Update and completion of the <i>Responsibilities and Good Practice Guidelines</i> .	The department will update the current interim guidelines. The final guidance will be endorsed and published online.	30/6/14
	The department will determine who is responsible for the ongoing development and publication of consistent information and guidance for CoMs.	
3. Improving online guidance, information and useful links for CoMs.	The department will provide easy access to current information and useful links relevant to CoMs on one department webpage. This will include links to existing materials on the DEPI website which are relevant to CoMs, links to information about grants available to CoMs and other useful websites and resources.	31/3/14
	The department will investigate the development of online engagement with CoMs via social media.	
4. Assigning public land to the most appropriate manager based on its use.	The department will undertake engagement with local government to seek opportunities for the reassigning of Crown land reserves with local-level values to obtain the maximum community benefits from community land use.	01/12/14
	The department will investigate and influence the amalgamation of CoMs where this would provide better management and financial improvements.	
	The department will ensure information on the risks is effectively communicated to decision-makers.	



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Report title	Date tabled
Operating Water Infrastructure Using Public Private Partnerships (2013–14:1)	August 2013
Developing Transport Infrastructure and Services for Population Growth Areas (2013–14:2)	August 2013
Asset Confiscation Scheme (2013–14:3)	September 2013
Managing Telecommunications Usage and Expenditure (2013–14:4)	September 2013
Performance Reporting Systems in Education (2013–14:5)	September 2013
Prevention and Management of Drugs in Prisons (2013–14:6)	October 2013
Implementation of the Strengthening Community Organisations Action Plan (2013–14:7)	October 2013
Clinical ICT Systems in the Victorian Public Health Sector (2013–14:8)	October 2013
Implementation of the Government Risk Management Framework (2013–14:9)	October 2013
Auditor-General's Report on the Annual Financial Report of the State of Victoria, 2012–13 (2013–14:10)	November 2013
Portfolio Departments and Associated Entities: Results of the 2012–13 Audits (2013–14:11)	November 2013
WoVG Information Security Management Framework (2013–14:12)	November 2013
Public Hospitals: Results of the 2012–13 Audits (2013–14:13)	November 2013
Occupational Health and Safety Risk in Public Hospitals (2013–14:14)	November 2013
Racing Industry: Grants Management (2013–14:15)	November 2013
Local Government: Results of the 2012–13 Audits (2013–14:16)	December 2013
Managing Victoria's Native Forest Timber Resources (2013–14:17)	December 2013
Water Entities: Results of the 2012–13 Audits (2013–14:18)	December 2013
Tourism Strategies (2013–14:19)	December 2013

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