

1996

The Parliament of the
Commonwealth of Australia

HOUSE OF REPRESENTATIVES

Presented and read a first time

Natural Heritage Trust of Australia Bill 1996

No. , 1996

(Environment, Sport and Territories)

**A Bill for an Act to establish the Natural Heritage
Trust of Australia Reserve, and for related
purposes**

Contents

Part 1—Introduction	2
1 Short title.....	2
2 Commencement	3
3 Simplified outline	3
Part 2—The Natural Heritage Trust of Australia Reserve	4
4 Establishment of the Natural Heritage Trust of Australia Reserve....	4
5 Nature of the Reserve.....	4
6 Investments of the Reserve	4
7 Money and investments not held on trust	5
Part 3—Purposes of the Reserve	6
8 Purposes of the Reserve	6
9 Debits of proceeds from the partial privatisation of Telstra	6
10 Primary objective of the National Vegetation Initiative	7
11 Primary objective of the Murray-Darling 2001 Project.....	7
12 Primary objectives of the National Land and Water Resources Audit.....	7
13 Primary objective of the National Reserve System	8
14 Primary objectives of the Coasts and Clean Seas Initiative.....	8
15 Meaning of <i>environmental protection</i>	8
16 Meaning of <i>sustainable agriculture</i>	9
17 Meaning of <i>natural resources management</i>	9
18 Meaning of <i>accounting transfer purpose</i>	10
19 Grant of financial assistance to a State	10
20 Grant of financial assistance to a person, or a body, other than a State	11
21 Principles of ecologically sustainable development	11
Part 4—Crediting of amounts to the Reserve	13
22 \$1 billion derived from the partial privatisation of Telstra.....	13
23 Budget appropriations	13
24 Gifts and bequests	13
25 Repayments of grants.....	13
26 Commonwealth receipts under funding agreements	14

27	Income from assets acquired using Reserve money	14
28	Proceeds of disposal of assets acquired using Reserve money.....	14
29	Income from projects and related activities funded with Reserve money	15

Part 5—Miscellaneous

		16
30	Natural Heritage Board	16
31	Estimates	16
32	Minimum balance in the Reserve after 30 June 2001	17
33	Annual report about the Reserve.....	18
34	Audit of annual financial statements of the Reserve	18
35	Delegation by Minister	19
36	Delegation by Minister for Primary Industries and Energy.....	20
37	Commonwealth not to accept conditional gifts etc	20
38	Appropriations	21
39	Appropriations for the purposes of the <i>Natural Resources Management (Financial Assistance) Act 1992</i> and the <i>Rural Adjustment Act 1992</i>	21
40	Regulations	22
41	Transitional—transfers from the Consolidated Revenue Fund	22
42	Transitional—expenses of investment	23
43	External Territories	23
44	Interpretation.....	23

1 **A Bill for an Act to establish the Natural Heritage**
2 **Trust of Australia Reserve, and for related**
3 **purposes**

4 **Preamble**

5 The Parliament of Australia recognises the need for urgent action
6 to redress the decline in Australia's natural environment.

7 There is a national crisis in land and water degradation and in the
8 loss of biodiversity.

9 There is a need to conserve Australia's environmental
10 infrastructure, to reverse the decline in Australia's natural

Section 1

environment and to improve the management of Australia's natural resources.

There is a need to integrate the objectives of environmental protection and sustainable development.

There is an opportunity for innovative funding arrangements that ensure long-term certainty and that involve a transfer of investment in technological capital to an investment in natural capital.

It is essential that government leadership be demonstrated, and that the Australian community be involved, in relation to these matters.

Australia's rural community should have a key role in the sustainable management of the natural resources of Australia's vast rural heartland.

Australia's natural environment is central to Australia's well-being and to Australia's future economic prosperity. Accordingly, present and future generations of Australians will benefit from the ecologically sustainable management of the natural environment.

A comprehensive, integrated response to these matters is necessary.

The above considerations are taken into account by the Parliament of Australia in enacting the law that follows.

The Parliament of Australia enacts:

Part 1—Introduction

1 Short title

This Act may be cited as the *Natural Heritage Trust of Australia Act 1996*.

2 Commencement

This Act commences on the day on which it receives the Royal Assent.

3 Simplified outline

The following is a simplified outline of this Act:

- This Act establishes the Natural Heritage Trust of Australia Reserve.
- The main source of money for the Reserve will be \$1 billion from the partial privatisation of Telstra.
- The main objective of the establishment of the Reserve is to repair and replenish Australia's natural capital infrastructure.
- Money in the Reserve will be spent on the environment, sustainable agriculture and natural resources management.

Section 4

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2 **Part 2—The Natural Heritage Trust of Australia**
3 **Reserve**

4 **4 Establishment of the Natural Heritage Trust of Australia Reserve**

5 The Natural Heritage Trust of Australia Reserve is established.

6 **5 Nature of the Reserve**

- 7 (1) After the commencement of the *Financial Management and*
8 *Accountability Act 1996*, the Reserve is a component of the
9 Reserved Money Fund.
- 10 (2) Before the commencement of the *Financial Management and*
11 *Accountability Act 1996*, the Reserve is a trust account for the
12 purposes of section 62A of the *Audit Act 1901*.
- 13 (3) The Trust Fund established by the *Audit Act 1901* is appropriated
14 to the extent necessary to achieve the transition of the Reserve
15 from the scheme of the *Audit Act 1901* to the scheme of the
16 *Financial Management and Accountability Act 1996*.

17 **6 Investments of the Reserve**

- 18 (1) So far as practicable, money in the Reserve that is not required for
19 the purpose of making payments out of the Reserve must be
20 invested in accordance with whichever of the following provisions
21 is applicable:
- 22 (a) section 40 of the *Financial Management and Accountability*
23 *Act 1996*;
- 24 (b) section 62B of the *Audit Act 1901*.

25 Note: Under section 81 of the Constitution, income from investments must
26 be paid into the Consolidated Revenue Fund.

- 1 (2) Amounts equal to income derived from the investment of money in
2 the Reserve are to be transferred to the Reserve from the
3 Consolidated Revenue Fund.

4 **7 Money and investments not held on trust**

- 5 Money and investments of the Reserve are not held on trust (within
6 the ordinary meaning of that expression).

Section 8

Part 3—Purposes of the Reserve

8 Purposes of the Reserve

The purposes of the Reserve are as follows:

- (a) the National Vegetation Initiative;
- (b) the Murray-Darling 2001 Project;
- (c) the National Land and Water Resources Audit;
- (d) the National Reserve System;
- (e) the Coasts and Clean Seas Initiative;
- (f) environmental protection (as defined by section 15);
- (g) supporting sustainable agriculture (as defined by section 16);
- (h) natural resources management (as defined by section 17);
- (i) a purpose incidental or ancillary to any of the above purposes;
- (j) the making of grants of financial assistance for any of the above purposes;
- (k) an accounting transfer purpose (as defined by section 18).

Note 1: After the commencement of the *Financial Management and Accountability Act 1996*, subsection 20(5) of that Act provides that money in the Reserve may be debited for the purposes of the Reserve.

Note 2: Before the commencement of the *Financial Management and Accountability Act 1996*, subsection 62A(6) of the *Audit Act 1901* provides that money in the Reserve may be expended for the purposes of the Reserve.

9 Debits of proceeds from the partial privatisation of Telstra

Money in the Reserve that represents proceeds of the sale of shares in Telstra may only be debited for the following purposes:

- (a) the National Vegetation Initiative;
- (b) the Murray-Darling 2001 Project;
- (c) the National Land and Water Resources Audit;

Section 10

- (d) the National Reserve System;
- (e) the Coasts and Clean Seas Initiative;
- (f) a purpose incidental or ancillary to any of the above purposes;
- (g) the making of grants of financial assistance for any of the above purposes.

Note: A result of this section is that money in the Reserve that does not represent proceeds of the sale of shares in Telstra (for example, any money that represents interest) may be debited for any purpose of the Reserve.

10 Primary objective of the National Vegetation Initiative

For the purposes of this Act, the primary objective of the National Vegetation Initiative is to reverse the long-term decline in the extent and quality of Australia's native vegetation cover by:

- (a) conserving remnant native vegetation; and
- (b) conserving Australia's biodiversity; and
- (c) restoring, by means of revegetation, the environmental values and productive capacity of Australia's degraded land and water.

11 Primary objective of the Murray-Darling 2001 Project

For the purposes of this Act, the primary objective of the Murray-Darling 2001 Project is to contribute to the rehabilitation of the Murray-Darling Basin, with a view to achieving a sustainable future for the Basin, its natural systems and its communities.

12 Primary objectives of the National Land and Water Resources Audit

For the purposes of this Act, the primary objectives of the National Land and Water Resources Audit are as follows:

Section 13

- (a) to estimate the direct and indirect effects of land and water degradation on Australia's economy and on the quality of the Australian environment;
- (b) to provide a baseline for the purposes of carrying out assessments of the effectiveness of land and water degradation policies and programs.

13 Primary objective of the National Reserve System

For the purposes of this Act, the primary objective of the National Reserve System is to assist with the establishment and maintenance of a comprehensive, adequate and representative system of reserves.

14 Primary objectives of the Coasts and Clean Seas Initiative

For the purposes of this Act, the primary objectives of the Coasts and Clean Seas Initiative are as follows:

- (a) to ameliorate pollution problems in Australia's coastal areas;
- (b) to protect the environment in Australia's coastal areas;
- (c) to ameliorate threats to marine biodiversity, where those threats are capable of affecting Australia;
- (d) to develop an oceans policy for Australia.

15 Meaning of *environmental protection*

For the purposes of this Act, *environmental protection* means:

- (a) maintaining, conserving, preserving or protecting components of the natural environment of Australia; or
- (b) restoring, improving or replenishing components of the natural environment of Australia; or
- (c) conserving or restoring Australia's biodiversity; or
- (d) developing or promoting waste minimisation in Australia; or
- (e) developing or promoting clean production in Australia; or

- (f) preventing, combating or rectifying pollution of the environment (whether natural or otherwise) of Australia; or
- (g) carrying on research, or disseminating information, about:
 - (i) the natural environment of Australia; or
 - (ii) Australia's biodiversity.

16 Meaning of *sustainable agriculture*

- (1) For the purposes of this Act, *sustainable agriculture* means the use of agricultural practices and systems that maintain or improve the following:
 - (a) the economic viability of agricultural production;
 - (b) the social viability and well-being of rural communities;
 - (c) the ecologically sustainable use of Australia's biodiversity;
 - (d) the natural resource base;
 - (e) ecosystems that are influenced by agricultural activities.
- (2) To avoid doubt, for the purposes of this Act, property management planning in relation to the farm unit is taken to be sustainable agriculture.

17 Meaning of *natural resources management*

For the purposes of this Act, *natural resources management* means:

- (a) any activity relating to the management of the use, development or conservation of one or more of the following natural resources:
 - (i) soil;
 - (ii) water;
 - (iii) vegetation; or
- (b) any activity relating to the management of the use, development or conservation of any other natural resources for the purposes of an activity mentioned in paragraph (a).

Section 18

18 Meaning of *accounting transfer purpose*

For the purposes of this Act, each of the following is an *accounting transfer purpose*:

- (a) making payments under section 5 of the *Natural Resources Management (Financial Assistance) Act 1992*;
- (b) after the commencement of the *Financial Management and Accountability Act 1996*—crediting amounts to the Natural Resources Management Reserve established under the *Natural Resources Management (Financial Assistance) Act 1992*;
- (c) before the commencement of the *Financial Management and Accountability Act 1996*—crediting amounts to the Natural Resources Management Fund established under the *Natural Resources Management (Financial Assistance) Act 1992*;
- (d) making payments under agreements in force under Part 3 of the *Rural Adjustment Act 1992*, to the extent to which those payments are in connection with property management planning in relation to the farm unit.

19 Grant of financial assistance to a State

- (1) This section applies if an amount is to be debited from the Reserve for the purpose of making a grant of financial assistance to a State.
- (2) The terms and conditions on which that financial assistance is granted are to be set out in a written agreement between the Commonwealth and the State.
- (3) An agreement under subsection (2) may be entered into by either of the following Ministers on behalf of the Commonwealth:
 - (a) the Minister;
 - (b) the Minister for Primary Industries and Energy.
- (4) This section does not affect the operation of Part 2 of the *Natural Resources Management (Financial Assistance) Act 1992*.

(5) This section does not affect the operation of Part 3 of the *Rural Adjustment Act 1992*.

Note: *State* is given an extended meaning by section 44.

20 Grant of financial assistance to a person, or a body, other than a State

(1) This section applies if an amount is to be debited from the Reserve for the purpose of making a grant of financial assistance to a person, or a body, other than a State.

(2) The terms and conditions on which that financial assistance is granted are to be set out in a written agreement between the Commonwealth and the person or body.

(3) An agreement under subsection (2) may be entered into by either of the following Ministers on behalf of the Commonwealth:

(a) the Minister;

(b) the Minister for Primary Industries and Energy.

(4) This section does not affect the operation of Part 3 of the *Rural Adjustment Act 1992*.

Note: *State* is given an extended meaning by section 44.

21 Principles of ecologically sustainable development

(1) This section applies to a decision of a Minister to approve a proposal to spend money in the Reserve for a purpose of the Reserve.

(2) In making that decision, the Minister concerned must have regard to:

(a) the principles of ecologically sustainable development; and

(b) such other matters as the Minister concerned considers relevant.

Section 21

(3) For the purposes of this section, the *principles of ecologically sustainable development* consist of:

(a) the following core objectives:

- (i) to enhance individual and community well-being and welfare by following a path of economic development that safeguards the welfare of future generations;
- (ii) to provide for equity within and between generations;
- (iii) to protect biological diversity and maintain essential ecological processes and life-support systems; and

(b) the following guiding principles:

- (i) decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equity considerations;
- (ii) if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation;
- (iii) the global dimension of environmental impacts of actions and policy should be recognised and considered;
- (iv) the need to develop a strong, growing and diversified economy that can enhance the capacity for environmental protection should be recognised;
- (v) the need to maintain and enhance international competitiveness in an environmentally sound manner should be recognised;
- (vi) cost-effective and flexible measures should be adopted;
- (vii) decisions and actions should provide for broad community involvement on issues which affect the community.

Note: The principles of ecologically sustainable development that are set out in this subsection are based on the core objectives and guiding principles that were endorsed by the Council of Australian Governments in December 1992.

Part 4—Crediting of amounts to the Reserve

22 \$1 billion derived from the partial privatisation of Telstra

- (1) For each \$1 that is received by the Commonwealth in a particular month by way of proceeds of the sale of shares in Telstra, \$1 is to be transferred to the Reserve from the Consolidated Revenue Fund before the end of the next following month.
- (2) The total amount transferred to the Reserve under this section is not to exceed \$1 billion.

23 Budget appropriations

- (1) This section applies if another Act appropriates an amount from the Consolidated Revenue Fund for credit to the Reserve.
- (2) The amount is to be credited to the Reserve.

24 Gifts and bequests

- (1) This section applies if a gift or bequest is given or made for the purposes of the Reserve.
- (2) An amount equal to the amount of the gift or bequest is to be transferred to the Reserve from the Consolidated Revenue Fund.

25 Repayments of grants

- (1) This section applies if:
 - (a) money in the Reserve is spent in making a grant of financial assistance; and
 - (b) the grant is repaid, in whole or in part.
- (2) An amount equal to the repayment is to be transferred to the Reserve from the Consolidated Revenue Fund.

Section 26

26 Commonwealth receipts under funding agreements

(1) This section applies if:

- (a) the Commonwealth enters into an agreement with a person or body in relation to the spending of money debited from the Reserve; and
- (b) the agreement contains a provision requiring money to be paid or repaid to the Commonwealth in specified circumstances; and
- (c) the Commonwealth receives money under the agreement.

(2) An amount equal to the receipt is to be transferred to the Reserve from the Consolidated Revenue Fund.

27 Income from assets acquired using Reserve money

(1) This section applies if:

- (a) money in the Reserve is spent in acquiring property or interests; and
- (b) an amount is received by the Commonwealth by way of income derived from the property or interests.

(2) An amount equal to the receipt is to be transferred to the Reserve from the Consolidated Revenue Fund.

28 Proceeds of disposal of assets acquired using Reserve money

(1) This section applies if:

- (a) money in the Reserve is spent in acquiring property or interests; and
- (b) an amount is received by the Commonwealth from the disposal of the property or interests.

(2) An amount equal to the receipt is to be transferred to the Reserve from the Consolidated Revenue Fund.

1 **29 Income from projects and related activities funded with Reserve**
2 **money**

3 (1) This section applies if:

- 4 (a) money in the Reserve is spent in carrying out a project; and
5 (b) income is received by the Commonwealth from the project o
6 from activities carried out in relation to the project.

7 (2) An amount equal to the receipt is to be transferred to the Reserve
8 from the Consolidated Revenue Fund.
9

Section 30

Part 5—Miscellaneous

30 Natural Heritage Board

- (1) There is to be a Natural Heritage Board, which is to consist of:
 - (a) the Minister; and
 - (b) the Minister for Primary Industries and Energy.
- (2) The functions of the Natural Heritage Board are as follows:
 - (a) to provide a forum in which the Minister and the Minister for Primary Industries and Energy are to consult with each other about all matters relating to the Reserve;
 - (b) to prepare estimates under section 31.
- (3) For the purposes of this section, each of the following decisions is taken to be a matter that relates to the Reserve:
 - (a) a decision about a proposal to spend money in the Reserve;
 - (b) a decision relating to the investments of the Reserve;
 - (c) a decision to make a recommendation to the Governor-General about the making of regulations under this Act;
 - (d) a decision under this Act;
 - (e) a decision under any other law of the Commonwealth, to the extent that that law relates to the Reserve.

31 Estimates

- (1) The Natural Heritage Board must prepare estimates of debits from the Reserve that are to be made for purposes of the Reserve.
- (2) The estimates are to be prepared for:
 - (a) each financial year; and
 - (b) such other periods (if any) as the Natural Heritage Board determines.

- 1 (3) In exercising its powers under this section, the Natural Heritage
2 Board must have regard to:
 - 3 (a) the investment strategy for the Reserve; and
 - 4 (b) such other matters as the Natural Heritage Board considers
5 relevant.
- 6 (4) Money must not be debited from the Reserve for a purpose of the
7 Reserve otherwise than in accordance with estimates prepared
8 under this section.

9 32 Minimum balance in the Reserve after 30 June 2001

- 10 (1) This section applies to a financial year that begins on or after
11 1 July 2001.
- 12 (2) The Minister must take all reasonable steps to ensure that,
13 throughout each financial year, the balance of the Reserve does not
14 fall below the base amount for that year (worked out under
15 subsection (3) or (4)).
- 16 (3) The *base amount* for the financial year that begins on 1 July 2001
17 is equal to 30% of the total amount transferred to the Reserve
18 under section 22 before 1 July 2001.
- 19 (4) This is how to work out the *base amount* for a subsequent
20 financial year:
 - 21 (a) calculate 30% of the total amount transferred to the Reserve
22 under section 22 before 1 July 2001;
 - 23 (b) multiply the result of that calculation by the indexation factor
24 for that year;
 - 25 (c) if the result of that multiplication is not an amount of whole
26 dollars—round up the result to the nearest whole dollar.
- 27 (5) For the purposes of this section, the *indexation factor* for a
28 financial year is the factor (being a number not less than 1)
29 specified in relation to that year in a written determination made by
30 the Minister for Finance for the purposes of this subsection.

Section 33

33 Annual report about the Reserve

- (1) For the purposes of this Act, the Minister must, as soon as practicable after the end of 30 June in each year, cause to be prepared an annual report. The annual report must include (but is not limited to):
 - (a) a report about the operations of the Reserve during the financial year ended on that date; and
 - (b) financial statements relating to those operations; and
 - (c) the Auditor-General's report or reports under section 34 on the financial statements.
- (2) The report mentioned in paragraph (1)(a) must comply with written guidelines issued by the Minister for Finance.
- (3) The financial statements must comply with written guidelines issued by the Minister for Finance.
- (4) The Minister must cause copies of the annual report to be laid before each House of the Parliament within 15 sitting days of that House after the completion of the preparation of the annual report.
- (5) The Minister for Primary Industries and Energy must give the Minister such information as the Minister requires to enable the Minister to comply with the Minister's obligations under subsection (1).
- (6) The obligations imposed by this section are in addition to, and not instead of, obligations imposed by any other law of the Commonwealth.

34 Audit of annual financial statements of the Reserve

- (1) As soon as practicable after financial statements are prepared in accordance with subsection 33(1), the statements must be given to the Auditor-General.

- (2) As soon as practicable after receiving the financial statements, the Auditor-General must examine the statements and report in accordance with this section to the Minister.
- (3) In the report, the Auditor-General must state whether, in the Auditor-General's opinion, the financial statements:
- (a) have been prepared in accordance with guidelines in force under subsection 33(3); and
 - (b) give a true and fair view of the matters required by those guidelines.
- If the Auditor-General is not of that opinion, the Auditor-General must state the reasons.
- (4) If the Auditor-General is of the opinion that failing to prepare the financial statements in accordance with the guidelines has a quantifiable financial effect, the Auditor-General must quantify that financial effect and state the amount.
- (5) If the Auditor-General is of the opinion that the Secretary to a Department has contravened an obligation relating to the keeping of accounts or records, the Auditor-General must state particulars of the contravention.
- (6) If the Auditor-General is of the opinion that the Auditor-General did not obtain all necessary information and explanations, the Auditor-General must state particulars of the shortcoming.
- (7) Instead of preparing a single report, the Auditor-General may prepare an initial report and one or more later supplementary reports.

35 Delegation by Minister

- (1) The Minister may, by writing, delegate to:
- (a) the Secretary to the Department; or
 - (b) the Director of National Parks and Wildlife; or

Section 36

- (c) a person holding or performing the duties of a Senior Executive Service office (whether or not in the Department);
all or any of the Minister's powers under:
(d) this Act (other than section 30 or 31); or
(e) any other law of the Commonwealth, to the extent that that law relates to the Reserve.

- (2) The delegate is, in the exercise of the power delegated under subsection (1), subject to the directions of the Minister.

36 Delegation by Minister for Primary Industries and Energy

- (1) The Minister for Primary Industries and Energy may, by writing, delegate to:

- (a) the Secretary to the Department of Primary Industries and Energy; or
(b) a person holding or performing the duties of a Senior Executive Service office (whether or not in the Department of Primary Industries and Energy);

all or any of the powers conferred on the Minister for Primary Industries and Energy by:

- (c) this Act (other than section 30 or 31); or
(d) any other law of the Commonwealth, to the extent that that law relates to the Reserve.

- (2) The delegate is, in the exercise of the power delegated under subsection (1), subject to the directions of the Minister for Primary Industries and Energy.

37 Commonwealth not to accept conditional gifts etc.

The Commonwealth must not accept a gift or bequest given or made for the purposes of the Reserve if:

- (a) the gift or bequest is given or made subject to a condition (other than the condition that the gift or bequest be applied for the purposes of the Reserve); or

- (b) the gift or bequest is required to be held on trust (within the ordinary meaning of that expression).

38 Appropriations

- (1) After the commencement of the *Financial Management and Accountability Act 1996*, the Reserved Money Fund is appropriated as necessary for the purposes of this Act.
- (2) Subsection (1) has effect only to the extent (if any) to which the *Financial Management and Accountability Act 1996* does not already provide for a sufficient appropriation.
- (3) Before the commencement of the *Financial Management and Accountability Act 1996*, the Trust Fund established by the *Audit Act 1901* is appropriated as necessary for the purposes of this Act.
- (4) Subsection (3) has effect only to the extent (if any) to which the *Audit Act 1901* does not already provide for a sufficient appropriation.

39 Appropriations for the purposes of the *Natural Resources Management (Financial Assistance) Act 1992* and the *Rural Adjustment Act 1992*

- (1) A reference in subsection 5(6) of the *Natural Resources Management (Financial Assistance) Act 1992* to money appropriated by the Parliament for the purpose mentioned in that subsection includes a reference to money debited from the Reserve in accordance with paragraphs 8(k) and 18(a) of this Act.
- (2) After the commencement of the *Financial Management and Accountability Act 1996*, a reference in paragraph 11(4)(a) of the *Natural Resources Management (Financial Assistance) Act 1992* to amounts appropriated from time to time by the Parliament includes a reference to money debited from the Reserve in accordance with paragraphs 8(k) and 18(b) of this Act.

Section 40

- (3) Before the commencement of the *Financial Management and Accountability Act 1996*, a reference in paragraph 11(4)(a) of the *Natural Resources Management (Financial Assistance) Act 1992* to amounts appropriated from time to time by the Parliament includes a reference to money debited from the Reserve in accordance with paragraphs 8(k) and 18(c) of this Act.
- (4) A reference in subsection 20A(3) of the *Rural Adjustment Act 1992* to money appropriated by the Parliament for the purposes mentioned in that subsection includes a reference to money debited from the Reserve in accordance with paragraphs 8(k) and 18(d) of this Act.
- (5) A reference in subsection 21(1) of the *Rural Adjustment Act 1992* to money appropriated by the Parliament for the purpose mentioned in that subsection includes a reference to money debited from the Reserve in accordance with paragraphs 8(k) and 18(d) of this Act.

40 Regulations

The Governor-General may make regulations prescribing matters:

- (a) required or permitted by this Act to be prescribed; or
- (b) necessary or convenient to be prescribed for carrying out or giving effect to this Act.

41 Transitional—transfers from the Consolidated Revenue Fund

- (1) This section applies if a provision of this Act requires an amount to be transferred to the Reserve from the Consolidated Revenue Fund.
- (2) The Consolidated Revenue Fund is appropriated for the transfer by force of this subsection.
- (3) Subsections (1) and (2) cease to have effect on the commencement of the *Financial Management and Accountability Act 1996*.

Section 42

Note: After the commencement of the *Financial Management and Accountability Act 1996*, subsection 20(7) of that Act will appropriate the Consolidated Revenue Fund for the purposes of such a transfer.

42 Transitional—expenses of investment

(1) Expenses of investment of money in the Reserve are to be debited from the Reserve.

(2) Subsection (1) ceases to have effect on the commencement of the *Financial Management and Accountability Act 1996*.

Note: After the commencement of the *Financial Management and Accountability Act 1996*, subsection 40(2) of that Act will provide for investment expenses to be debited from the Reserve.

43 External Territories

This Act extends to all the external Territories.

44 Interpretation

In this Act:

accounting transfer purpose has the meaning given by section 18.

agriculture includes:

- (a) the cultivation of land; or
- (b) the maintenance of animals for the purposes of selling them or their bodily produce, including natural increase; or
- (c) fishing or aquaculture operations; or
- (d) forest operations; or
- (e) horticulture.

Australia, when used in a geographical sense, includes:

- (a) the external Territories; and
- (b) the exclusive economic zone.

environmental protection has the meaning given by section 15.

Section 44

1 *exclusive economic zone* means the exclusive economic zone
2 (within the meaning of the *Seas and Submerged Lands Act 1973*),
3 adjacent to the coast of Australia or the coast of an external
4 Territory.

5 *horticulture* includes the production of horticultural products
6 (within the meaning of the *Australian Horticultural Corporation*
7 *Act 1987*).

8 *Natural Heritage Board* means the Natural Heritage Board
9 established by section 30.

10 *natural resources management* has the meaning given by section
11 17.

12 *proceeds of the sale of shares in Telstra* includes:

- 13 (a) an amount received by the Commonwealth directly or
14 indirectly from:
15 (i) the sale-scheme trustee (within the meaning of the
16 *Telstra Corporation Act 1991*); or
17 (ii) an investor in Telstra;
18 under a Telstra sale scheme (within the meaning of that Act);
19 and
20 (b) an amount received by the Commonwealth by way of the
21 redemption of redeemable preference shares in Telstra held
22 by the Commonwealth, where the redemption was in
23 accordance with a Telstra sale scheme (within the meaning
24 of the *Telstra Corporation Act 1991*).

25 *Reserve* means the Natural Heritage Trust of Australia Reserve
26 established by this Act.

27 *Senior Executive Service office* has the same meaning as in the
28 *Public Service Act 1922*.

29 *State* includes the Australian Capital Territory and the Northern
30 Territory.

Section 44

- 1 *sustainable agriculture* has the meaning given by section 16.
- 2 *Telstra* has the same meaning as in the *Telstra Corporation Act*
- 3 *1991*.
- 4 *waste minimisation* includes re-use and recycling.

1996

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

NATURAL HERITAGE TRUST OF AUSTRALIA BILL 1996

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for the Environment,
Senator the Hon Robert Hill)

NATURAL HERITAGE TRUST OF AUSTRALIA BILL 1996

GENERAL OUTLINE

The purpose of the Natural Heritage Trust of Australia Bill 1996 is to implement Commonwealth Government policies with respect to the expenditure of funds for the protection and rehabilitation of Australia's environment.

In particular, the Bill will implement the commitment outlined in the Coalition's policy document 'Saving our Natural Heritage' to establish a \$1 billion Natural Heritage Trust of Australia.

The initial \$1 billion to be invested in the Trust will be sourced from the proceeds of the partial sale of Telstra. Of this amount, \$700 million will be devoted to five capital projects designed to replenish Australia's environmental capital. The five projects are:

- a major National Vegetation Initiative, to reverse the long-term decline in the extent and quality of Australia's native vegetation cover;
- the Murray-Darling 2001 project, to contribute to the rehabilitation of the Murray-Darling Basin;
- a National Land and Water Resources Audit, to provide the first ever national appraisal of the extent of land and water degradation in Australia and its environmental and economic costs to the nation;
- the National Reserve System, to assist with the establishment of a comprehensive, adequate and representative system of reserves to conserve Australia's biodiversity; and
- a Coast and Clean Seas Initiative to tackle the environmental problems facing our coasts and oceans.

In addition, all interest earned from the Trust and any other funds paid into the Trust will be devoted to expenditure on these and a range of other environmental and natural resource management projects, and to support the development of sustainable agriculture.

The provisions of the Bill will:

- establish the Natural Heritage Trust of Australia Reserve (the Reserve), the main objective of which will be to provide funds for the repair and replenishment of Australia's natural environment;

- provide for \$1 billion from the proceeds of the partial privatisation of Telstra to be paid into the Reserve;
- provide for funds in the Reserve to be invested and for income from such investments to be returned to the Reserve;
- provide for funds from a number of other sources to be paid into the Reserve;
- describe the range of programs and activities to be funded from money in the Reserve;
- establish a Natural Heritage Board to provide a forum for consultation between the Minister for the Environment and the Minister for Primary Industries and Energy on the operations of the Reserve; and
- provide for the preparation and tabling of an annual report about the administration of the Reserve.

FINANCIAL IMPACT STATEMENT

The Natural Heritage Trust of Australia Reserve will be established with initial funding of \$1 billion sourced from the partial privatisation of Telstra. Of this amount \$700 million will be applied to the following five capital projects, as described in the General Outline:

- National Vegetation Initiative
- Murray-Darling 2001 project
- National Land and Water Resources Audit
- National Reserve System
- Coasts and Clean Seas Initiative

These projects will be conducted over the five year period from 1996-97 to 2000-01. At the end of the five year period \$300 million will remain in the Reserve as a capital base, held on behalf of all Australians to enhance the quality of our environment. Interest earned from the Reserve will be returned to the Reserve and devoted to a range of environmental and natural resource management projects, and to support the further development of sustainable agriculture.

The base amount in the Reserve at 1 July 2001 will be indexed annually, in accordance with an indexation factor determined by the Minister for Finance. This will ensure that the real value of the capital base in the Reserve is maintained.

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NOTES ON CLAUSES

Preamble

1. The preamble sets out a number of considerations taken into account by the Parliament in enacting this law.

Part 1 - Introduction

Clause 1 - Short Title

2. This clause provides for the proposed Act to be cited as the *Natural Heritage Trust of Australia Act 1996*.

Clause 2 - Commencement

3. Clause 2 provides that the Act will come into operation on the day it receives Royal Assent.

Clause 3 - Simplified outline

4. This clause provides a simplified outline of the key elements of the Act, namely that: the Act establishes the Natural Heritage Trust of Australia Reserve; the main source of money for the Reserve will be \$1 billion from the partial privatisation of Telstra; the main objective of the establishment of the Reserve is to repair and replenish Australia's natural capital infrastructure; and money in the Reserve will be spent on the environment, sustainable agriculture and natural resources management.

Part 2 - The Natural Heritage Trust of Australia Reserve

Clause 4 - Establishment of the Natural Heritage Trust of Australia Reserve

5. This clause establishes the Natural Heritage Trust of Australia Reserve (the Reserve).

Clause 5 - Nature of the Reserve

6. This clause provides for the establishment of the Reserve as a component of the Reserved Money Fund under the *Financial Management and Accountability Act 1996* (the Financial Act) as soon as the Financial Act comes into operation. Until that time, this clause provides for the Reserve to be a trust account under Section 62A of the *Audit Act 1901*.

7. As a consequence of the enactment of the Financial Act, the *Audit Act 1901* will be repealed and existing trust accounts under that Act will be converted to components of the Reserved Money Fund. Trust accounts under the *Audit Act 1901* are part of the Trust Fund established by that Act. In order to facilitate the transition of the Reserve from the scheme of the *Audit Act 1901* to the scheme of the Financial Act, this clause provides for the necessary appropriation of the Trust Fund.

Clause 6 - Investments of the Reserve

8. This clause provides for money not immediately required for making payments out of the Reserve to be invested in accordance with the section 40 of the *Financial Management and Accountability Act 1996* or section 62B of the *Audit Act 1901*.

9. Under section 81 of the Constitution, income from investments must be paid into the Consolidated Revenue Fund. This clause therefore also provides for any funds derived from the investment of money in the Reserve to be paid into the Reserve from the Consolidated Revenue Fund.

Clause 7 - Money and investments not held on trust

10. Money and investments of the Reserve are not held on trust. Consequently the Commonwealth is not able to deal with the money and investments except in a manner provided by this Bill and the *Audit Act 1901* or the *Financial Management and Accountability Act 1996*. This provision is to ensure that there is no misunderstanding as to the nature and status of the Reserve.

Part 3 - Purposes of the Reserve

Clause 8 - Purposes of the Reserve

11. Clause 8 identifies the purposes for which money from the Reserve may be spent. These purposes are:

- (a) the National Vegetation Initiative;
- (b) the Murray-Darling 2001 Project;
- (c) the National Land and Water Resources Audit;
- (d) the National Reserve System;
- (e) the Coasts and Clean Seas Initiative;
- (f) environmental protection (described in clause 15);

- (g) supporting sustainable agriculture (described in clause 16);
- (h) natural resources management (described in clause 17);
- (i) a purpose incidental or ancillary to any of the above purposes;
- (j) the making of grants of financial assistance for any of the above purposes;
- (k) an accounting transfer purpose (described in clause 18).

12. This clause will ensure the Reserve is devoted to purposes consistent with the objectives of protecting and rehabilitating Australia's natural environment and developing sustainable agriculture, as outlined in the Coalition's policy documents '*Saving our Natural Heritage*' (1996) and '*Sustainable Agriculture*' (1996).

13. The legal effect of specifying a purpose of the Reserve is that money in the Reserve may be debited for that purpose: see subsection 20(5) of the *Financial Management and Accountability Act 1996* or subsection 62A(6) of the *Audit Act 1901*.

Clause 9 - Debits of proceeds from the partial privatisation of Telstra

14. Clause 9 provides that money in the Reserve from the proceeds of the partial privatisation of Telstra is to be used for:

- (a) the National Vegetation Initiative;
- (b) the Murray-Darling 2001 Project;
- (c) the National Land and Water Resources Audit;
- (d) the National Reserve System;
- (e) the Coasts and Clean Seas Initiative;
- (f) a purpose incidental or ancillary to any of the above purposes;
- (g) the making of grants of financial assistance for any of the above purposes.

15. Items (a) to (e) are described in further detail under Clauses 10 - 14.

16. This clause ensures that the proceeds from the partial privatisation of Telstra are used only for the five capital projects as outlined in '*Saving our Natural Heritage*'. Income from investment of the Telstra money, and other moneys paid into the Reserve, will be available to fund these and other environmental, sustainable agriculture and natural resources management projects.

Clause 10 - Primary objective of the National Vegetation Initiative

17. The primary objective of the National Vegetation Initiative is to reverse the long-term decline in the extent and quality of Australia's native vegetation cover through:

- the conservation of remnant native vegetation;
- the conservation of Australia's biodiversity;
- the restoration, through revegetation, of the environmental values and productive capacity of Australia's degraded land and water.

18. The Initiative will also assist with the rehabilitation of Australia's coastal areas, and contribute to the provision of sinks for greenhouse gases.

Clause 11 - Primary objective of the Murray-Darling 2001 Project

19. The primary objective of the Murray-Darling 2001 Project is to contribute to the rehabilitation of the Murray-Darling Basin, with a view to achieving a sustainable future for the Basin, its natural systems and communities.

20. This may be achieved by, among other things, the following:

- implementing integrated catchment management plans;
- improving the health of floodplains and streamside vegetation along all major river systems in the Murray-Darling Basin;
- implementing integrated flow management strategies for key river systems so as to ensure adequate water for maintaining river health;
- encouraging the highest value use of water resources;
- establishing sustainable disposal and re-use of treated urban effluent and stormwater.

Clause 12 - Primary objectives of the National Land and Water Resources Audit

21. The primary objectives of the National Land and Water Resources Audit are:

- to estimate the direct and indirect effects of land and water degradation on Australia's economy and on the quality of the Australian environment; and
- to provide a baseline for the purposes of carrying out assessments of the effectiveness of land and water degradation policies and programs.

22. The Audit will provide the first ever comprehensive appraisal of the extent of land and water degradation in Australia and its environmental, social and economic costs to the nation.

Clause 13 - Primary objective of the National Reserve System

23. The primary objective of the National Reserve System is to assist with the establishment and maintenance of a comprehensive, adequate and representative system of reserves. The National Reserve System will:

- contain a wide range of ecosystems; and
- reflect the need to conserve Australia's biodiversity, significant environmental values, and Australia's endangered and vulnerable species and ecological communities.

24. The National Reserve System will be developed on the basis of scientifically based guidelines, and will reflect the need for management to conserve the values of the reserves.

Clause 14 - Primary objectives of the Coasts and Clean Seas Initiative

25. The primary objectives of the Coasts and Clean Seas Initiative are as follows: to ameliorate pollution problems in Australia's coastal areas; to protect the environment in Australia's coastal areas; to ameliorate threats to marine biodiversity, where those threats are capable of affecting Australia; and to develop an oceans policy for Australia.

26. These objectives may be achieved by, among other things, the following:

- reducing the adverse environmental impact of ocean outfalls in environmentally sensitive areas;
- addressing the threats of stormwater pollution to urban beaches and environmentally sensitive coastal areas;
- addressing the threats of ballast water pollution and oil spills to Australia's marine and coastal environments.

Clause 15 - Meaning of *environmental protection*

27. This clause defines the term *environmental protection*, for the purposes of the proposed Act. For example, paragraph 8(f) of the Bill refers to the term. The definition includes a broad range of environmental activities covering, for example, protection and conservation of Australia's natural environment, biodiversity conservation, waste minimisation, the promotion of clean production, pollution prevention, research, and information dissemination. The definition will ensure that the wide range of activities necessary to achieve the objective of protecting and rehabilitating Australia's natural environment can be undertaken with funds from the Reserve.

Clause 16 - Meaning of *sustainable agriculture*

28. This clause provides a definition of *sustainable agriculture* for the purposes of the proposed Act. For example, paragraph 8(g) of the Bill refers to the term. It is based on a definition developed by the Standing Committee on Agriculture in 1991 and reflects the fact that agriculture, by its nature, interacts with the environment. It also reflects the fact that ecological sustainability in agriculture and the well-being of rural communities are closely associated with economic viability.

29. The purpose of subsection 16(2) is to make it clear that property management planning in relation to the farm unit is considered to fall within the definition of sustainable agriculture.

Clause 17 - Meaning of *natural resources management*

30. This clause defines the term *natural resources management* for the purposes of the proposed Act. For example, the term is used in paragraph 8(h) of the Bill. The clause establishes the link between the Reserve and natural resource management initiatives which may be funded from the Reserve income. These could include, for example, the National Landcare Program. Natural resources management includes soil, water and vegetation.

Clause 18 - Meaning of *accounting transfer purpose*

31. This clause defines the term *accounting transfer purpose* for the purpose of this Act. The term is used in paragraph 8(k).

32. The clause will enable funds from the Reserve to be used for payments made under Section 5 of the *Natural Resources Management (Financial Assistance) Act 1992* (the *Natural Resources Management Act*) and in crediting amounts to the Natural Resources Management Fund established under that Act (the *Natural Resources Management Fund* will be converted to the *Natural Resources Management Reserve* on the commencement of the *Financial Management and Accountability Act 1996*).

33. Section 5 of the *Natural Resources Management Act* provides, inter alia, for assistance to be paid to the States and Territories to undertake natural resource management projects. It is the main vehicle for funding those elements of the National Landcare Program managed by the Department of Primary Industries and Energy, including community landcare. Funding of landcare activities undertaken by persons other than the States and Territories - generally those activities having a national focus - is from the *Natural Resources Management Fund/Reserve* under Section 6 of the *Natural Resources Management Act*.

34. This clause also enables payments to be made under agreements in force under Part 3 of the *Rural Adjustment Act 1992*, to the extent to which those payments are in connection with property management planning in relation to the farm unit. In effect, this will enable funds for the new Property Management Planning component of the Rural Adjustment Scheme to be drawn from the Reserve.

Clause 19 - Grant of financial assistance to a State

35. This clause refers to grants to be provided from the Reserve to State Governments, including the Governments of the Australian Capital Territory and the Northern Territory. The clause provides that terms and conditions of such grants must be set out in a written agreement between the Commonwealth Government and the State or Territory Government in question.

36. The clause also provides for such agreements to be entered into by either the Minister for the Environment or the Minister for Primary Industries and Energy. This recognises that the Reserve will, in effect, be the source of funds for programs managed within both the Environment, Sport and Territories and Primary Industries and Energy Portfolios.

37. In the case of an agreement under Section 5 of the *Natural Resources Management (Financial Assistance) Act 1992*, Part 2 of that Act already provides for conditions. The purpose of subsection 19(4) is to maintain the status quo in relation to those agreements.

38. Similarly, in the case of an agreement under Part 3 of the *Rural Adjustment Act 1992*, that Act already provides for conditions. Subsection 19(5) maintains the status quo in relation to those agreements.

Clause 20 - Grant of financial assistance to a person, or a body, other than a State

39. This clause refers to grants provided from the Reserve to persons or bodies other than a State. The clause provides that terms and conditions of such grants must be set out in a written agreement between the Commonwealth and the person or body. This will cover grants to be provided to, for example, local governments, non-government and community organisations and individuals for projects consistent with the purposes of the Reserve.

40. The clause also provides for such agreements to be entered into by either the Minister for the Environment or the Minister for Primary Industries and Energy. As with clause 19, this recognises that the Reserve will be the source of funds for programs managed within both the Environment, Sport and Territories and Primary Industries and Energy Portfolios.

41. In the case of an agreement under Part 3 of the *Rural Adjustment Act 1992*, that Act already provides for conditions. The purpose of subsection 20(4) is to maintain the status quo in relation to those agreements.

Clause 21 - Principles of ecologically sustainable development

42. This clause applies to a decision of any Minister to approve a proposal to spend money from the Reserve. The Minister concerned must have regard to the principles of ecologically sustainable development (ESD principles), or such other matters as the Minister considers relevant, when making such a decision.

43. For the purposes of this legislation, the ESD principles are based on the core objectives and guiding principles that were endorsed by the Council of Australian Governments in December 1992. The principles aim: to enhance individual and community well-being and welfare by following a path of economic development that safeguards the welfare of future generations; to provide for equity within and between generations; and to protect biological diversity and maintain essential ecological processes and life-support systems.

Part 4 - Crediting of amounts to the Reserve

Clause 22 - \$1 billion derived from the partial privatisation of Telstra

44. \$1 billion of the proceeds from the sale of shares in Telstra is to be transferred to the Reserve from the Consolidated Revenue Fund. Funds received in a particular month are to be transferred to the Reserve before the end of the following month.

45. This clause will ensure the imposition of a \$1 billion limit on the proceeds from the partial sale of Telstra that can be paid into the Natural Heritage Trust of Australia Reserve.

Clause 23 - Budget appropriations

46. This clause applies to funds from other Commonwealth budget appropriations that are specifically intended for credit to the Reserve, and provides for those funds to be transferred to the Reserve from the Consolidated Revenue Fund.

Clauses 24 - 29

47. These clauses deal with income and receipts for the Reserve derived from specific sources. Under section 81 of the Constitution any such funds must be paid into the Consolidated Revenue Fund. These clauses therefore ensure that the Commonwealth pays into the Reserve, from the Consolidated Revenue Fund, an amount equivalent to any funds received for the Reserve. The specific sources of receipts are as follows:

Clause 24 - Gifts and bequests

48. Gifts or bequests given for the purposes of the Reserve are to be transferred from the Consolidated Revenue Fund to the Reserve.

Clause 25 - Repayments of grants

49. Repayments of grant funds provided from the Reserve are to be transferred from the Consolidated Revenue Fund to the Reserve.

Clause 26 - Commonwealth receipts under funding agreements

50. This clause ensures that any funds paid or repaid under any funding agreement the Commonwealth may enter into in relation to the spending of money from the Reserve are transferred from the Consolidated Revenue Fund to the Reserve.

Clause 27 - Income from assets acquired using Reserve money

51. This clause ensures that any income the Commonwealth receives from assets acquired using Reserve money is transferred from the Consolidated Revenue Fund to the Reserve.

Clause 28 - Proceeds of disposal of assets acquired using Reserve money

52. This clause ensures that any proceeds the Commonwealth receives from the disposal of assets acquired using Reserve money are transferred from the Consolidated Revenue Fund to the Reserve.

Clause 29 - Income from projects and related activities funded with Reserve money

53. This clause ensures that income received by the Commonwealth from projects carried out with money from the Reserve or from activities carried out in relation to such projects is transferred from the Consolidated Revenue Fund to the Reserve.

Part 5 - Miscellaneous

Clause 30 - Natural Heritage Board

54. The Reserve will be the source of funds for programs managed within both the Environment, Sport and Territories and Primary Industries and Energy Portfolios. It is therefore intended that management of the Reserve be undertaken as a partnership between the Minister for the Environment and the Minister for Primary Industries and Energy.

55. To facilitate this partnership, this clause establishes a Natural Heritage Board (the Board), comprising the Minister for the Environment and the Minister for Primary Industries and Energy. The Board will provide a formal mechanism for liaison and co-operation between the two Portfolios on all matters relating to the Reserve. This will include consultation on matters such as decisions about proposals to spend money in the Reserve and decisions relating to investments of the Reserve. An important function of the Board is to prepare estimates for the Reserve in accordance with clause 31.

Clause 31 - Estimates

56. Estimates for the Reserve must be prepared by the Board for each financial year and for any other periods as the Board determines. In preparing estimates the Board must have regard to the investment strategy for the Reserve and any other matters the Board considers relevant.

57. Money can only be debited from the Reserve in accordance with the estimates prepared by the Board. This will ensure that an upper limit is placed on expenditure for the individual program elements to be funded from the Reserve.

Clause 32 - Minimum balance in the Reserve after 30 June 2001

58. Clause 32 provides for a minimum balance, known as the base amount, to be retained in the Reserve in each financial year from 1 July 2001 onwards. The Minister must take all reasonable steps to ensure that, for each financial year from 1 July 2001, the balance of the Reserve does not fall below the base amount for that year.

59. This clause also provides a formula for calculating the base amount for a financial year from 1 July 2001 onwards. The formula:

- ensures that at least 30% of the amount transferred to the Reserve from the proceeds of the sale of shares in Telstra prior to 1 July 2001 remains in the Reserve. This implements the commitment given in 'Saving our Natural Heritage' that at the end of the five year program at least \$300 million will remain in the Reserve in perpetuity, held on behalf of all Australians to enhance the quality of our environment; and
- provides for the base amount in the Reserve at 1 July 2001 to be indexed annually, in accordance with an indexation factor determined by the Minister for Finance. The purpose of this is to ensure that the real value of the capital base in the Reserve is maintained.

Clause 33 - Annual report about the Reserve

60. The Minister for the Environment is to have prepared and to table in Parliament an annual report about the Reserve for each financial year. The annual report must include, but is not limited to, a report about the operations of the Reserve, financial statements, and the Auditor-General's report or reports prepared under clause 34. The report about the operations and the financial statements must be prepared in accordance with guidelines issued by the Minister for Finance.

61. As the Reserve will also be a source of funds for programs administered by the Primary Industries and Energy Portfolio, the Minister for Primary Industries and Energy is required, under this clause, to provide the necessary information to enable the annual report to be prepared.

62. Copies of the annual report must be laid before each House of the Parliament within 15 sitting days of that House after completion of the preparation of the annual report.

Clause 34 - Audit of annual financial statements of the Reserve

63. The purpose of this clause is to ensure that the Reserve is subject to appropriate scrutiny by the Auditor-General. The Auditor-General will be required to examine the financial statements of the Reserve and to report to the Minister. In the report, the Auditor-General will be required to state whether, in the Auditor-General's opinion, the financial statements;

- have been prepared in accordance with the guidelines issued by the Minister for Finance under paragraph 33(3) of this Bill; and
- give a true and fair view of the matters required to be disclosed.

64. If the Auditor-General is not of that opinion, the Auditor-General will be required to state the reasons in the report. The Auditor-General must also report on any contravention by a Secretary of a Department in relation to the obligations of the Secretary in keeping accounts or records of the transactions of the Reserve.

65. This clause also enables the Auditor-General to prepare an initial report and one or more later supplementary reports, if required, instead of preparing a single report.

Clause 35 - Delegation by Minister

66. To enable the day-to-day administration of the Reserve to be undertaken at a Departmental level, this clause enables the Minister to delegate the Minister's powers under this Act or other laws to the Secretary to the Department, a Senior Executive Service Officer in the Australian Public Service, or the Director of National Parks and Wildlife. The latter is a statutory position, and for operational purposes is known as the position of Chief Executive Officer of the Australian Nature Conservation Agency. This position is not covered by paragraph 35(1)(c), and is therefore separately identified.

67. In exercising the power delegated under this clause the delegate is subject to the directions of the Minister.

68. The responsibilities of the Minister as a member of the Natural Heritage Board, including the responsibility of the Board to prepare estimates for the Reserve, are not able to be delegated.

Clause 36 - Delegation by Minister for Primary Industries and Energy

69. This clause provides corresponding powers of delegation to the Minister for Primary Industries and Energy as provided to the Minister for the Environment under clause 35, with the exception of the power to delegate to the Director of National Parks and Wildlife.

Clause 37 - Commonwealth not to accept conditional gifts etc.

70. This clause prevents the Commonwealth from accepting gifts or bequests which are made subject to a condition (other than the condition that the gift or bequest be applied for the purposes of the Reserve) or where the gift or bequest is required to be held on trust. This will ensure the Commonwealth is not bound by unreasonable, costly or administratively difficult conditions that may be attached to gifts or bequests.

71. The prohibition on accepting gifts or bequests that are required to be held on trust is a corollary of clause 7, which provides that money in the Reserve is not held on trust.

Clause 38 - Appropriations

72. This clause provides for the Reserved Money Fund to be appropriated for the purposes of this Act, after the commencement of the *Financial Management and Accountability Act 1996* (the Financial Act), if that Act does not already provide for a sufficient appropriation.

73. Before the commencement of the Financial Act, the Trust Fund established by the *Audit Act 1901* is appropriated as necessary for the purposes of this Act.

Clause 39 - Appropriations for the purposes of the *Natural Resources Management (Financial Assistance) Act 1992* and the *Rural Adjustment Act 1992*

74. Subsection 5(6) of the *Natural Resources Management (Financial Assistance) Act 1992* requires that financial assistance to the States must be from moneys appropriated specifically for this purpose.

75. Similarly, paragraph 11(4)(a) of the *Natural Resources Management (Financial Assistance) Act 1992* provides for payment of amounts appropriated by the Parliament into the Natural Resources Management Fund.

76. This clause ensures that money debited from the Reserve for an accounting transfer purpose (as defined by clause 18 of the Bill) may be used to fund agreements under section 5 of the *Natural Resources Management (Financial Assistance) Act 1992* or to make credits to the Natural Resources Management Fund. (The Natural Resources Management Fund will be converted to the Natural Resources Management Reserve on the commencement of the *Financial Management and Accountability Act 1996*).

77. Similarly, this clause also ensures that money debited from the Reserve for an accounting transfer purpose may be used to fund agreements under Part 3 of the *Rural Adjustment Act 1992*. Subsection 20A(3) of the *Rural Adjustment Act 1992* requires that financial assistance to persons other than States must be from money appropriated specifically for that purpose. Subsection 21(1) of the *Rural Adjustment Act 1992* requires that financial assistance to States must be from money appropriated specifically for that purpose.

Clause 40 - Regulations

78. The Governor-General may make regulations under the proposed Act.

Clause 41 - Transitional - transfers from the Consolidated Revenue Fund

79. This clause applies if a provision of this Bill requires an amount to be transferred to the Reserve from the Consolidated Revenue Fund. This clause appropriates the Consolidated Revenue Fund for this purpose.

80. This clause will cease to have effect after the commencement of the *Financial Management and Accountability Act 1996*, as subsection 20(7) of that Act will appropriate the Consolidated Revenue Fund for the purposes of such a transfer.

Clause 42 - Transitional - expenses of investment

81. This clause provides for any expenses associated with the investment of money in the Reserve to be debited from the Reserve.

82. This clause will cease to have effect after the commencement of the *Financial Management and Accountability Act 1996*, as subsection 40(2) of that Act will provide for investment expenses to be debited from the Reserve.

Clause 43 - External Territories

83. The operation of the legislation will extend to all the external Territories including Norfolk Island.

Clause 44 - Interpretation

84. This clause defines, for the purposes of this Act, the terms *accounting transfer purpose, agriculture, Australia, environmental protection, exclusive economic zone, horticulture, Natural Heritage Board, natural resources management, proceeds of the sale of shares in Telstra, Reserve, Senior Executive Service office, State, sustainable agriculture, Telstra, and waste minimisation.*





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1st July 1996

Dear conservationist,

Enclosed is a copy of the Federal Government's *Natural Heritage Trust of Australia Bill 1996*. The Bill has been referred to the Senate Legislation Committee for Environment, Recreation, Communications and the Arts which is chaired by Liberal Senator Kay Patterson.

The Committee is requesting written submissions from all interested parties by the end of July and it then intends to hold hearings in a number of cities and towns across the country.

I would like to encourage all groups and individuals who have an interest in the environment to make a submission to this important inquiry. This would give you the opportunity to raise issues which the government has not prioritised, or mention those environment issues that are of particular concern to you and your organisation.

As I am sure you are aware there are a number of Commonwealth funded environment programs which finished on June 30th this year. I am concerned that the programs in the Natural Heritage Trust bill are not comprehensive enough and do not cover all environment issues of significance.

For example, apart from tree planting there is little evidence that a comprehensive program to address Greenhouse emissions is being considered; nor is there very much in the bill for those who would like the Commonwealth Government to take a lead role in encouraging public transport, or cleaning up our urban areas. The endangered species section of the bill appears to depend on whether there are enough gifts and bequests from individual sources.

The Democrats are concerned that donations to conservation organisations may decline as a result of the gifts and bequests section of the trust, and we consider that if there are going to be gifts and bequests at least they should be tax deductible.

We believe the preamble should be amended to point out that Australia is a global citizen and as such must honour the intention and the spirit of international treaties. We should encourage other countries to do the same. We are also concerned that

the 'ecologically' has been dropped from the front of most of the mentions of 'sustainable development'.

We urge you to look carefully at the bill and suggest any changes you think are necessary to the preamble, the definitions and the primary objectives of the five programs under the bill. If you believe there should be more than five programs you might like to include that as well. If you do not agree that a "Trust" is the way to fund essential environment programs please detail your objections.

Your organisation may think the level of funding is inadequate, or that programs in the bill could be interpreted to have a focus which could lead to some environmental degradation. For example, does the bill seek to limit the many species of flora imported into Australia under the guise of "pasture improvement" which could become feral and take over our land or waterways?

Are there enough checks and balances to prevent this or genetically engineered species being introduced (perhaps while explaining they are needed for binding eroded soil)? Does the bill concentrate too heavily on projects which could come under Landcare type headings and so should be funded directly from the Primary Industry budget? Will the sections of the bill which enhance the agricultural industry be in balance or will they outweigh some of the conservation initiatives.

For example the National Vegetation Initiative on page 7 covers (a) *conserving remnant native vegetation*; (b) *conserving Australia's biodiversity*; (c) *restoring, by means of revegetation, the environmental values and productive capacity of Australia's degraded land and water*. Now just suppose the Government decides it can meet (a) and (b) by an education program instead of facilitating national land clearing guidelines; and suppose that (c) is obtained by a giant tree farming program. In the Democrats opinion we are still allowing the clearing of complex ecosystems and habitat for the planting of a few selected species of trees. In other words do there need to be checks and balances put in the bill to ensure it is truly a conservation initiative?

Our concerns also range over the national reserve system. In the bill they have the definition which has been fought over for years, ie: to have a comprehensive, adequate and representative system of reserves. Does this mean marine reserves as well? Does this mean the Government will ensure the State Governments agree to protecting many of the areas which need protecting, despite the fights of the past? Do you believe this section needs to be fleshed out?

As you read through the bill you will notice many wide and generalised statements which could be amended to be more specific and to make sure that we get a bill which will truly address the many problems we have. You will also notice that the bill contains the link to Telstra. As you are no doubt aware, the Australian Democrats strongly oppose linking this trust fund to the partial sale of Telstra. We will amend the bill to take away the link as we strongly believe the environment should be funded out of the core budget, just like every other program is.

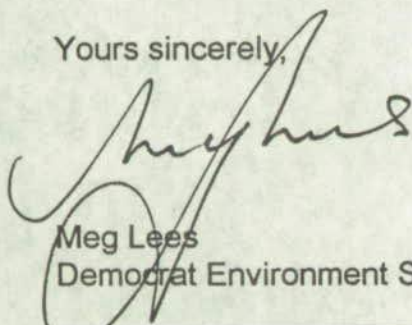
We strongly believe the Government is trying on this blackmail to push their privatisation agenda. Whether or not you care if Telstra is in public ownership, I ask you to consider whether this sets a precedent. What if next time (for their fund lasts only five years before there is very little money left) they want to privatise a couple of national parks for a further program? Or sell Australia Post to fund aged care? Once you start trading off one public asset to fund another public asset it becomes very difficult to draw the line.

The Australian Democrats argue we should draw the line at the start and always fund environment from the core budget, or at worst (if the government continues to insist on the link to Telstra) to use Telstra's profits to establish and maintain the Trust. While the Government is cutting back on many of the social and environment programs, it is interesting to note that the Defence portfolio which gets \$10 billion per year, is likely to get an increase of \$200 million per year, from the core budget, which is more than will be coming from the Trust for the environment! Would the Coalition suggest defence receive no funding unless an asset is sold?

The Democrats believe many things are missing from this legislation - this is your chance to have a say on what you think is missing. Please look through the bill, make comments, write a submission to the committee (anything from one page to thousands). In your submission you may also like to put a case to the Federal Government about the urgency of tackling many issues raised in last week's *State of the Environment* report, which highlighted major concerns. At the launch of the report, Environment Minister Senator Robert Hill affirmed his government's stance. When asked what would happen to the environment without the partial sale of Telstra, Senator Hill said the result would be "things would continue much as they are".

It is vital all Australians with expertise in, or concern for, the environment have a say on the trust fund legislation and the future of our unique environment. If you have any questions please contact Susan Brown 07 38448155.

Yours sincerely,



Meg Lees
Democrat Environment Spokesperson

Send submissions to:

**The Secretary
Senate Legislation Committee for the
Environment, Recreation, Communications and the Arts
Parliament House
Canberra 2600**

Senator Cheryl Kernot Leader of the Australian Democrats

9 May, 1996

MEDIA RELEASE

96/248

DEMOCRATS TO INTRODUCE ENVIRONMENT FUNDING BILL

The Australian Democrats have taken the initiative in the Telstra privatisation debate by moving to introduce legislation to use profits from the publicly-owned Telstra to pay for the Government's promised environment policy.

Democrats' Leader Senator Cheryl Kernot today gave notice in the Senate of a Bill to establish a Natural Heritage Trust Fund along the lines of the Government's proposed model.

The Bill amends the Telstra Corporation Act 1991 to require Telstra to direct seven percent of its pre-tax profit into the Trust Fund for the next five years.

At the end of five years - *after funding all the Coalition's environment programs* - the fund will still have more than \$1 billion invested in it, approximately three times that left in the Coalition's model.

This will allow for additional funding of three times as many environment projects as the Coalition's model after five years.

The approach of profit dedication to pay for the environment - as opposed to sale of Telstra - will also achieve a better result for public savings.

This is because the remaining profit stream from Telstra will far outweigh the public interest saving resulting from any debt retirement from Telstra sale monies.

Telstra's profits are estimated to grow by an average of 18 percent per annum over the next five years.

Democrats' Leader Cheryl Kernot says the Bill is a much better way of funding environment programs than selling Telstra.

"This way we retain Telstra in public ownership with all the benefits that entails and fund much needed environment projects," Senator Kernot said.

"It is both economically and environmentally responsible, and I urge the Government to support it."

TO ARRANGE COMMENT: Geoff Dodd (06) 277-3203

Further detail of the proposal attached

Outline of Democrats' National Heritage Trust Fund Bill:

1. The Bill will establish a Natural Heritage Trust Fund (to be operated under section 60 of the Audit Act) to be administered by the Minister for Finance.

All interest earned from the Fund will be re-credited to the Fund (unlike the Coalition proposal).

2. The Minister for the Environment will advise the Minister for Finance of environmental programs of national significance to be funded from the Trust Fund.

These would include initially the five programs nominated by the Coalition:

- a. The National Vegetation Initiates (\$318m over five years)
- b. The rehabilitation of the Murray-Darling project (\$163 m over five years)
- c. The National Land and Water Resources Audit (\$32m over 5 years)
- d. The National Reserve System (\$80m over 5 years)
- e. The Coasts and Clean Seas Initiative (\$100m over 4 years).

3. The Telstra Corporation Act 1991 will be amended to require Telstra to pay seven (7) percent of its pre-tax profits direct into the Trust Fund for the next five (5) years.

4. The Bill will contain a provision requesting a future appropriation from the Trust Fund to the Environment programs.

5. At the end of five years, the Fund would have over \$1 billion still invested in it. This compares with the \$360 million still left in the Coalition's Fund. This would allow THREE TIMES as many projects to be funded.

FED: UNION CALLS FOR WOODCHIPPING CHANGES TO SAVE JOB
WOODCHIPS

MELBOURNE, May 13 AAP - A major union representing forestry workers today called on the federal government immediately to set aside regulations on woodchipping in order to save jobs.

The Construction, Forestry, Mining and Energy Union (CFMEU) said the forestry industry needed "some immediate short-term decisions and the commencement of long-term planning".

"Jobs being lost now need to be saved with changes to the export licence arrangements and future jobs need to be secured with the commencement of implementing the bipartisan-supported Wood and Paper Industry Strategy," CFMEU forestry division national secretary Trevor Smith said in a statement.

Mr Smith said timberworkers were being stood down because of uncertainty in the industry over the future of woodchipping.

The CFMEU has claimed that millions of tonnes of wood that could be sold as woodchips is restricted from use by quotas and is going to waste on the forest floor.

The union said today it had been holding meetings throughout Australia to put pressure on the government to adopt a more logical approach to export woodchip licences.

AAP tsc/fs/mih

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For your info!

Keeping the Senate Strong

AUSTRALIAN

DEMOCRATS