

# **SUBMISSION TO THE PRODUCTIVITY COMMISSION – INQUIRY INTO COST RECOVERY**

## **AGENCY – GREAT BARRIER REEF MARINE PARK AUTHORITY**

### **Background**

The Great Barrier Reef Marine Park Authority (GBRMPA) is a Commonwealth Statutory Authority with responsibility for managing the Great Barrier Reef and related ecosystems. The area managed is larger than Victoria and Tasmania combined.

Stakeholders range from the local communities on the Queensland coast to the broader Australian community and, through the World Heritage status of the Great Barrier Reef, to the international community.

The work of the Authority involves management of direct users such as tourism, fishing and recreation, which depend upon the health and productivity of the ecosystem. Other important issues impacting upon the health of the reef system include coastal development and water quality.

### **Organisational size and structure**

GBRMPA employs approximately 150 full time equivalent staff plus volunteers within its Aquarium facility known as Reef HQ.

The Marine Park Authority consists of a full-time Chairperson and three part-time members. The Chairperson is also the Chief Executive of the Statutory Agency, which administers the *Great Barrier Reef Marine Park Act 1975* and is staffed under the *Public Service Act 1999*.

With the exception of 2 staff employed in Canberra, GBRMPA staff are located in Townsville. The Reef HQ facility is located adjacent to the office complex in Townsville.

The 'on the ground' resource management services, as opposed to the policy development and related functions, are provided under contractual arrangements with Queensland Government agencies; primarily the Queensland Parks and Wildlife Service.

The structure of the Authority includes the following program areas:

1. Critical Issues Groups based on the following themes:
  - Water Quality and Coastal Development;
  - Fisheries;
  - Tourism and Recreation; and
  - Conservation, Biodiversity and World Heritage

2. Program Delivery, which incorporates:
  - Planning;
  - Indigenous liaison;
  - Permits; and
  - Environment Impact Management
3. Communications and Education incorporating:
  - Reef HQ;
  - Community Education;
  - Media liaison; and
  - Public Affairs
4. Information Support Group
5. Corporate Services Group
6. Legal Unit
7. Parliamentary Services Unit.

Another important area of the Authority not listed above is 'Day to Day management' or DDM. This area is responsible for arranging, managing and monitoring the services provided within the Great Barrier Reef Marine Park by the Queensland Government.

The Queensland Government agencies providing services to GBRMPA under this arrangement also service the Queensland Government Marine Parks in a joint program of patrols, information dissemination and surveillance and enforcement.

### **Funding arrangements**

The total revenue for the 2000-2001 financial year is expected to be \$27.06 million, which will be made up as follows:

|                              |                  |
|------------------------------|------------------|
| Appropriation Bill 1         | \$10.149 million |
| Special Appropriation (EMC)* | \$5.5 million    |
| Commonwealth for DDM**       | \$4.41 million   |

\* - The \$5.5 million received from the Environment Management Charge (EMC) is collected from the Tourist Industry paid to consolidated revenue and then appropriated to the Authority as a Special Appropriation. Commonwealth Government appropriations were reduced by a similar amount to the EMC revenue presently raised.

\*\* - The Commonwealth's payment of \$4.41 million for Day to Day management is a special purpose payment, which is dependent upon matching funding from the Queensland Government.

Other sources of funding include:

|   |                 |
|---|-----------------|
| Queensland contribution to DDM  | \$4.41 million  |
| Revenue from Reef HQ  | \$2.094 million |
| Revenue from DDM program  | \$0.11 million  |
| (includes \$100,000 for Permit Assessment fees and \$10,000 from fines)   |                 |
| Revenue from GBRMPA operations  | \$0.387 million |
| (includes amongst other items \$40,000 Permit Assessment fees, \$62,000 from leased properties, \$145,000 from projects, \$27,000 from the CRC) |                 |

### **Basis of cost recovery arrangements**

#### **Environment Management Charge.**

The primary source of revenue from Marine Park users, the Environment Management Charge, is collected from Tourists who undertake activities with permitted tourism operators within the Park. The introduction and subsequent variation to this charge were Government decisions. As mentioned above, Commonwealth Government Appropriations under Bill 1 were reduced by a similar amount to the revenue presently raised.

#### **Reef HQ charges**

The Reef HQ facility is a marine educational facility which is based upon a living coral reef aquarium. When the facility was built in the late 1980s it was necessary to charge for admission to offset the costs of operation which was never included in original appropriations. The facility has never been able to raise sufficient revenue to cover the costs of operation and a souvenir store and cafe have also been built in an attempt to raise additional revenue to meet the costs of operation.

At the present time it costs approximately \$750,000 more to run the facility than is raised in revenue. This money is provided from other programs within the Authority and has an impact upon the Authority's ability to achieve its other program objectives.

The admission fees are 'struck' by assessing the elasticity of demand for the product and attempting to maximise revenue. Influences such as fluctuations in tourism and related factors have had an impact upon the pricing structure.

#### **Permit Assessment fees**

The Authority has been charging for Permit assessment fees since about 1990. At that time 'user charging' was being promoted by the Department of Finance and agencies were encouraged to charge for a wide range of services.

Charging for the assessment of permits was a sensitive matter and negotiations were held between the GBRMPA Chairperson and representatives from the Tourism Industry to strike a 'reasonable charge'

which would be acceptable to the Industry. It was agreed that this charge would be subject to indexation.

It is estimated that the current assessment fees represent approximately 25% of the total cost of undertaking the assessments. The assessment fee schedule is included in Marine Park regulations and has been approved by Government.

### **Revenue for projects**

This category of revenue is generally funds that are provided to the Authority from other Government programs for specific purposes. Examples include funding to pay for the installation of moorings and tied funding for the installation of Navigation Aids.

### **Sale of publications**

The Authority has had a policy of recovering the printing costs for the production of publications such as zoning maps, books and other publications. In accordance with the move to user pays, charging to recover printing costs has allowed the Authority to produce more publications than it would otherwise print and reach a larger audience to highlight the World Heritage values of the GBRMP.

There is no formal justification or rationale for charging for only part of the costs of production, other than it has been believed that to charge for the full costs of production could result in a prohibitive pricing structure. Such a pricing structure would diminish the Authority's ability to meet its educational objectives, which are included in the *Great Barrier Reef Marine Park Act 1975*.

### **Issues of concern to the Great Barrier Reef Marine Park Authority**

#### **Equity**

At the present time the charging regime focuses almost exclusively on the Tourism Industry. Understandably, the industry is of the view that this situation is inequitable and unreasonable.

Other users of this World Heritage icon are able to use this resource as frequently as they wish without cost. There are limited restrictions to use, but these are generally involve fishing restrictions in certain areas.

Users, who do not face charges for Park entry or usage, include commercial fishers, recreational fishers and 'boaties' of various types.

In addition there are land-based activities/operations which may also be having an impact upon the water quality of the reef systems and the

biodiversity of the life forms. The linkages between these activities and their impact upon the reef systems are not always clear and it is generally very difficult to separate such activities from other influences.

### **Appropriation VS User Charging**

The philosophical justification for user charging is understood, but the circumstances in which user charging should be considered 'legitimate' and 'appropriate' are unclear.

Agencies are appropriated to undertake certain functions and generally attempt to produce as many outputs as possible to meet the Government's desired outcomes. The increasing pressure to achieve the agreed outcomes with diminishing resources leads to a situation where user charging becomes an attractive option to supplement budgets when appropriations are often dwindling in real terms.

The question of when it is appropriate to pursue a user charging regime needs to be carefully considered when developing the proposed guidelines. The other important issue that needs careful consideration is the quantum of the charge. Should there be a full charge a part charge to reflect 'a public good' component.

Les Bell  
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16 November 2000