

**PORTFOLIO
BUDGET STATEMENTS
2006-07**

ENVIRONMENT AND HERITAGE PORTFOLIO

**BUDGET INITIATIVES AND EXPLANATIONS OF
APPROPRIATIONS SPECIFIED BY OUTCOMES AND OUTPUTS BY AGENCY**

BUDGET RELATED PAPER NO. 1.7

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SENATOR THE HON IAN CAMPBELL
Minister for the Environment and Heritage
Senator for Western Australia

President of the Senate
Australian Senate
Parliament House
CANBERRA ACT 2600

Speaker
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President
Dear Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2006-07 Budget for the Environment and Heritage Portfolio.

These statements have been developed, and are submitted to the Parliament, as a statement of the outcomes for the portfolio. They also cover the purpose of portfolio budget measures.

I present these statements by virtue of my responsibility for accountability to the Parliament and, through it, the public.

Yours sincerely

IAN CAMPBELL

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**USER GUIDE
TO THE
PORTFOLIO BUDGET
STATEMENTS**

USER GUIDE

Purpose of the Portfolio Budget Statements

The purpose of the 2006-07 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to Government outcomes by agencies within the portfolio. Agencies receive resources from the annual appropriations bills, special appropriations, standing appropriations (including special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills No. 1 and No. 2 2006-07 (or Appropriation Bill [Parliamentary Departments] No. 1 2006-07 for the parliamentary departments). In this sense the PB Statements are officially Budget Related Papers and are declared by the Appropriation Bills to be 'relevant documents' to the interpretation of the Bills according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, non-general government sector entities are not consolidated into the Commonwealth general government sector fiscal estimates. Accordingly, these entities are not reported in the PB Statements.

How to read the PB Statements

The PB Statements are presented in three sections, aligned in several ways to the Budget Papers, as outlined below.

Part	Description
User Guide to the Portfolio Budget Statements	
	An introduction, explaining the purpose of the PB Statements, the structure of the document, and styles and conventions used.
Portfolio Overview	
	A brief overview of the portfolio. Portfolio outcomes are depicted in a chart outlining the structure of the outcomes to which the portfolio contributes. This includes a table for Australian Indigenous Expenditures for the portfolio.
Agency Budget Statements	
	For each agency within the portfolio, a budget statement is presented in five sections:
Section 1: Overview	A brief overview of the agency.
Section 2: Resources	A reconciliation of agency resourcing information from the <i>2005-06 Mid-Year Economic and Fiscal Outlook</i> to the 2006-07 Budget. Includes key changes to the agency's estimates and a table of appropriations and other revenue sources for both Administered and Departmental appropriations.
Section 3: Outcomes	A brief description of the agency's outcomes and, where applicable, Budget measures in summary form. Details the contribution of the agency's outputs to the outcome, performance information for the outcome(s), outputs and administered activities, and planned evaluations. Notes upcoming competitive tendering and contracting that is of a material or sensitive nature. Links the resources appropriated and their application to the agency's outputs and to Administered items.
Section 4: Other reporting requirements	Includes purchaser-provider and cost recovery components.
Section 5: Budgeted financial statements	The agency's budgeted financial statements in accrual format, covering the Budget year, the preceding year and three out-years.
Glossary	Explains key terms.

PB STATEMENTS AND BUDGET PAPERS

Comprehensive information on all government decisions announced in the Budget are in Budget Paper No. 2, *Budget Measures 2006-07*. The PB Statements include Budget appropriations for this Budget in each agency's Table 2.2, 2006-07 Budget Measures.

The following chart shows the parts of PB Statements which relate to specific Budget papers.

Budget Paper	PB Statements
Budget Paper No. 1: Budget Strategy and Outlook	
Statement 1: Fiscal Strategy and Budget Priorities Overview of the fiscal and economic outlook	Portfolio structure (Agency) Overview (Agency) Resources for 2006-07
Statement 2: Fiscal Outlook Budget aggregates and variations to the fiscal balance estimates	(Agency) Resources for 2006-07
Statement 10: Australian Accounting Standards Financial Statements	
Accrual financial statements for the general government sector	(Agency) Budgeted financial statements
Budget Paper No. 2: Budget Measures	
Budget revenue, expense and capital measures	(Agency) Resources for 2006-07
Budget Paper No. 3: Federal Financial Relations	
Information on the Australian Government's relations with States, Territories and local government, in particular, Specific Purpose Payments (SPPs)	(Agency) Resources for 2006-07 (Agency) Outcomes
Budget Paper No. 4: Agency Resourcing	
Resourcing for Australian Government agencies, including Appropriation Bills	(Agency) Resources for 2006-07

Departmental and Administered items

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies decide (departmental transactions) are separately budgeted for and reported on from transactions agencies make on behalf of others (administered transactions). This ensures that the transactions decided by agencies are reported separately from other transactions in their accounts.

Departmental items

Assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered items

Revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the Government according to set Government directions. Administered expenses include subsidies, grants and personal benefit payments and Administered revenues include taxes, fees, fines and excises.

Appropriations in the accrual budgeting framework

In the accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's funding for outputs from agencies;
- Departmental capital appropriations for investments by the Government for either additional equity or loans to agencies or payments from previous years' outputs;
- Administered expense appropriations: for the estimated administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the States and Territories; and
- Administered capital appropriations: for increases in administered equity through funding non-expense administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement driven or involve transfers to State governments). The appropriation framework is discussed further in the introduction to Budget Paper No. 4, *Agency Resourcing 2006-07*.

Components of agency financial statements

Reporting requirements for budgeted financial statements differ between agencies (for example, according to whether the agency participates in administered transactions). Therefore, not all agencies are required to report against all schedules.

The budgeted financial statements contain the estimates prepared in accordance with the requirements of the government's financial budgeting and reporting framework, including the principles of the Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration. They show the planned financial performance for the 2006-07 Budget year and each of the forward years from 2007-08 to 2009-10. The statements also include the estimated actual for 2005-06 for comparative purposes.

The schedules included in the budgeted financial statements for 2006-07 are as follows.

Schedule	Purpose
Budgeted departmental income statement	Shows the expected financial results for the agency. Identifies full accrual expenses and revenues, which highlights whether the agency is operating at a sustainable level.
Budgeted departmental balance sheet	The financial position of the agency. It helps decision makers to track the management of assets and liabilities.
Budgeted departmental statement of cash flows	Provides information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.
Budgeted departmental statement of changes in equity — summary of movement	This is a new statement for Portfolio Budget Statements that represents the movement of parent entity (the Commonwealth) interest in the agency. The statement has been prepared to reflect the net operating result, movements of capital return and additional capital injections from the Commonwealth.
Departmental capital budget statement	Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.
Departmental property, plant, equipment and intangibles — summary of movement	Shows budgeted acquisitions and disposals of non financial assets during the Budget year.
Schedule	Purpose
Schedule of budgeted income and expenses administered on behalf of	Identifies the main revenues and expenses administered on behalf of government.

government

Schedule of budgeted assets and liabilities administered on behalf of government

Shows the assets and liabilities administered on behalf of government.

Schedule of budgeted administered cash flows

Shows cash flows administered on behalf of government.

Schedule of administered capital budget

Shows details of planned administered capital expenditure.

Schedule of administered property, plant, equipment and intangibles — summary of movement

Discloses details of movements in administered non financial assets.

Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

Enquiries

Should you have any enquiries regarding this publication please contact the Director, Budget Strategies Unit in the Department of the Environment and Heritage on 02 6274 1661.

A copy of this document can be located on the Australian Government Budget website at <http://www.budget.gov.au>

PORTFOLIO OVERVIEW

ENVIRONMENT AND HERITAGE PORTFOLIO OVERVIEW

PORTFOLIO RESPONSIBILITIES

The Environment and Heritage Portfolio provides leadership on issues with a national focus, or that are under direct Australian Government jurisdiction.

Key issues for the Portfolio includes those identified in the 'Heads of agreement on Commonwealth and State Roles and Responsibilities for the Environment', signed by the Council of Australian Governments in 1997 (see <http://www.deh.gov.au/epbc/about/agreement/index.html>). This agreement is part of a national approach to protecting Australia's environment and heritage, where achieving outcomes depends on cooperation between Local, State and Territory and the Australian Governments.

Department of the Environment and Heritage

The Department of the Environment and Heritage (DEH) is responsible for delivering two outcomes:

- Outcome 1 - the environment, especially those aspects that are matters of national environmental significance, is protected and conserved; and
- Outcome 2 - Australia's interests in Antarctica are advanced.

DEH's responsibilities include conserving Australia's natural and cultural heritage, administration of the Australian Government's main environment and heritage protection laws and programmes, including the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), the Climate Change Strategy and the Natural Heritage Trust (NHT).

The Portfolio is comprised of DEH, the Bureau of Meteorology, the Office of the Renewable Energy Regulator, the Director of National Parks, the Great Barrier Reef Marine Park Authority, and the Sydney Harbour Federation Trust. DEH's Australian Antarctic Division undertakes science and administers Australia's Antarctic territories and has responsibility for Outcome 2.

Bureau of Meteorology

The Bureau of Meteorology (the Bureau) is an executive and prescribed agency and is responsible for the outcome:

- Australia benefits from meteorological and related science and services.

The Bureau is the national meteorological authority and makes observations; forecasts the weather and climate; issues warnings; studies climate change; and supports international cooperation. This work supports all Australians, including the Australian Defence Force and key industry sectors such as transport and agriculture. The Bureau operates under the *Meteorology Act 1955*.

Office of the Renewable Energy Regulator

The Office of the Renewable Energy Regulator (ORER) is a statutory and prescribed agency and is responsible for the outcome:

- Increased renewable electricity generation.
(This contributes to protecting the environment and is an element of DEH's Outcome 1.)

ORER is responsible for implementing the Australian Government's mandatory renewable energy target, which is to be achieved over the period 2001 to 2020. ORER operates under the *Renewable Energy (Electricity) Act 2000*.

Director of National Parks

The Director of National Parks (DNP) is a Commonwealth Authority and is responsible for the outcome:

- Conservation and appreciation of Commonwealth reserves.
(This contributes to protecting the environment and is an element of DEH's Outcome 1.)

DNP manages the Australian Government's Commonwealth reserves and conservation zones, including Kakadu and Uluru–Kata Tjuta National Parks, and provides national leadership in protected area management. DNP operates under the EPBC Act.

Great Barrier Reef Marine Park Authority

The Great Barrier Reef Marine Park Authority (GBRMPA) is a Commonwealth authority and statutory agency and is responsible for the outcome:

- Protection, wise use, understanding and enjoyment of the Great Barrier Reef. (This contributes to protecting the environment and is an element of DEH's Outcome 1.)

GBRMPA protects and conserves the World Heritage values of the Great Barrier Reef and operates under the *Great Barrier Reef Marine Park Act 1975*.

Sydney Harbour Federation Trust

The Sydney Harbour Federation Trust (SHFT) is a Commonwealth authority and is responsible for the outcome:

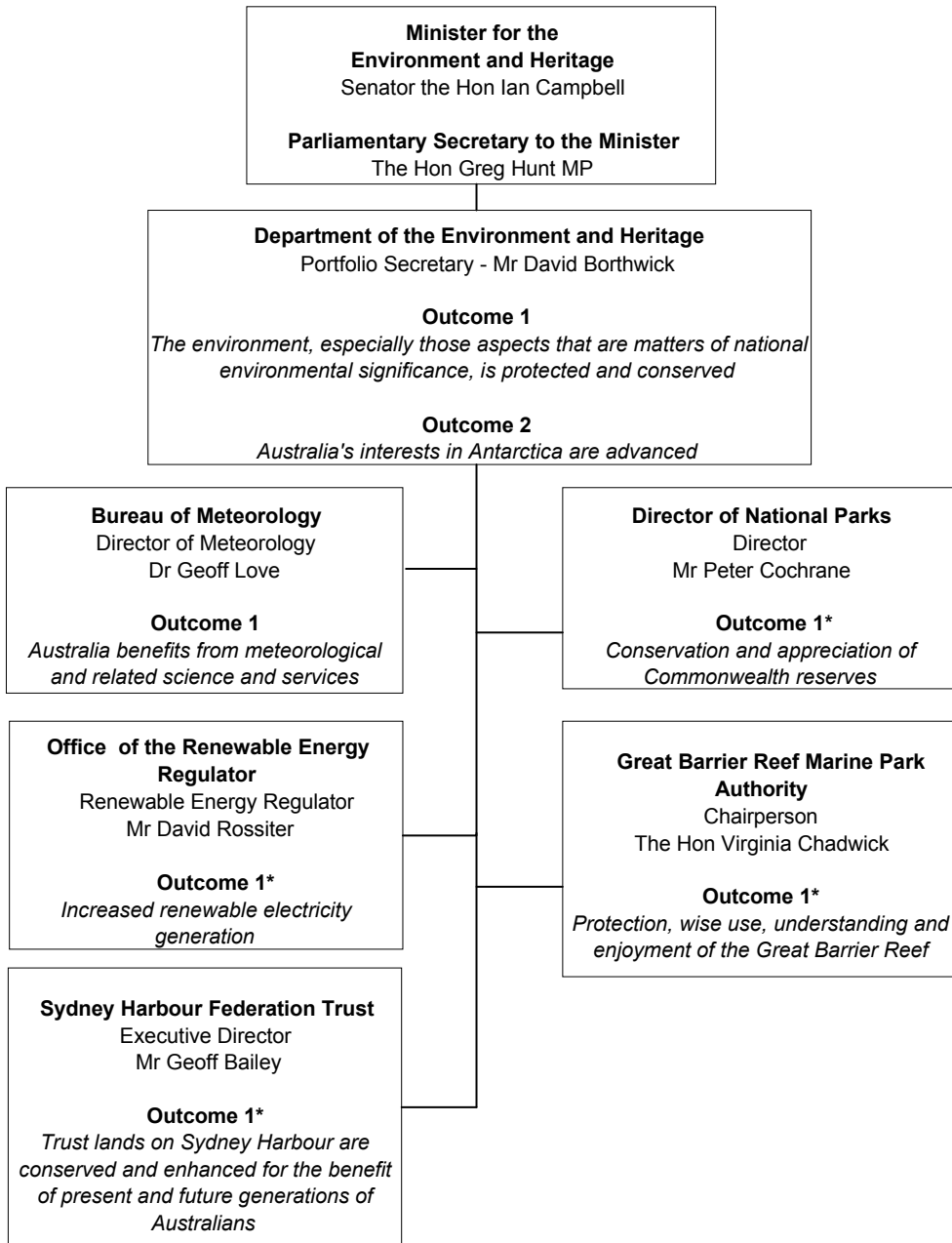
- Trust lands on Sydney Harbour are conserved and enhanced for the benefit of present and future generations of Australians. (This contributes to protecting the environment and is an element of DEH's Outcome 1.)

SHFT is responsible for conserving and planning the future uses of former military bases and other Commonwealth land around Sydney Harbour. SHFT operates under the *Sydney Harbour Federation Trust Act 2001*.

More details about each agency's responsibilities appear in individual agency budget statements.

APPROPRIATIONS AND VARIATIONS AT THE PORTFOLIO LEVEL

Figure 1: Portfolio structure and outcomes



* These outcomes contribute to protecting the environment under DEH's Outcome 1: the environment, especially those aspects that are matters of national environmental significance, is protected and conserved.

Figure 2: Departmental appropriations for agencies in the portfolio

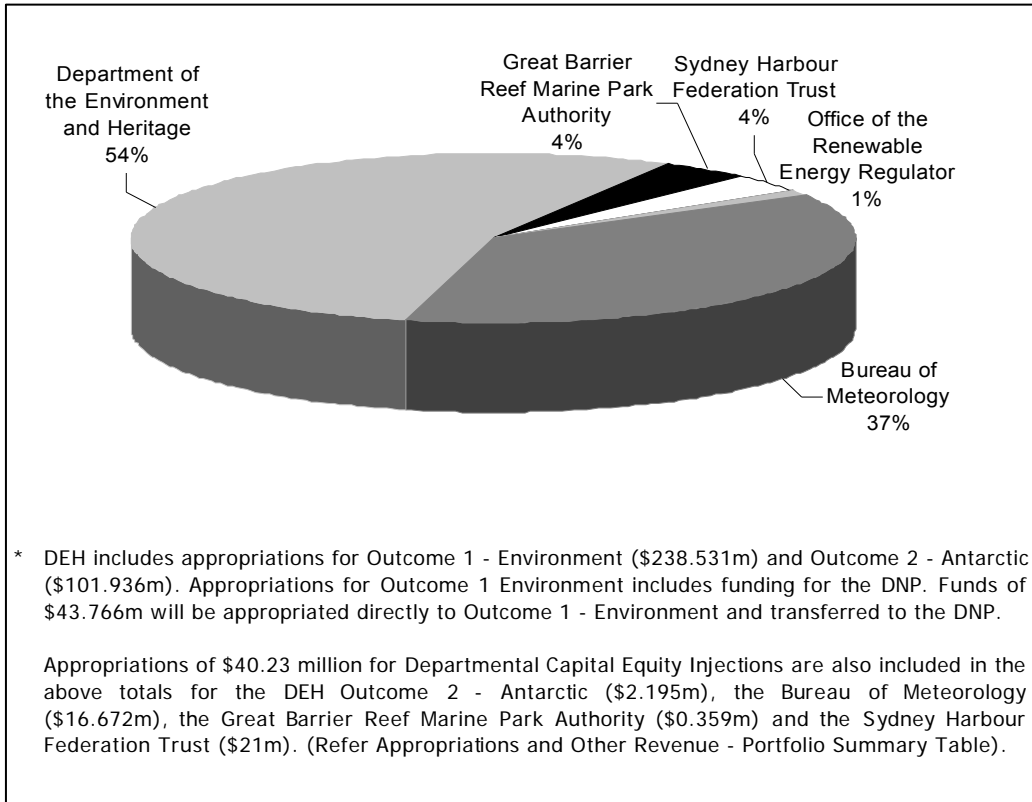
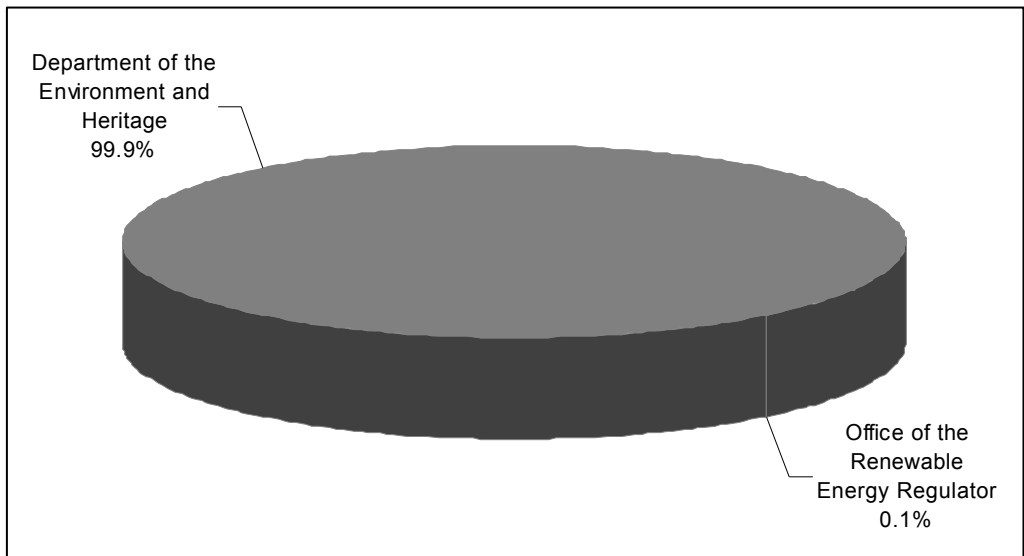


Figure 3: Administered appropriations for agencies in the portfolio



Appropriations and Other Revenue – Portfolio Summary

Agency/Outcome/ Non-operating	Departmental ⁽¹⁾				Administered ⁽¹⁾				Total ⁽³⁾	
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts ⁽⁴⁾ \$'000	Appropriation Bill No. 1 \$'000	SPPs \$'000	Other ⁽⁴⁾ \$'000	Appropriation \$'000		Special Receipts ⁽⁴⁾ \$'000
Outcome 1 - The environment, especially those aspects that are matters of national environmental significance, is protected and conserved										
Department of the Environment and Heritage	238,531	-	-	26,448	565,929	34,839	2,611	24,061	2,395	894,814
Office of the Renewable Energy Regulator	2,749	-	-	-	-	-	-	447	-	3,196
Director of National Parks ⁽²⁾	-	-	-	57,025	-	-	-	-	-	57,025
Great Barrier Reef Marine Park Authority	16,158	359	7,500	15,094	-	-	-	-	-	39,111
Sydney Harbour Federation Trust	1,619	21,000	-	5,503	-	-	-	-	-	28,122
Total Outcome 1	259,057	21,359	7,500	104,070	565,929	34,839	2,611	24,508	2,395	1,022,268
Outcome 2 - Australia's interests in Antarctica are advanced										
Department of the Environment and Heritage	99,741	2,195	-	3,392	-	-	-	-	-	105,328
Total Outcome 2	99,741	2,195	-	3,392	-	-	-	-	-	105,328

Appropriations and Other Revenue – Portfolio Summary (continued)

Agency/Outcome/ Non-operating	Departmental ⁽¹⁾				Administered ⁽¹⁾			Total ⁽³⁾ \$'000
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Receipts (4) \$'000	Appropriation Bill No. 1 \$'000	Appropriation SPPs \$'000	Other ⁽⁴⁾ \$'000	Special Receipts (4) \$'000	
	214,412	16,672	16,692	-	-	-	-	
Outcome 1 - Australia benefits from meteorological and related science and services								
Bureau of Meteorology	214,412	16,672	16,692					247,776
Total Outcome 1	214,412	16,672	16,692	-	-	-	-	247,776
SUBTOTAL	573,210	40,226	7,500	565,929	34,839	2,611	24,508	1,375,372
Director of National Parks ⁽²⁾	-	-	43,766	-	-	-	-	43,766
TOTAL PORTFOLIO RESOURCES⁽⁵⁾	573,210	40,226	80,388	565,929	34,839	2,611	24,508	1,331,606

(1) Under the appropriation structure, Bill No. 2 include Specific Purpose Payments (SPPs), new agency outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.

(2) DNP resourcing is appropriated to DEH and is included in Outcome 1 appropriation totals. To avoid double counting DNP's resourcing is not again counted in total resourcing figures.

(3) Total appropriations = Bill No. 1 and Bill No. 2 + Special Appropriations.

(4) Departmental and administered receipts from independent sources that are available to be spent. This amount may differ from 'other resources available to be used' due to timing of cash flows.

(5) Total resources = Total appropriations + Revenue from other sources.

AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE – ENVIRONMENT AND HERITAGE PORTFOLIO

Table 1: Australian Government Indigenous Expenditure — portfolio level

Outcome	Appropriations				Other	Total
	Bill	Bill	Special	Total	resources	resources
	No. 1	No. 2	Approp	Approp		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(A)	(B)	(C)	(D)	(E)	(F)=(D)+(E)
Outcome 1 - Environment						
<i>The Environment, especially those aspects that are matters of national significance, is protected and conserved</i>						
Administered 2006-07	8,643	-	-	8,643	-	8,643
Administered 2005-06	7,808	-	-	7,808	-	7,808
Departmental 2006-07	2,045	-	-	2,045	-	2,045
Departmental 2005-06	2,192	-	-	2,192	-	2,192
Total Outcome 2006-07	10,688	-	-	10,688	-	10,688
Total Outcome 2005-06	10,000	-	-	10,000	-	10,000
Outcome 1 - Bureau of Meteorology						
<i>Australia benefits from meteorological and related science and services</i>						
Administered 2006-07	-	-	-	-	-	-
Administered 2005-06	-	-	-	-	-	-
Departmental 2006-07	75	-	-	75	-	75
Departmental 2005-06	27	-	-	27	-	27
Total Outcome 2006-07	75	-	-	75	-	75
Total Outcome 2005-06	27	-	-	27	-	27
Outcome 1 - Great Barrier Reef Marine Park Authority						
<i>Protection, wise use, understanding and enjoyment of the Great Barrier Reef</i>						
Administered 2006-07	-	-	-	-	-	-
Administered 2005-06	-	-	-	-	-	-
Departmental 2006-07	1,500	-	-	1,500	-	1,500
Departmental 2005-06	1,402	-	-	1,402	77	1,479
Total Outcome 2006-07	1,500	-	-	1,500	-	1,500
Total Outcome 2005-06	1,402	-	-	1,402	77	1,479
Total Administered 2006-07	8,643	-	-	8,643	-	8,643
Total Administered 2005-06	7,808	-	-	7,808	-	7,808
Total Departmental 2006-07	3,620	-	-	3,620	-	3,620
Total Departmental 2005-06	3,621	-	-	3,621	77	3,698
Total AGIE 2006-07	12,263	-	-	12,263	-	12,263
Total AGIE 2005-06	11,429	-	-	11,429	77	11,506