*Great Barrier Reef Marine Park Authority*

# Review of the

# Environmental Management Charge

**December 1994**

# FOREWORD

In June 1992, the Minister for the Environment, Sport and Territories announced that a charge would be introduced in July 1993 on commercial tourism operators in the Great Barrier Reef Marine Park. This became known as the Environmental Management Charge (EMC). Subsequently, the Great Barrier Reef Marine Park Authority (GBRMPA) decided to review the workability of the EMC for tourism operators and administrators after one year of operation. The review was conducted by Associate Professor Owen Stanley of James Cook University of North Queensland. He was assisted by Geoff Hansen of Canberra. This document is the report of that review.

The reviewer wishes to thank those who have assisted this review with information and comments, especially the staff of the GBRMPA and government departments and agencies, the representatives of the Association of Marine Park Tourism Operators (AMPTO) and numerous tourism operators.

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# ABBREVIATIONS AND GLOSSARY

| | |
|---|---|
| ABARE | Australian Bureau of Agricultural and Resource Economics |
| AMPTO | Association of Marine Park Tourism Operators |
| ATIA | Australian Tourism Industry Association |
| Authority | Great Barrier Reef Marine Park Authority |
| CRC | Cooperative Research Centre for Ecologically Sustainable Development of the Great Barrier Reef |
| DEST | Department of the Environment, Sport and Territories |
| EMC | Environmental Management Charge |
| EMC(1) | A hypothetical charge based on benefits (use value) enjoyed from the Marine Park. |
| EMC(2) | A hypothetical charge intended to recover monitoring costs, or costs of potential or actual damage to the Marine Park or used as a rationing device for a crowded site. |
| ESD | Ecologically sustainable development |
| Existence value (EV) | The benefit from knowing a resource exists, even though you are not using it now and do not expect to use it. |
| FOC | Free of charge |
| GBRMPA | Great Barrier Reef Marine Park Authority |
| GBRWHA | Great Barrier Reef World Heritage Area |
| Marine Park | Great Barrier Reef Marine Park |
| MLWM | Mean low water mark |
| NATA | National Association of Testing Authorities |
| Option value (OV) | The benefit from knowing that a resource is preserved for future use possibly by you. |
| PAAF | Permit application assessment fee |
| Private boat user | A recreational user who accesses the Marine Park in a boat owned by a person who is not a tourism operator. |
| QDEH | Queensland Department of Environment and Heritage |
| RAC | Resource Assessment Commission |
| Resource rent | "Profit" calculated by deducting from revenue all costs including a minimum return on capital required to retain capital in its current use in the long run. Charges imposed on resource rents are not passed on to consumers by profit maximising organisations because these charges do not add to the costs of production. Passing them on actually reduces profit. |
| TOR | Term of reference |
| Use value (UV) | The benefit direct from using a resource. |
| Visitor | A person who uses a tourism operator to gain access to the Marine Park. |

# AIMS OF THE REVIEW AND TERMS OF REFERENCE

Aims of the review are:

1. To undertake an independent examination of the current structure and legislation of the EMC; to assess their administrative workability; to evaluate the EMC's success in raising revenue and the fairness of its application to the spectrum of payers.

2. To make recommendations for improvements to the charging structure including recommended wording for legislation to address any inequalities in the current structure and where necessary, make recommendations for improvements to the administrative structure, system and methodology to streamline processing of the payments, increase efficiency and remove inequities.

3. To produce a written report on the findings including the recommendations of the review.

The terms of reference require examination of specific issues in relation to:

- sunset cruises
- cruise ships
- sea planes
- transfers in the case of shallow water
- pontoons
- resorts
- scenic flights
- kayaks
- half cabin boats
- horse riding
- payment of flat charges when not operating
- indexed increases in the EMC
- late penalties
- log books and charging returns
- administration of the EMC
- other issues identified during the review.

The details of these issues are provided in Part 3 of this report.

# EXECUTIVE SUMMARY AND RECOMMENDATIONS

## *Background*

* The Great Barrier Reef is currently considered to be in very good condition, but there is little doubt that it would become degraded like many coral reefs elsewhere in the world without careful management. Such degradation would have catastrophic consequences for the Great Barrier Reef Marine Park (Marine Park) tourism industry and others, and would be a major scientific disaster. Appropriate management of the Marine Park is not possible without adequate funding.

* The Great Barrier Reef World Heritage Area (GBRWHA) makes a significant contribution to the Australian economy. Total expenditure from the tourism, commercial and recreational fishing industries, and research is about $954m per year. The Marine Park tourism industry is also an important source of foreign exchange.

* The Great Barrier Reef Marine Park Authority (Authority) is not, of course, the only government body whose policies impact on the Marine Park and its environs. In various degrees, decisions made by a wide range of local, State and Commonwealth organisations affect the Marine Park directly or indirectly. The Authority and the Queensland Department of Environment and Heritage (QDEH) are, however, the pre-eminent management bodies.

* The Authority's EMC revenue over the first year of operation of the charge (1993/94) was $1.22 million. This is equivalent to 8.3% of the Authority's total operational revenue of $14.61 million for the year, but 24.8% of the Authority's non-appropriation operational revenue of $4.92 million. The EMC has clearly made a significant contribution to the Authority's attempt to become less dependent on revenue from government appropriations.

* Most of the funds raised by the EMC are spent on activities which are to the Marine Park tourism industry's long term benefit. A large proportion is allocated to the Cooperative

Research Centre for the Ecologically Sustainable Development of the Great Barrier Reef (CRC) whose objective includes "expanding sustainable Reef-based economic activity, with particular emphasis on tourism". The Authority's financial commitments to the CRC are $500,000 in the first year of the CRC's operation, rising to $750,000 in the second year, and reaching $1,102,000 in year seven, all stated in 1992/93 values. In 1993/4, apart from supporting the CRC, EMC revenue was spent on education, research and management, with only 10% being spent on the administration of the EMC.

* It is reasonable to require all beneficiaries of the Authority's management of the Marine Park to financially contribute to it. Thus contributions can be justified from the direct users such as tourists, private boat owners in the region and businesses who operate in the Marine Park. The public at large also benefits through option and existence values. That is, the management of the Marine Park preserves it for future use and provides pleasure to people who simply enjoy knowing it is preserved. Indeed the importance of the region to Australia and the world at large is underlined by the fact that it is now a World Heritage Area. Further, there is some evidence that for environmental assets such as the Marine Park, the value of them for direct users may be only one fifth of total value to society.

It follows from this that although direct users (for recreation or profit) of the Marine Park should be required to contribute to the Authority's finances, it would be inequitable to require them to fund all, or even the majority of its costs. Equity requires that a substantial part of the Authority's income must come from the public at large, through consolidated revenue.

* When comparing the level of the EMC with charges for entry to other national parks two things emerge. First, there is no consistent method of charging for entry or stay in Australian national parks. In many cases entry or stay are free. In others, charges may be based on entry, or on the use of camp sites, or on the entry of a vehicle. There may also be concessions for longer stays or larger groups. It is therefore not possible to convert many of these charges to a per person per day basis, to provide a simple comparison with the EMC. Secondly, unlike visitors to terrestrial parks generally, visitors on whom the EMC is charged gain access to the Marine Park through the services of a tourism operator. This means that all indirect taxes and government charges paid by the operator associated with providing

access to the Marine Park can be considered to be government "charges" on entry to the Marine Park. For example, in the case of one operator, indirect government taxes and charges directly associated with providing access to interesting parts of the Marine Park, including the EMC, amounted to an "entry fee" of about $5.75 per visitor per day. This is high by comparison with entry fees to other parks in Australia.

The Commonwealth, when considering its contribution to the Authority's funding and when formulating its views about the Authority's self-raised revenue, should take into account the total contribution visitors and operators make to government revenue when gaining access to the Marine Park, as well as the administrative and other costs to operators and visitors of maintaining an environment which is to the benefit to all Australians.

## *The existing EMC structure*

* There are three potential target Marine Park user groups for a charge of the EMC type:

(a) *All primary beneficiaries of Marine Park management.* This group could also be called "consumers" and includes visitors and recreational fishers. The EMC on standard operations, which is based on the number of visitors, can be justified on this basis although equity requires that there be a similar charge on other beneficiaries such as private boat users. For the purpose of further discussion, an EMC targeting all primary beneficiaries will be called EMC(1).

(b) *All people or organisations earning profits from operations in the Marine Park.* This group includes tourism operators, commercial fishers and mariculture operators. The optimal way to charge this group is by imposing a charge on their resource rents. It is not appropriate to attempt to gain profits (resource rents) from tourism operators, for instance, by imposing a charge on the number of people using their services because these charges are so easily shifted to visitors in the forms of increased prices or reduced goods or services. Properly devised charges on resource rents cannot be shifted to consumers or suppliers of inputs.

(c) *All people or organisations whose actions require direct monitoring or cause damage or may cause damage to the Marine Park or who cause crowding at sites.* This type of charge is of the *user pays* type. In this case the EMC would vary according to the impact of an action. The EMC on standard operations is not of this type because the impact of visitors and operators varies so greatly between sites and conditions whereas this EMC charge does not. The EMC charges on sewage discharge is of this type, however. An EMC targeting this group will be called EMC(2).

* The existing EMC charges are composed of both the EMC(1) and EMC(2) type. The logic of EMC(1) may justify existing charges on the standard tourist operation, non-motorised beach hire, dinghy hire, motorised water sports, semi-submersible and glass bottomed boats, sight-seeing flights, variable charges on pontoons, floating hotels, marinas and underwater observatories, and non-tourism charters. Charges on sewage discharge, and flat charges on pontoons, floating hotels and marinas (where they are believed to require monitoring or have an environmental impact) may be justified under EMC(2).

* The primary purpose of the EMC is to supplement the Authority's funding by imposing a charge on the primary beneficiaries of Marine Park management. Its role as a charge to recover monitoring costs of specific actions, or on actual or potential environmental impact, or as a rationing device is minor. With the exception of the recovery of monitoring costs, zoning and permits, combined with penalties for non-compliance and damage are intended to be the main instruments performing these functions. Given the difficulty and costs of pricing all major areas and activities of the Marine Park as required by the strict user pays approach, the existing structure is appropriate.

* In terms of the principles of economic efficiency, the EMC(1) component of the EMC structure is inefficient because it imposes a price on activities which do not directly lead to social costs being incurred, and therefore it equally discourages activities with no environmental impact along with those which do cause damage. Such charges may be justified, however, as a "second best" solution if it is accepted that the Marine Park would be less than optimally managed without finance raised from this source. Given the reluctance of

governments to increase contributions from general government income sources, this is almost certainly true, so that the EMC(1) component is likely to be an appropriate second best solution.

* The insistence that operators not describe the EMC as a charge on individual tourists is unnecessary and this statement is itself somewhat misleading as to the impact of the EMC. It is true that the operator pays the Authority, but whether this is passed on to the visitor in the form of increased prices or decreased quality of service depends (as it does with all such charges) on the market conditions faced by the operator. In the survey of operators undertaken for this review, it was found that of those who returned the survey form 25.8% said that they passed part or all of the EMC on to visitors in the form of increased prices (62.9% said they absorbed it, possibly by decreasing services and 11.4% did not answer the question). The proportion admitting to passing the EMC on may be biased downwards because of the Authority's warning that the EMC is not to be described as a charge on visitors. In the longer term the actual percentage passing it on is likely to increase as pricing policies adapt to changed circumstances, especially for operators who advertise through brochures and have to fix their prices for up to two years in advance. The ability of operators to absorb the EMC through reduced prices will be reduced with significant increases in the real value of it.

An operator can only be expected to respond to the EMC in the way it does to any other cost of production. A comparable example is the cost of fuel for a transport company. It is paid in the first instance by the company. Increases in the price of fuel, however, are either passed on to consumers (in the form of increased prices for transportation or decreased quality or quantity of service) or not, depending on the market conditions which the company faces. Overall, however, fuel price increases are passed on to the consumer. Similarly, the EMC should be seen as ultimately impacting on visitors. Such an approach recognises the economic reality.

It must be emphasised that the above comments are concerned with the interpretation of the impact of the EMC, and not with the party who is legally responsible for paying the EMC.

This should remain the operator, as is the case now and as it is with similar cases where government charges exist.

## *General questions of equity*

* Two general questions of equity arise in relation to the existing structure of the EMC. They are:

> *Should all operators pay the same rates of EMC, regardless of any shifting of the burden to visitors which takes place, and be subject to the same reporting requirements, even though their financial positions differ? In particular, should "small operators" and "large operators" pay the same EMC rates and have to keep the same records?*

When considering individuals in society generally, it is common to discriminate in favour of the relatively poor. It is not, however, usual to treat business in this way and that practice should apply to the EMC. That is, the existing rates of EMC charges and reporting requirements should not be less, simply because a business is small. Any recognition of the difference in profits between operators, if desired, should be through charges based on resource rents because EMC charges are easily passed on to visitors.

> *Is the EMC levied on all people or organisations who undertake an activity of the type on which the EMC is levied? That is, is the EMC charging base broad enough?*

Clearly, if it is accepted that the EMC(1) component of the charge ultimately impacts on visitors then equity requires that similar charges be imposed on other primary beneficiaries of the Authority's management of the Marine Park. Most obvious among those not currently charged are private boat users of the Marine Park.

The EMC(2) component of the EMC structure relates to direct management costs, environmental impact and crowding, although the permit system and zoning are the principal management instruments in the case of environmental impact. Again, the equity issue is whether all actions by all people and organisations are satisfactorily treated by the EMC(2) component, permits and zoning. There are many areas where legal, administrative and political factors prevent the Authority extending its control to improve equity. However, shipping is an area which requires the Authority's management and there may be a case for an EMC(2) charge to recover those management costs.

## *Charges on resource rent*

* The Government (through the Authority or otherwise) has not taken up the possibility suggested by the Australian Bureau of Agricultural and Resource Economics (ABARE 1991) of capturing resource rents from operators within the Marine Park. The Authority operates a well established system of permits which are now granted for extended periods and which are transferable. Before these permits can be used as a basis for imposing charges on resource rents, however, the criteria for their allocation would need to be changed so that they confer a high degree of exclusivity in access to popular sites.

## *Survey of tourism operators*

* A mail out survey was conducted in May 1994 of the 482 tourism operators who were required to submit EMC returns. The response rate was 34.6%. Some of the more important results were:

  Some 26% of respondents said the EMC was passed on through increased prices. There are reasons to believe that this response was biased downwards. Some 63% said the EMC was absorbed through reduced costs or profits and 11% did not answer the question.

The EMC as a proportion of operators' prices from Marine Park operations was generally very small (in 66% of cases it was 3% or less of prices charged), though in some cases it was large.

In most cases (75%) the EMC had no effect on the level of business.

Almost half of the respondents (46%) found the administrative tasks associated with the EMC extremely or very burdensome, while a small percentage (7%) found the records useful in their business. By far the worst aspect of their EMC administration was reported to be the keeping of log books (56%).

Over half (56%) of the respondents preferred the existing basis for charging the EMC (a fixed charge per visitor) to any other. Only 6% preferred an EMC equal to a given percentage of prices and only 5% preferred an EMC based on boat or accommodation capacity.

Major general concerns were:

It was said that the system disadvantaged "small operators" because the EMC as a percentage of their prices can be very large (sometimes over 20% for child visitors) whereas that percentage for large operators can be less than 1%. Large operators also have staff to maintain log books.

While some operators supported the EMC, they were concerned that the revenue was being used for general administration. Some operators could see no benefit from the funds collected.

Some operators resented the fact that the EMC was imposed only on tourism operators and believed that it should be imposed on all users of the Marine Park, especially commercial fishers and private boat users.

Other comments related to the requirement to pay "tax"; objections were raised to operators being required to be "unpaid tax collectors"; to the range of government charges they had to pay; and to having to pay both Authority and Queensland national park charges.

## Recommendations

The terms of reference require that the reviewer make recommendations, in consultation with the Authority's legal officer, as to changes in legislation required to improve the operation of the EMC. Such recommendations have not been included here as it has been agreed that these be provided after the Authority has decided which, if any, of the following recommendations it wishes to implement.

The recommendations below have been developed in light of the discussion in Part 2 of the report and the application of principles presented in section 3.2.

**1. Reporting**

*For the purposes of achieving transparency in the operation of the EMC and to assist its acceptance amongst operators, the Authority should inform operators of the purposes for which EMC revenue was spent at the end of each financial year, and keep them informed as to important developments or outcomes of that expenditure as they occur.* (Section 3.3.1)

**2. Equity of the basic charge**

*The Authority should consider changing the EMC for standard operations to become a period-of-day charge. "Part-day" operations, which are excursions in the Marine Park for periods of three hours or less (say) may be charged 50% of the basic EMC charge, while excursions of more than three hours should be subject to the full EMC basic charge. This principle could be extended to charges for scenic flights, semi-submersible and glass bottomed boats. In deciding whether to proceed with this recommendation, the Authority*

*needs to weigh the equity gains against the extra administrative and monitoring burden, and any loss of revenue involved.* (Section 3.3.2)

**3. Charge on private boat users of the Marine Park**

*In accordance with an earlier proposal, the Authority should consider a charge on private boat users of the Marine Park. The level of the charge should be based on the EMC for the standard tourist operation and payments should be paid annually. A significant proportion of revenue raised should be dedicated to the management of private boat users and to activities which are to their ultimate benefit. The most efficient way to collect the charge is to gain the agreement of the Queensland Government to collect the charge as part of boat registration and discussions should be undertaken to gain the Government's cooperation. If this fails then Marine Park access stickers could be sold through post offices.* (Section 3.3.3)

**4. Indexed increases in EMC charges**

*Subject to structural changes in the EMC recommended elsewhere in this report, the EMC charges should be indexed to the Brisbane CPI.* (Section 3.3.4)

**5. Log books and charging returns**

*Although many operators object to the clerical duties required to keep log books and provide charging returns, this review found that the log books and charging returns were well designed and provided clear instructions, and that the data required to be provided by operators was necessary for both financial accountability and Marine Park management. Thus, apart from changes implied by other recommendations in this report, if adopted, there are no recommendations here for changes in the log books and charging returns. The Authority, however, should consider accepting data on computer disk or in the form of audited quarterly financial records with supplementary information.* (Section 3.3.5)

**6. The non-signing of charging returns**

*If monitoring and administration costs are to be kept to a minimum, operators must be required to make a legally binding declaration of the correctness of information provided by them in relation to their EMC payments. Consequently, the existing system should*

*continue. That is, if an operator does not submit signed returns after attempts have been made to clarify misunderstandings which the operator may have, and after a warning, that operator's permit should be suspended.* (Section 3.3.6)

**7. Late penalties**

*The Authority should not be given the power to grant extensions of time for EMC payments. The existing arrangements are adequate. Operators whose permits are suspended for non-payment of the EMC charges for two successive quarters should be subject to a fine of $2,000, in addition to existing penalties.* (Section 3.3.7)

**8. Pontoons**

*A pontoon owner should continue to be responsible for information on the number of visitors using the pontoon even when this information is gained from operators who deliver visitors to the pontoon. A pontoon owner, in this situation, should make the provision of the information required part of the contract with the operators, and include in the contract a provision for indemnity in the case when they incur loss because of incorrect information being supplied. There is no role for the Authority in this process, however.* (Section 3.3.8)

**9. Sunset cruises**

*The part-day charge should apply to sunset cruises where the tours last for periods less than the upper limit for that charge. Otherwise they should be required to pay the whole-day EMC rate.* (Section 3.3.9)

**10. Small EMC payments by scenic flight operators**

*Operators whose quarterly EMC bill is less than $20 should be exempt from payment. These operators should be required to submit charging returns only as documentary evidence of the EMC payment owing. The scenic flight EMC charge should be changed to the part-day EMC rate.* (Section 3.3.10)

**11. Semi-submersibles and glass bottomed boats**

*The part-day charge should apply to semi-submersibles and glass bottomed boats where the activities last for periods up to the upper limit for that charge. Otherwise they should be required to pay the whole-day EMC rate.* (Section 3.3.11)

**12. Kayaks**

*The basic EMC is not a charge on environmental damage but a charge related to benefit obtained from use of the Marine Park. Thus kayak operators should be subject to the EMC charge, the appropriate rate being the part-day rate or whole-day rate depending on the period of time they spend in the Marine Park.* (Section 3.3.12)

**13. Cruise ships**

*Since cruise ship passengers gain benefits from the scenic and other qualities of the Marine Park they should not be considered to be transfer passengers and thus cruise ships should be required to pay the standard EMC.* (Section 3.3.13)

**14. Dinghy and half cabin boat hire**

*Where appropriate these operators should be subject to the part-day EMC charge. Log books must be completed to provide use data for Marine Park management purposes.* (Section 3.3.14)

**15. Horse riding**

*Operators swimming horses in the Marine Park should be exempt from the EMC. Any environmental impact problems arising from this activity should continue to be handled through the permit system.* (Section 3.3.15)

**16. Resort activities**

*Resorts who provide water sports free to guests should continue to be subject to the EMC and continue to be required to keep log books.* (Section 3.3.16)

17. Sea planes

*Sea plane operators should be exempt from paying EMC on passengers whose purpose is not for sight seeing but merely to undertake activities on an island or the coast.* (Section 3.3.17)

**18. Transfers in the case of shallow water**

*Passengers who undertake a trip as part of a transfer should not be included in the calculation of the EMC payable by the operator providing the transport.* (Section 3.3.18)

**19. Payment of flat charges when not operating**

*If charges on beach hire, pontoons, marina construction, mariculture facilities and vending operations when not operating do not reflect monitoring costs or damage or threat of damage to the environment then they are a type of resource rent charge and should be abandoned unless it is intended to introduce broadly based resource rent charges.* (Section 3.3.19)

**20. Monitoring of operations to confirm log book and charging return entries**

*The Authority, in conjunction with QDEH, should begin, as soon as practical, a systematic program of monitoring tourism operations to confirm the validity of log book and charging return entries.* (Section 3.3.20)

The process of conducting a review and making recommendations and suggestions for change necessarily implies criticism of the existing system and its good points can easily be overlooked. There are many such good points. At the general level, the EMC system provides funds for research, education and information, as well as providing data which are crucial for Marine Park management. At the administrative level, the Authority has changed log books in response to operators' comments, established communications with operators, conducted extensive consultation with industry before introducing the charge, conducted internal reviews, and subjected itself to this review. The Authority has tried hard to be efficient and responsive to problems when they have emerged.

# PART 1: BACKGROUND

## 1.1 The Great Barrier Reef Marine Park Authority

### *1.1.1 Functions of the Authority*

The Authority was established in 1975 under the *Great Barrier Reef Marine Park Act 1975.* Its functions (s. 7, 7(1B), 7A) include:

Managing the Marine Park;

Making recommendations to the Minister with respect to the care and development of the Marine Park, as to areas that should be declared parts of the Marine Park and with respect to regulations in relation to management of the Marine Park;

Undertaking by itself, or with other people and bodies, research and investigations relevant to the Park;

Preparing zoning plans;

Providing advice to the Minister on matters concerning the nature of the agreement between the Commonwealth and the Queensland Governments, and on the financial arrangements between the two governments in relation to Marine Park management. The Authority also receives and disburses monies involved in agreements between the Commonwealth and Queensland Governments and the Authority.

The provision of, or arranging the provision of, educational, advisory and informational services.

The provision of assistance to institutions and persons in matters relating to environmental management.

Other functions which are stated elsewhere in the Act and the regulations concerning zones, Special Management Areas, permissions for access, discharge of waste, moorings, fees for applications for permissions, environmental management charges, and pilotage.

### *1.1.2 The Authority's goal*

Its goal is:

> *to provide for the protection, wise use, understanding and enjoyment of the Great Barrier Reef in perpetuity through the care and development of the Great Barrier Reef Marine Park.* (GBRMPA 1993(b), p.6)

### *1.1.3 The Authority's aims*

These are (GBRMPA 1993(b), pp. 6-7):

> *To protect the natural qualities of the Great Barrier Reef, while providing for reasonable use of the Reef Region;*
>
> *To involve the community meaningfully in the care and development of the Marine Park;*
>
> *To achieve competence and fairness in the care and development of the Marine Park through the conduct of research, and the deliberate acquisition, use and dissemination of relevant information from research and other sources;*
>
> *To provide for economic development consistent with meeting the goal and other aims of the Authority;*
>
> *To achieve management of the Marine Park primarily through the community's commitment to the protection of the Great Barrier Reef and its understanding and acceptance of the provisions of zoning, regulations and management practices.*

*To minimise costs of caring for and developing the Marine Park consistent with meeting the goal and other aims of the Authority;*

*To minimise regulation of, and interference in, human activities, consistent with meeting the goal and other aims of the Authority;*

*To achieve its gaols and other aims by employing people of high calibre, assisting them to reach their full potential, providing a rewarding, useful and caring work environment, and encouraging them to pursue relevant training and development opportunities;*

*To make the Authority's expertise available nationally and internationally;*

*To adapt actively the Marine Park and operations of the Authority to changing circumstances.*

Other elements which affect the impact on implementation of the Authority's goal and aims are:

Decisions of the Authority;

The Authority's *Corporate Plan, 1994-1999*; and

The *25 Year Strategic Plan for the Great Barrier Reef World Heritage Area.*

### *1.1.4 The importance of Marine Park management*

There is increasing evidence from around the world that coral reefs require careful management if they are not to be degraded and lose their values.

Hughes (Hughes 1994; *Townsville Bulletin* 11 October 1994; Russo 1994) found that in relation to the Jamaican reefs, "lack of ecological management produces disastrous consequences" (Russo 1994, p. 1) and that this experience is a warning to other countries with coral reefs. He found that human stress on the Jamaican reefs, mainly in the form of excessive fishing, has destroyed the reefs with the percentage of "coral cover" (live coral) declining from between 20% to 80% (depending on the reef, but mainly nearer to 80%) in

1977 to less than 5% in 1993. He concludes that the Jamaican reefs may be beyond recovery.

The Great Barrier Reef is currently considered to be in good condition, but there is little doubt that it would become degraded without careful management. Such degradation would have catastrophic consequences on the Marine Park tourism industry and others, and would be a major scientific disaster. Appropriate management of the Marine Park is not possible without adequate finance.

The Authority is not, of course, the only government body whose policies impact on the Marine Park. In various degrees, decisions made by a wide range of local, State and Commonwealth organisations affect the Marine Park directly or indirectly. The Authority and QDEH are, however, the pre-eminent management bodies.

### *1.1.5 The management agreement*

The agreement between the Commonwealth and Queensland Governments provides that:

> The Commonwealth fund all initial capital works (lasting the first three years or so) required to establish the management of the Great Barrier Marine Park on a sound basis but that on-going capital works be funded equally by the two governments.
>
> Moveable property which is acquired under the arrangements is to be used and administered by the Queensland Government; funds raised from its sale are paid into the day-to-day management account to offset Commonwealth and Queensland Government contributions on a 50/50 basis.
>
> Fixed assets acquired under the arrangements are used by the Queensland Government and administered by which ever government (or Authority) owns the land on which they are located.
>
> QDEH is to conduct the day-to-day management of the Park, subject to the Authority and the inter-government agreement.

The two governments fund equally the recurrent costs of day-to-day management of the Park, which may include Queensland national or marine parks which would or might affect the Great Barrier Reef Marine Park.

Expenditure on day-to-day management is to be in accordance with an annually agreed program.

The Authority is to administer funds provided by the Commonwealth and Queensland Governments for these purposes.

### *1.1.6 The importance of EMC revenue*

The Authority's EMC revenue over the first year of operation of the charge (1993/94) was $1.22 million. This is equivalent to 8.3% of the Authority's total operational revenue of $14.61 million for the year, but 24.8% of the Authority's non-appropriation operational revenue of $4.92 million. The EMC has clearly made a significant contribution to the Authority's attempt to become less dependent on revenue from government appropriations.

Circumstances and possible changes in the future may allow the Authority to further reduce its dependence on appropriations. These include the following:

Total EMC revenue will increase approximately in proportion to the number of visitors to the Marine Park. Providing visitor-related expenditure by the Authority does not increase in the same proportion, the EMC revenue will make an increasing net contribution to non-appropriation revenue.

This review makes recommendations and suggestions which, if implemented, will increase non-appropriations revenue. They include the recommendation that the Authority continue with its attempts to introduce a charge on private boat users of the Marine Park, and the suggestion that other charges be imposed on users who cause monitoring costs to be incurred, such as shipping, or whose actions cause damage or the threat of damage to the Marine Park.