



**THE HON MELISSA PRICE MP
MINISTER FOR THE ENVIRONMENT**

MS18-001136

Senator Peter Whish-Wilson
Chair, Senate Inquiry into the Great Barrier Reef 2050 Partnership Program
C/o Christine McDonald
Secretary, Senate Environment and Communications References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear ~~Senator~~ Peter,

Thank you for your letter of 14 August 2018 to the former Minister for the Environment and Energy, the Hon Josh Frydenberg MP, regarding the Senate Environment and Communications References Committee (the Committee) inquiry into the Great Barrier Reef 2050 Partnership Program. I am responding to your letter on behalf of the previous Minister following my recent appointment as the Minister for the Environment.

In response to the Committee's questions on notice, I advise that I do not have access to specific details regarding the previous Minister's meetings or diary entries. I can however confirm that the former Minister and his office met regularly with Reef stakeholders, including the Great Barrier Reef Foundation, during the normal course of business.

Regarding the recent delivery of a grant to the Great Barrier Reef Foundation, I understand the former Minister met with the grant recipient on several occasions. He has publicly stated that, following Expenditure Review Committee agreement, he approached the Foundation on 9 April 2018 to determine whether it was interested in entering into a partnership for the benefit of the Reef. I also understand the former Minister discussed the partnership with the former Prime Minister and his Cabinet colleagues during the course of its establishment.

I enclose correspondence that was copied to me in my previous role as Assistant Minister for the Environment that pertains to the Committee's request. I note that some information sought by the Committee relates to the deliberative processes of the Cabinet in the context of the 2018-19 Budget process. Consistent with long-standing conventions, I am not at liberty to disclose the substance of those deliberations.

For further information and to assist the Committee's inquiry, I also enclose the Department of the Environment and Energy's original and supplementary submissions to the Senate Environment and Communications References Committee – Great Barrier Reef 2050 Partnership Program.

Thank you again for your letter.

Yours sincerely

MELISSA PRICE

Enc

A1: Correspondence

A2: Department of the Environment and Energy's Submission to the Senate Environment and Communications References Committee – Great Barrier Reef 2050 Partnership Program (6 July 2018)

A3: Department of the Environment and Energy's Supplementary Submission to the Senate Environment and Communications References Committee – Great Barrier Reef 2050 Partnership Program (10 September 2018)



**THE HON JOSH FRYDENBERG MP
MINISTER FOR THE ENVIRONMENT AND ENERGY**

MS18-900215

The Hon Malcolm Turnbull MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

I wrote to you on 22 April 2018 providing an update on progress regarding a tied grant from the Australian Government's Reef Trust to the Great Barrier Reef Foundation. I would now like to advise you that I have approved the Grant Guidelines for this partnership and attach a copy for your information.

During development of the Grant Guidelines, my Department consulted with officers from your Department, the Treasury and the Department of Finance. In line with the advice received and to increase transparency of the grant process, I have approved publication of the Grant Guidelines.

We are continuing to work with the Great Barrier Reef Foundation to establish a productive partnership and the Grant Guidelines will inform development of a grant funding proposal. I intend to write to you again as negotiations advance to keep you abreast of progress.

Yours sincerely

JOSH FRYDENBERG

CC: The Hon Melissa Price MP, Assistant Minister for the Environment

Enc: Reef Trust Great Barrier Reef Foundation Partnership Grant Guidelines



**THE HON JOSH FRYDENBERG MP
MINISTER FOR THE ENVIRONMENT AND ENERGY**

MS18-900282

The Hon Malcolm Turnbull MP
Prime Minister
Parliament House
CANBERRA ACT 2600

20 JUN 2018

Dear Prime Minister

I am writing to inform you that negotiations with the Great Barrier Reef Foundation to deliver the Reef Trust – Great Barrier Reef Foundation Partnership are progressing well. To this end, and in accordance with my obligations under the *Public Governance, Performance and Accountability Act 2013*, I have now approved expenditure of \$443.303 million (GST exclusive) as a one-off grant from the Reef Trust Special Account to the Foundation.

The Foundation's grant funding proposal was reviewed by my Department and found to meet the requirements set out in the Grant Guidelines and to demonstrate the Foundation's suitability as an appropriate program delivery partner.

My Department is now finalising the terms of the grant funding agreement with the Foundation with the intention to execute on or before 29 June 2018. In line with the Government's decision on establishing this grant, I attach a summary of the key details, including governance arrangements, for your information. This agreement has been informed by the Partnership Collaboration Principles and the Foundation's grant funding proposal. It has been developed with advice from the Australian Government Solicitor and with the advice of officers from your Department, the Treasury and the Department of Finance.

Payment of the grant will be made following execution of the grant funding agreement and the appropriation of the approved budget to my Department.

Yours sincerely

JOSH FRYDENBERG

CC: The Hon Melissa Price MP, Assistant Minister for the Environment

Enc: Reef Trust – Great Barrier Reef Foundation Partnership Grant Agreement Summary

Reef Trust – Great Barrier Reef Foundation Partnership
Summary of key clauses in the Draft Grant Agreement
(Noting that the Agreement is subject to ongoing negotiation)

- The Agreement sets out the requirements for the Foundation to spend the Grant **consistently with the purposes of the Reef Trust Special Account Determination** and the **objectives and outcomes of the Reef 2050 Plan** to achieve significant, measurable improvement in the health of the Great Barrier Reef World Heritage Area during the six year term.
- **Five core Activity Components** are outlined in separate Schedules that the Foundation must perform activities across: water quality improvement; crown-of-thorns starfish control; reef restoration and adaptation science; Indigenous and community engagement; and integrated monitoring and reporting. The Agreement also includes the option for further components to be added as additional Schedules if agreed by both parties.
- The Foundation is required to **select and implement projects** for each component, based on the **best available science** with clear, outcome-based and independently verifiable performance measures.
- The Foundation agrees to **monitor and evaluate** each Activity's outcomes and to participate in any review or evaluation of the Agreement, and will develop a **Monitoring and Evaluation Plan** that sets out how it will monitor and report on each Activity.
- The Agreement also includes an **Administrative Component** which details key milestones that the Foundation must deliver in the initial stages of the partnership. This includes the requirement for the Foundation to prepare a number of **Plans** (as referred to in various sections of this summary) to ensure that it has the core requirements in place to scale up its capability. These Plans will then be updated as required.
- The Foundation will develop a **Resourcing Plan** which sets out how the Foundation will increase its capacity to deliver the Activities. The Agreement also confirms that the Department may make **secondedees available** to the Foundation from time to time, particularly in the early stages.
- The Agreement provides for an adaptive management approach, incorporating annual planning (including co-investment by non-government organisations), reporting and review over the six years of the Grant. The Foundation is required to prepare an **Investment Strategy and the Annual Work Plans in consultation** with the Department, the Great Barrier Reef Marine Park Authority and Queensland's Office of the Great Barrier Reef. In addition, the Foundation will provide these Plans to the following **advisory bodies** for their review and comment: the Reef 2050 Independent Expert Panel; the Reef 2050 Advisory Committee; and the Great Barrier Reef Ministerial Forum.
- The Foundation is also required to prepare a **Communication and Stakeholder Engagement Plan** that sets out its approach and proposed activities regarding its communication of the Activities under the Grant and its engagement with the full range of stakeholders.
- Standard **subcontracting provisions** are included in the Agreement such that the Foundation may subcontract the performance of Activities to appropriately qualified and experienced subcontractors, selected using **rigorous and robust assessment criteria** in accordance with the principles of open, transparent and effective competition, **value for money** and fair dealing.
- The Agreement includes **strong governance requirements** including a **Commonwealth Observer** on the Foundation's Board. In addition, the Foundation is required to notify the Department of any proposed or actual material change in the Foundation's **constitution, structure, management or financial position** and of any notice regarding placing the Foundation under **external administration** under the *Corporations Act 2001*.
- The Foundation also agrees to **engage governance and risk management experts** to assist it to develop and implement robust governance, anti-corruption, fraud prevention and risk management policies and procedures. This includes the development of a **Fraud Prevention Plan** that sets out the

Foundation's approach to ensuring that fraud does not occur in relation to the Grant, including by the Foundation's personnel and subcontractors. The Foundation will also prepare a **Risk Management Plan** that outlines how it will manage and mitigate risks, including appointing a Risk and Compliance officer.

- The Agreement details requirements for **recordkeeping** and that the **Grant is held in a separate account** to the Foundation's other operational accounts and its Public Fund.
- The Foundation agrees to develop and implement a **Co-Financing Strategy Plan**, which sets out how the Foundation will leverage the up-front payment of the Grant to raise other contributions from private and philanthropic donors.
- A strict **Security in favour of the Commonwealth** clause is included in the Agreement detailing that the Foundation **grants a security interest** over any part of the Grant that has not been spent on the agreed Activity to the Department to secure the proper performance of the Foundations obligations.
- The Foundation also agrees to **acknowledgment and publicity** requirements to use the Department's 'Reef Trust' branding and to seek the Department's comment on any publication, promotional or advertising materials relating to the Activities.
- A **Termination of reduction in scope of Agreement** clause outlines the conditions under which a termination event occurs and that the Department may give notice to terminate or reduce the scope of the Agreement immediately under these circumstances.
- The Agreement specifies **Step in rights** which details the Department's rights to issue a Step-In-Notice to the Foundation, **removing the Foundation's right to use the Grant** for the part of the Activity specified in the notice and outlining further actions to recover costs from the Foundation if required.
- **Suspension and repayment of the Grant** is also outlined in detail, specifying the conditions under which the Department may exercise its rights to direct the Foundation to **immediately cease expenditure of some or all of the Grant**; obtain information about the **Grant amount or bank account**; **recover** any part of the Grant relating to any **removed Activity**; and **recover** any part of the Grant **not legally committed for expenditure** prior to the end of the Activity period or that the Department deems has **not been spent in accordance with the Agreement**. This clause also covers requirements for the Foundation to take all reasonable steps to **recover amounts from Funding Recipients** and for the Foundation to **pay any amount owed as a Debt to the Department, including Interest** on any amount due but unpaid.
- Schedule 1 details **Reporting Requirements**, with the Foundation to provide the Department with **six monthly progress reports** and an annual report with **audited financial statements** each year regarding the receipt and expenditure of the Commonwealth Funds and other contributions.
- The Agreement also includes **standard provisions** for: Assets; Intellectual property; Confidential information; Privacy obligations; Conflicts of Interest; Compliance with Legislation; Work Health and Safety; Warranties; Audit and access; Liability; Insurance; Dispute resolution; Force majeure events; Notices; and Australian Industry Participation Plan.

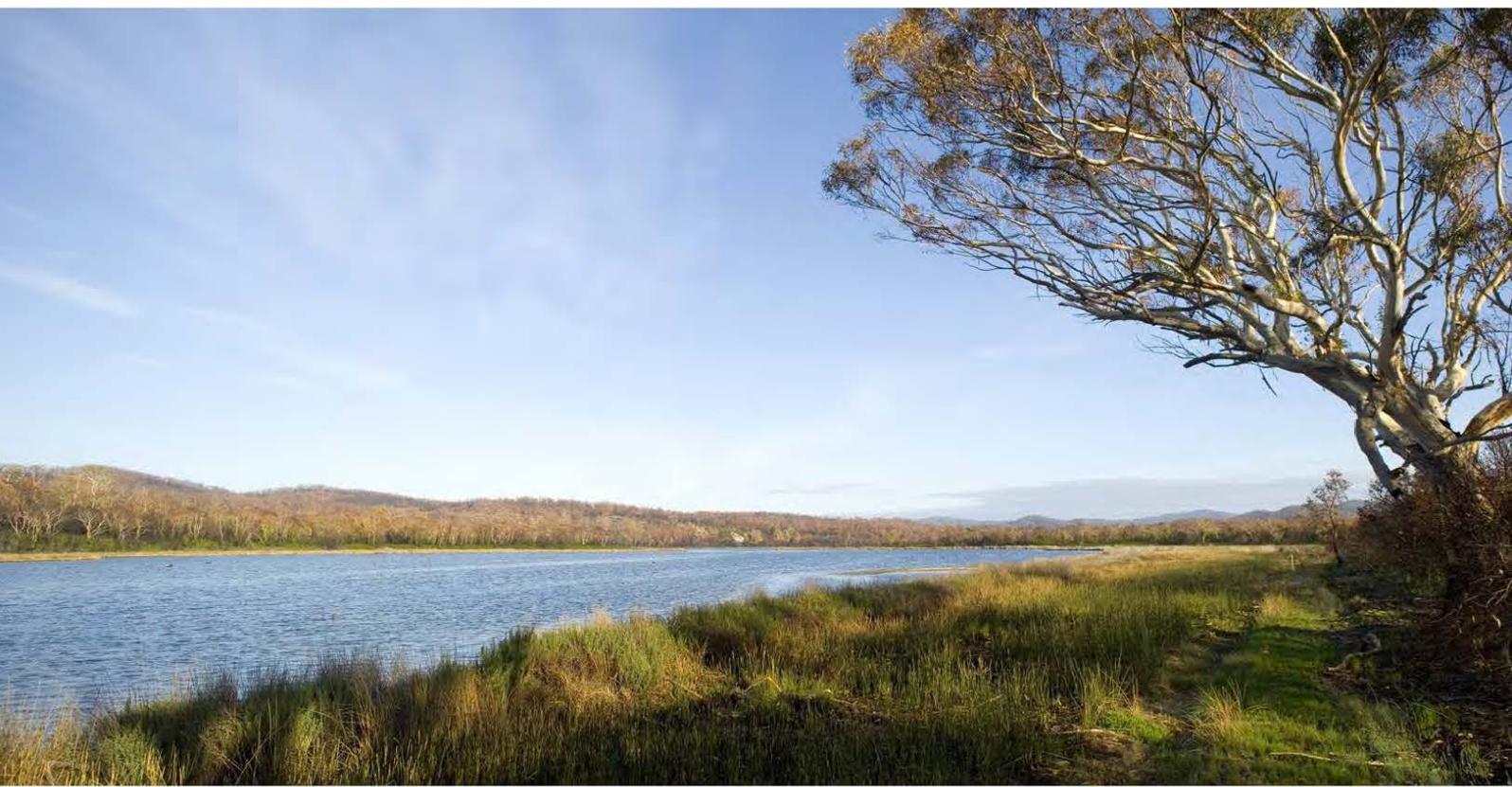


Australian Government

Department of the Environment and Energy

Submission to the Senate Environment and Communications References Committee – Great Barrier Reef 2050 Partnership Program

6 July 2018



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Introduction

The Department of the Environment and Energy (the Department) welcomes the opportunity to provide this submission to the Senate Environment and Communications References Committee. The submission is intended to provide the Committee with information about the delivery of the *Reef 2050 Long-Term Sustainability Plan* (Reef 2050 Plan), including the role of partnerships between the government and non-government sector to strengthen efforts to tackle pressures facing the Great Barrier Reef. The submission outlines arrangements for establishing the Reef Trust–Great Barrier Reef Foundation Partnership, which will provide further opportunities for collaboration and co-investment with the business, science and philanthropy sectors to accelerate delivery of the Reef 2050 Plan.

The Reef 2050 Plan

The Great Barrier Reef is one of the world's great heritage icons, providing habitat for an extraordinary range of biodiversity, supporting 64,000 jobs and providing \$6.4 billion a year to the Australian economy. In 2015, the Australian and Queensland governments released the Reef 2050 Plan that provides an overarching framework for the management of the Great Barrier Reef. The Plan includes clear actions to address threats and to build the resilience of the Great Barrier Reef in the face of a changing climate. The actions are structured around seven overarching themes — ecosystem health, biodiversity, heritage, water quality, community benefits, economic benefits and governance. These themes reflect the priority areas for action identified by governments and partners to protect the World Heritage values of the Great Barrier Reef.

The Reef 2050 Plan has been endorsed, and its implementation commended, by UNESCO's World Heritage Committee. The Plan builds on the strong, long-standing commitment by the Australian and Queensland governments to protect and manage the Reef. It incorporates the knowledge and expertise of scientists, communities, Traditional Owners, industry and non-government organisations. Successful implementation of the Reef 2050 Plan relies on ongoing productive partnerships between all parties.

Implementation of the Reef 2050 Plan is overseen by the Great Barrier Reef Ministerial Forum, comprised of ministers from both the Australian and Queensland governments.

Implementation of the Plan is also supported by two key advisory bodies: the Reef 2050 Independent Expert Panel, which provides independent scientific and expert advice; and the Reef 2050 Advisory Committee, which provides industry and community perspectives on implementation of the Plan.

Both the Independent Expert Panel and the Reef 2050 Advisory Committee have advised the

Ministerial Forum that urgent action is required to accelerate efforts to reduce pressures and impacts from all sources to improve the Reef's resilience. They also confirmed the Reef 2050 Plan remains the right framework to address pressures on the Reef.

Review of the Reef 2050 Plan

The implementation of the Reef 2050 Plan adopts a science-based, adaptive management approach with regular reviews scheduled to respond to new information, changing circumstances and emerging issues.

In light of the mass coral bleaching events of 2016 and 2017, the Great Barrier Reef Ministerial Forum decided in July 2017 to bring forward the commencement of a scheduled mid-term review of the Reef 2050 Plan to ensure it continues to be effective in addressing the pressures on the Reef.

The Reef 2050 Plan is being updated based on the mid-term review. The draft updated Plan will be considered for endorsement by the Ministerial Forum when they next meet in mid July 2018, prior to public release. The draft updated Plan proposes the incorporation of the latest information on the substantial pressures for coral reefs everywhere based on global climate projections; and acknowledges the importance of achieving the Paris Agreement goal to mitigate the increase in global average temperatures.

Reflecting the ongoing challenges of climate change and other pressures on the Reef, the draft updated Reef 2050 Plan proposes new actions for immediate attention between now and 2020. These actions aim to enhance the use of existing tools, and lay the foundation for trialling new approaches and technologies to actively assist recovery of reef habitats at larger scales.

The draft updated Reef 2050 Plan will reflect the recommendations of the Great Barrier Reef Marine Park Authority's *Blueprint for Resilience*. The Blueprint identifies new approaches and actions to be undertaken with partners to strengthen the Reef's resilience to the challenges ahead. The Blueprint was developed as an outcome of the *Great Barrier Reef Summit: Managing for Resilience* - a workshop convened by the Authority in May 2017 to discuss the impacts of climate change and other pressures on the Reef.

The draft updated Reef 2050 Plan proposes preparatory activities that provide the foundation for the first comprehensive five-yearly review of the Reef 2050 Plan, to be finalised in 2020. This includes further research on possible trajectories for the Reef under different climate scenarios, and developing more sophisticated monitoring and reporting mechanisms through the Reef 2050 Integrated Monitoring and Reporting Program.

Implementation of the Reef 2050 Plan

Since 2015, 39 out of 151 actions under the Reef 2050 Plan have been completed or are in place. These include strengthening vegetation management legislation in Queensland and a ban on disposing of capital dredge material in the World Heritage Area. A further 105 Reef 2050 Plan actions are underway to deliver benefits such as: improved water quality; improved fisheries management; control of crown-of-thorns starfish; improved monitoring and reporting; coordinated field management; and support for Traditional Owner aspirations.

Adequate investment is fundamental to the effective and successful implementation of the Reef 2050 Plan. The Australian and Queensland governments are contributing around \$200 million a year to support actions under the Reef 2050 Plan, bringing the total investment of the two governments to more than \$2 billion over a decade.

In 2016, the Australian and Queensland governments released the *Reef 2050 Plan Investment Framework* to guide investment decisions to support delivery of the Reef 2050 Plan and identify strategies to boost investment and diversify sources of funding, including through private and philanthropic partnerships.

The Investment Framework identifies six priority areas for investment, determined in consultation with stakeholders and the advisory bodies. These priority areas are: water quality; field management; monitoring and reporting; crown-of-thorns starfish control; Traditional Owner actions; and fisheries management. These priorities have been used to inform new investment by governments and their partners.

Key areas of investment under the Reef 2050 Plan

Water quality: The Australian Government has allocated \$481 million from 2013 to 2022 for actions to improve the quality of water flowing into the Reef lagoon (this includes new funding of \$201 million through the Great Barrier Reef Foundation Partnership). The Australian Government's investment in water quality improvement is complemented by \$419 million from the Queensland Government from 2013 to 2022. These investments primarily focus on working in partnership with agricultural industries to reduce fertiliser use, adopt new technologies and improve land management practices to reduce run-off of excess nitrogen, sediment and pesticides into the Reef.

Joint field management: The Australian and Queensland Governments jointly manage field operations to deliver practical on-ground actions to protect and maintain Reef ecosystems and island habitats in the Great Barrier Reef World Heritage Area. These operations are undertaken by the Great Barrier Reef Marine Park Authority in partnership with the

Queensland Parks and Wildlife Service. The Australian Government has committed an additional \$47.6 million to joint field management from 2017-18 to 2023-24 (including \$42.7 million through the 2018-19 Budget). This is supported by \$26 million from the Queensland Government from 2018-19 to 2021-22.

Crown-of-thorns starfish: Since 2011, the Australian Government has committed \$102.9 million to reduce outbreaks of the coral-eating crown-of-thorns starfish (including \$58 million through the Great Barrier Reef Foundation Partnership). Funding is used for surveillance, research and targeted culling of starfish to maintain coral cover at ecologically and economically important Reef sites.

Monitoring and Reporting: The Australian Government has committed \$8 million to the development of the *Reef 2050 Integrated Monitoring and Reporting Program*. This program will monitor and report on the condition, trends and effectiveness of management approaches to protect the World Heritage values of the Great Barrier Reef. The Australian and Queensland governments are also contributing approximately \$9 million per year to the *Paddock to Reef Integrated Monitoring, Modelling and Reporting program* to evaluate and report on progress towards Reef 2050 water quality targets. Work undertaken through these two programs will be supported with an additional \$40 million through the Great Barrier Reef Foundation Partnership to improve Reef health monitoring and reporting over the next six years.

Science and research: The Australian Government has provided \$145 million over six years from 2015 to 2021 for environment and climate research through the National Environmental Science Program. Research outcomes from the program are improving understanding of the impacts of climate change on the Reef, and supporting actions to build the resilience of the Reef. The Australian Government has also provided \$6 million to the Australian Institute of Marine Science and CSIRO to scope and design a major research and development program for coral reef restoration. The Great Barrier Reef Foundation Partnership will build on this work by delivering an additional \$100 million to implement Reef restoration and adaptation, and fund its supporting science.

Partnerships to deliver the Reef 2050 Plan

Implementation of the Reef 2050 Plan relies on the ongoing collaboration between government agencies, Traditional Owners, industry, NRM organisations, researchers, on-ground service providers and the community. Collaboration and partnerships are essential to boost capacity and expertise, and pool the resources needed to deliver the best outcomes for the Reef. Partnership arrangements are instrumental to harness the participation and leadership of individuals and organisations that are best placed to implement solutions in particular sectors, regions and types of activity on the Reef.

Partnership arrangements and stewardship programs have been established with Traditional Owners, industry sectors, local governments, natural resource management bodies, community and environment groups and individuals. Some examples of existing partnerships that contribute to the implementation of the Reef 2050 Plan include:

- most local governments adjacent to the Great Barrier Reef are part of the Great Barrier Reef Marine Park Authority's Reef Guardians program — working together to deliver statutory and non-statutory actions to manage the threats to the Reef and support the community in understanding and appreciating the Reef's values;
- regional natural resource management bodies, Landcare and grass-roots community environment organisations are delivering programs and actions at the regional scale, particularly through the development and implementation of natural resource management plans and water quality improvement plans;
- Traditional Owners are working with a range of partners to monitor biodiversity and ecosystem health, and deliver ecosystem repair projects. Their rich cultures, heritage, enduring connections and shared efforts help protect the Reef for future generations; and
- regional industries including tourism, fishing, agriculture, mining and port managers are undertaking actions to reduce their impacts on the Reef.

The Reef Trust is one of the Australian Government's key initiatives to implement the Reef 2050 Plan. The government is investing approximately \$700 million through the Reef Trust (including the \$443.3 million partnership with the Great Barrier Reef Foundation). A feature of the Reef Trust is its ability to facilitate greater opportunities for partnerships and private investment to work effectively alongside public investment to maximise results for the Reef. In recent years, there has been an increasing interest from the government and the private and community sector in the role of private-public partnerships as a successful way of delivering outcomes.

Recent examples of partnerships through the Reef Trust include:

- \$7 million from the Australian Government matched with \$7 million raised by Greening Australia to repair over 700 hectares of priority wetlands and coastal ecosystems;
- \$4.5 million from the Australian Government to support an estimated \$12.8 million investment from sugar milling company, MSF Sugar, to assist sugar-cane farmers to improve on-farm nutrient management and thereby improve the quality of water entering the Reef;
- \$5 million from the Australian Government, matched with up to \$5 million raised by the Great Barrier Reef Foundation, to restore and conserve priority island ecosystems; and
- \$5 million from the Australian Government, supplemented by \$2.1 million from the

Queensland Government, to trial enhanced efficiency fertilisers as a means to better control the release of nutrients to match crop requirements, potentially increasing cane yields and farm productivity and profitability.

Partnership with the Great Barrier Reef Foundation

The Australian Government announced in the 2018-19 Budget that it will invest an additional \$500 million in the Great Barrier Reef. This includes the \$443.3 million Reef Trust – Great Barrier Reef Foundation Partnership over six years from 2018-19 to 2023-24. In addition, \$56 million will be provided to the Great Barrier Reef Marine Park Authority to expand environmental management and compliance operations on the Reef through the Joint Field Management Program and to the Department to manage the additional investment in the Reef.

The Partnership with the Great Barrier Reef Foundation (the Foundation) will deliver funds to:

- improve water quality by further improving farming practices, including more efficient fertiliser use, and increasing the uptake of new technology and land management practices (\$201 million)
- harness the best science for the implementation of reef restoration and adaptation, and to fund innovative projects that support Reef resilience (\$100 million)
- expand efforts in the fight against the coral-eating crown-of-thorns starfish (\$58 million)
- support the work of the Foundation, particularly increasing community engagement on the Reef. This includes Indigenous Sea Country management, coastal marine debris clean-up days and awareness raising activities (\$45 million)
- improve Reef health monitoring and reporting that tracks progress and informs better management (\$40 million).

The Partnership delivers on the Government's policy objective to protect and manage the Great Barrier Reef in accordance with the Reef 2050 Plan by addressing four of the six priority areas for investment identified in the Reef 2050 Investment Framework. The other two priorities relate to the joint field management program, which has been provided with additional funding as part of the 2018-19 Budget; and fisheries actions which are the responsibility of the Queensland Government.

The Foundation is a charity dedicated to the conservation of the Reef. The Foundation was established in 2000 in response to the United Nations World Heritage Convention encouraging countries with World Heritage sites to establish a national foundation whose purpose is to invite donations for their protection. The Foundation has a well-established track record of fundraising and effectively delivering projects involving on-ground actions and science,

technology and engineering solutions to ensure the long-term conservation of the Reef. The Foundation has worked effectively with a diverse range of Reef stakeholders and has a solid record in managing funding from Commonwealth and state government sources.

Over the last seven years, for example, projects delivered by the Foundation include:

- the \$30 million *eReefs* project to develop a world-first monitoring and forecasting coastal information system for the Great Barrier Reef;
- a \$7.95 million collaboration between BHP, the Queensland Government, the Great Barrier Reef Marine Park Authority and Traditional Owners to restore the world's largest green turtle nesting ground on Raine Island; and
- the \$12.5 million *Resilient Reefs: Successfully Adapting to Climate Change* program which included unlocking the complete genetic code for corals and pilot innovation projects, such as trialling an ultra-thin floating sun shield for the Reef.

The Foundation facilitates the collaboration of business, science, government and philanthropy to create enduring strategic partnerships for the Great Barrier Reef. The Foundation has generated around \$80 million from a range of sources for investment in the Reef. The Partnership between the Foundation and the Reef Trust provides the opportunity to leverage more funding from non-government sources to complement the Government's investment. As part of the Partnership, the Foundation will develop and implement a Co-Financing Strategy, which will set out how it intends to raise contributions from private and philanthropic donors.

The Partnership will build on, and complement, existing efforts to implement the Reef 2050 Plan. The Foundation will work in collaboration with existing stakeholders, including the Queensland Government, the Department, the Great Barrier Reef Marine Park Authority, researchers, industry, Traditional Owners, local councils and Reef-dependent communities. The Foundation will consult with the Reef 2050 Plan Independent Expert Panel and the Reef 2050 Advisory Committee. Already, the Foundation is a member of the Reef 2050 Advisory Committee, and there is cross-representation of members on the Reef 2050 Plan Independent Expert Panel and the Foundation's own advisory body, the International Scientific Advisory Committee.

Approval of funding to the Foundation

The Australian Government's decision to make funding available to the Great Barrier Reef Foundation was taken as part of the 2018-19 Budget process. The decision was a culmination of government considerations to accelerate investment and management responses for the Great Barrier Reef, following back-to-back coral bleaching events in 2016 and 2017 and Tropical Cyclone Debbie. The Government approached the Foundation to ascertain their

interest in establishing the Partnership as a collaboration between the Foundation and the Reef Trust, which is managed by the Department.

The Partnership is established through a grant developed in accordance with relevant requirements of the *Public Governance and Performance Accountability Act 2013* and the Commonwealth Grant Rules and Guidelines, and in consultation with a range of other Commonwealth agencies. The process to establish the grant included development of grant guidelines by the Department to specify the intended outcomes and conditions of the grant, and an assessment and due diligence review by the Department of the Foundation's proposal responding to the guidelines.

The Department assessed that the Foundation's proposal represents value for money and is an appropriate use of Commonwealth resources. The proposal by the Foundation was well aligned with the Government's policy and program goals, including the objectives of the Reef 2050 Plan and the Reef Trust investment principles. The proposal demonstrated that the Foundation has, or has identified, a strategy to apply appropriate governance and project management arrangements to the Partnership.

The approval of the grant to the Foundation by the Minister for the Environment and Energy was conducted in accordance with Section 71 of the *Public Governance and Performance Accountability Act 2013*. This included consideration that the spending proposal was an efficient, effective, economical and ethical use of relevant money.

Funding agreement with the Foundation

A funding agreement between the Department and the Foundation was executed on 27 June 2018. This agreement sets out the requirements for the Foundation to spend the grant consistent with the purposes of the *Reef Trust Special Account Determination* and the objectives and outcomes of the Reef 2050 Plan to achieve significant, measurable improvement in the health of the Reef during the six year term.

The funding agreement establishes the framework for delivery of the Partnership. It includes clear requirements in relation to performance, governance, monitoring, reporting, consultation, financial management and workplace health and safety. The agreement includes appropriate safeguards to provide assurance over the funds delivered by the Foundation consistent with the *Commonwealth Grant Rules and Guidelines*. This includes safeguards against fraud, unlawful activities and other inappropriate conduct, and arrangements for termination and recovery of uncommitted funds if required. The agreement provides for a Commonwealth Observer on the Foundation's Board of Directors to observe and report to the Department on the administration of the grant and the performance of the Foundation in delivering the grant.

The agreement specifies a detailed planning and design process that the Foundation will undertake in the early stages of the grant. This will include planning to ensure that core requirements are in place for the Foundation to scale up capacity, manage risks and deliver the grant.

The funding agreement provides for an adaptive management approach, incorporating annual planning of investments over the six years of the grant. The Foundation will prepare an Investment Strategy and Annual Work Plans in consultation with the Department, the Great Barrier Reef Marine Park Authority and Queensland Government's Office of the Great Barrier Reef. In addition, the Foundation will provide these Plans to the Reef 2050 Independent Expert Panel; the Reef 2050 Advisory Committee; and the Great Barrier Reef Ministerial Forum for advice. The proposed investment planning cycle will ensure on-ground projects are designed and implemented in line with Reef Trust investment principles, including the use of the best available scientific and expert advice.

The funding agreement enables the Foundation to use delivery agents, including subcontractors and funding recipients, to deliver specific projects required to achieve the Partnership outcomes, subject to the conditions specified in the agreement. These conditions require the Foundation to use appropriately qualified and experienced subcontractors, selected using rigorous and robust assessment criteria in accordance with value for money principles.

The Foundation will report to the Department through six monthly progress reports and an annual report with audited financial statements detailing the receipt and expenditure of Commonwealth funds and other contributions. The Foundation is required to participate in all evaluation activities conducted by the Department in relation to the grant.

References

[Commonwealth Grant Rules and Guidelines, Commonwealth of Australia, 2017](#)

[Public Governance, Performance and Accountability Act 2013](#)

[Reef 2050 Plan Long Term Sustainability Plan, Commonwealth of Australia 2015](#)

[Reef 2050 Plan – Investment Framework, Commonwealth of Australia 2016](#)

[Reef Blueprint: Great Barrier Reef Blue Print for Resilience, Great Barrier Reef Marine Park Authority, 2017](#)



Australian Government

Department of the Environment and Energy

Finn Pratt AO PSM
Secretary

Ms Christine McDonald
Secretary
Senate Environment and Communications References Committee
ec.sen@aph.gov.au

Dear Ms McDonald

Inquiry into the Great Barrier Reef 2050 Partnership Program

Thank you for your letter of 14 August 2018 providing written questions on notice from the Senate Environment and Communications References Committee, relating to the inquiry into the Great Barrier Reef 2050 Partnership Program. I note that an extension for the Department's response was provided until 10 September 2018.

Please find attached the Department's supplementary submission for consideration by the Committee. The submission responds to the Committee's written questions on notice and includes several documents that provide further information on the assessment and approval of the grant to the Great Barrier Reef Foundation. Progress on implementation of the grant is well underway and the Department welcomes the opportunity to provide a progress update to the Committee.

As you will see, there are some minor redactions of text in two of the documents attached to the supplementary submission. That text records confidential legal advice received by the Government. In keeping with longstanding convention, the Department does not propose to make public this legal advice. However, I am willing to make unredacted versions of those documents available to the Committee, *in camera*, should this be of assistance.

Yours sincerely

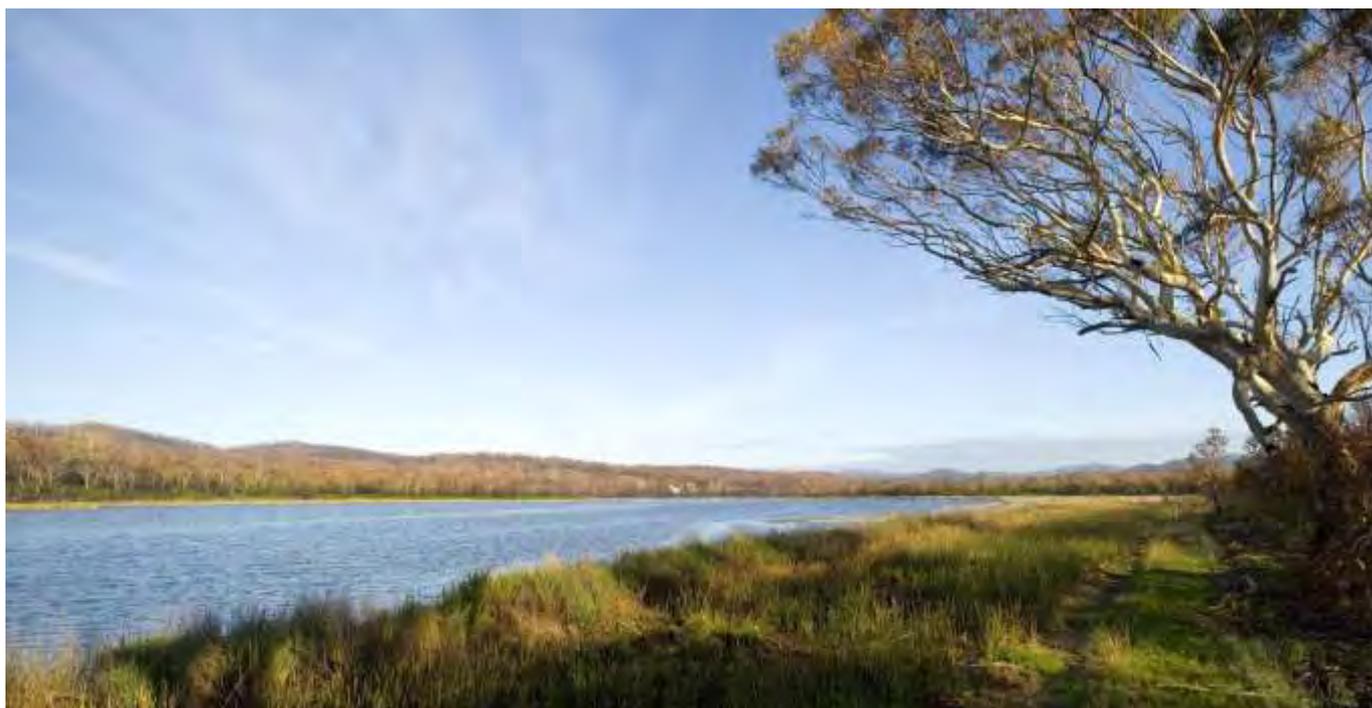
Finn Pratt
10 September 2018

Enc 1 Department of the Environment and Energy Supplementary Submission to the Senate Environment and Communications References Committee.



Supplementary Submission to the Senate Environment and Communications References Committee – Great Barrier Reef 2050 Partnership Program

10 September 2018



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INTRODUCTION

The Department of the Environment and Energy provided a submission to the Great Barrier Reef 2050 Partnership Program Inquiry on 6 July 2018 and welcomes the opportunity to provide a supplementary submission to the Committee.

The Committee is aware that much of the information it has sought relates to the deliberative processes of the Cabinet in the context of the 2018-19 Budget process. Consistent with long-standing conventions, the Department is not at liberty to disclose the substance of those deliberations. In addition, some of the documents contain legal advice. On the basis that it is the longstanding practice of successive Australian governments not to disclose privileged legal advice, this advice has not been disclosed in order that it remains confidential. For these reasons, and also because answering the questions asked by the Committee would require a substantial diversion of resources, the Department has not provided detailed lists of briefs, submissions, advice or emails, or the documents themselves.

FURTHER INFORMATION ON THE GRANT PROCESS

The awarding of the grant to the Great Barrier Reef Foundation involved a detailed, multi-stage process. This occurred initially through two submissions considered by the Expenditure Review Committee of Cabinet in March 2018 as part of the 2018-19 Budget process, and after the Budget as part of the portfolio responsibilities of the then Minister for the Environment and Energy, the Hon Josh Frydenberg MP. Minister Frydenberg provided an overview of the process in answer to a question without notice asked in the House of Representatives on Monday 13 August 2018. A copy of the Minister's answer is included at [Attachment A](#).

Nonetheless, in order to assist the Committee in its inquiries, the Department has included several documents as part of this supplementary submission to provide further information on the process by which the grant to the Foundation was made. This includes:

- an information statement regarding the assessment and awarding of the Reef Trust grant to the Great Barrier Reef Foundation ([Attachment B](#));
- the Department's Grant Process and Requirements Compliance Table (explaining how the evaluation process complies with the Commonwealth financial framework) ([Attachment C](#)). This document contains some minor redactions relating to legal advice for the reasons indicated above;
- the Department's Proposal Evaluation (which assesses the Foundation's proposal against the grant guidelines) ([Attachment D](#)). This document contains some minor redactions relating to legal advice for the reasons indicated above; and
- the index to the Australian Government Solicitor's due diligence report on the Foundation ([Attachment E](#)). The remainder of this document contains legal advice and has not been provided for the reasons indicated above.

Attachments C, D and E were included in the material provided to Minister Frydenberg as part of the grant evaluation and approval process.

The Department undertook a comprehensive approach to the development of the grant, including seeking independent advice from the Australian Government Solicitor and carrying out due diligence checking. The process is explained further in Attachment B.

Classification as a grant

In accordance with the Commonwealth Resource Management Framework, the payment of funds to the Foundation was deemed by the Department to be a grant, not a procurement. A key consideration in this determination was that the objective of the payment was to deliver projects and programs to help achieve policy outcomes under the Australian and Queensland Government's Reef 2050 Plan, while also assisting the Foundation to achieve its own objectives. A procurement involves the purchase of goods and/or services for the Government's purposes. Further issues considered when determining the financial arrangement can be found here: <https://www.finance.gov.au/resource-management/grants/additional-guidance/>

PERFORMANCE AUDIT

On 13 August 2018, the Secretary of the Department, Mr Finn Pratt, wrote to the Auditor-General asking him to consider undertaking an audit of the Australian Government's Great Barrier Reef Foundation Partnership as a matter of priority (Attachment F). At the time Mr Pratt wrote, the ANAO had included a review of the grant as a possible audit later in the year. Mr Pratt took this step given the strong public interest in the grant to the Foundation and the importance of being able to demonstrate the integrity of the process through independent review.

The ANAO commenced a performance audit into the award of the grant to the Foundation on 27 August 2018. Further details on the audit are available at <https://www.anao.gov.au/work/performance-audit/award-grant-great-barrier-reef-foundation>

RESPONSES TO QUESTIONS ON NOTICE

This supplementary submission also provides information that responds to written Questions on Notice, including:

- clarification of investment under the Reef 2050 Plan;
- details of previous funding to the Great Barrier Reef Foundation (the Foundation);
- details about the Interdepartmental committee established to assist the development of the partnership; and
- a summary of previous meetings between the Department and the Foundation.

Investment under the Reef 2050 Plan

The Committee has sought clarification on the \$573 million allocated to Reef water quality that was reported to the World Heritage Committee in 2016. This figure was derived from a comprehensive 'point-in-time' analysis conducted in 2016. It included contributions from multiple sources, including the Australian and Queensland Governments, local government, and private and philanthropic donors. Funding for water quality improvements for the Great Barrier Reef occur across multiple projects and activities, supported by multiple funders and delivered across different timeframes, including multi-year projects. Given this complexity, and the substantial resources that would need to be deployed to do this analysis, the Department at this time is unable to confirm the precise spending amount as at December 2017 against this overall commitment.

The Department provided an up-to-date account of government investment in Reef water quality in its initial submission. This indicated that \$481 million had been allocated by the Australian Government and \$419 million by the Queensland Government for Reef water quality between 2013 and 2022.

A more detailed, project-by-project list of the \$614.8 million worth of Australian and Queensland Government water quality improvement investments over 2017-18 to 2021-22 is available in the Reef 2050 Water Quality Improvement Plan investment table <https://www.reefplan.qld.gov.au/about/assets/reef-2050wqip-investment.pdf>. Unless otherwise identified in that table, the funds allocated to these projects are expected to be fully spent over the same period.

The Department wishes to comment on investment figures referred to by the Australian Conservation Foundation (ACF) in its written submission and in evidence provided at the previous Committee hearing. The ACF has claimed that there is a funding shortfall by the Australian Government in delivering the quantum of investment indicated to the World Heritage Committee in 2016. This is not correct. The ACF figures are incomplete. They have only counted Departmental expenditure from Reef-specific programs against the total investment of \$716 million. This omits other Departmental programs that support Reef 2050 Plan delivery, such as the National Environmental Science Program, as well as funding to the Great Barrier Reef Marine Park Authority, the Australian Institute of Marine Science, the Australian Maritime Safety Authority and other Australian Government agencies contributing to delivery of Reef 2050 Plan actions.

Grants to the Foundation

The following grants have been provided by the Department to the Great Barrier Reef Foundation over the period 2013-14 to 2022-23:

- \$12.5 million for the Resilient Reefs Successfully Adapting to Climate Change research program (2013-14 to 2016-17).
- \$2.3 million for the e-Reefs modelling and reporting tool (2016-17 to 2019-20).

- \$5 million for restoration and conservation of Reef Islands (2018-19 to 2022-23) (approved but not yet contracted).

Interdepartmental Committee

An interdepartmental committee (IDC) was established by the Department to provide advice on the assessment and approval of the grant to the Foundation. The IDC was established in April 2018 and met five times between April and July 2018. It included staff from the Department, the Department of the Prime Minister and Cabinet, the Department of Finance and Treasury.

The IDC used a short standing agenda covering the status of grant agreement negotiations, ministerial approvals and communications. The Department provided verbal updates at these meetings as a basis for discussion. No formal minutes were taken.

Meetings between the Department and Foundation

The Department actively engages with a broad range of Reef interest groups, including the Foundation, in its delivery of investment and actions under the Reef 2050 Plan. The Foundation is a member of the Reef 2050 Advisory Committee which has an important role in providing advice to the Australian and Queensland governments on the implementation of the Reef 2050 Plan.

The Committee is seeking specific information on meetings between certain senior Departmental officers (Mr Pratt, Mr Knudson, Mr Oxley, Ms Callister) and directors or officers of the Foundation since 1 January 2018. As a key Reef stakeholder, senior Departmental officers have had numerous meetings and discussions with the Foundation on a range of issues, including the Reef Trust Partnership, other project funding and general Reef 2050 matters. These meetings are mostly with the Foundation's staff, on an informal basis. No alcohol or meals were provided by the Department or Foundation at these informal meetings, however in some instances tea, coffee, biscuits and mints were available.

Mr Pratt, Mr Knudson and Ms Callister participated in a meeting with the Foundation (Dr Schubert, Dr Greenfield and Ms Marsden) on 17 April 2018 to discuss the potential for the Government to enter into the grant agreement.

Mr Oxley and Ms Callister attended the 24 July 2018 Reef 2050 Advisory Committee meeting, which was also attended by an officer from the Foundation. They and Mr Pratt also attended a joint dinner between the Reef Advisory Committee and the Reef 2050 Independent Expert Panel on 24 July 2018. At the invitation of the Committee/Panel Chairs, the dinner was also attended by Dr Schubert, Ms Marsden and the Queensland Minister for Environment and the Great Barrier Reef, Minister for Science and Minister for the Arts the Hon Leeanne Enoch. Catering was jointly paid for by the Department and Queensland Department of Environment and Science.

Departmental officers also regularly meet with Dr Russell Reichelt in his capacity as Chairman and CEO of the Great Barrier Reef Marine Park Authority.

UPDATE ON IMPLEMENTATION OF THE GRANT

Implementation of the grant is well underway. The Foundation has finalised its first set of milestones under the Funding Agreement, including development of an Activity Gantt chart for the 2018-19 Financial Year, establishment of a Partnership Management Committee and development of an Investment Strategy and Annual Work Plan Consultation Plan. The Foundation's next milestones are due by the end of September, including a Resourcing Plan, Co-Financing Strategy Plan, Risk Management Plan and appointment of a Risk and Compliance officer.

The Department is actively involved in Grant oversight, including as a member of the Partnership Management Committee which held its inaugural meeting on 9 August 2018. A Departmental representative has formally been appointed as a Commonwealth Observer on the Foundation's Board and participated in their first meeting on 23 August 2018.

ATTACHMENTS

Attachment A: House of Representatives Question on Notice 13 August 2018

Attachment B: Information statement regarding the assessment and awarding of the Reef Trust grant

Attachment C: The Department's Grant Process and Requirements Compliance Table

Attachment D: The Department's Proposal Evaluation

Attachment E: Index to the Australian Government Solicitor's due diligence report on the Foundation

Attachment F: Letter to the Australian National Audit Office

