

MEDIA BRIEF

May 2018

Federal funding for Great Barrier Reef to fall short of 2020 commitments

- The Federal Government pledged \$716 million for *Reef 2050 Plan* actions from 2015 to 2020 to avoid the World Heritage Committee issuing the Reef with an “In Danger” listing.
- Prior to the 2018-19 Budget the Federal Government had spent a total of \$107.2 million on *Reef 2050 Plan* activities since 2015-16.
- The 2018-19 Federal Budget announced new funding for *Reef 2050 Plan* activities. Most of this, \$444 million, was allocated to the Great Barrier Reef Foundation.
- The Government booked the entire \$444 million in the 2017-18 budget year, despite the Foundation intending to spend it over the next 6 years inclusive of 2023-24. The funding represents more than a ten-fold increase in the Foundation’s annual revenue.
- There is a question whether the Foundation will be able to achieve sufficient scale of operations in time to spend a material amount of the \$444 million before 2020.
- As a result, the current \$34 million shortfall in *Reef 2050 Plan* funding committed by 2020 could increase dramatically, potentially to more than \$385 million.

In submissions to the World Heritage Committee in 2016, the Federal Government made a commitment to spend \$716 million on *Reef 2050 Plan* actions from 2015-2020.¹ This commitment was made to avoid a “World Heritage in Danger” listing for the Great Barrier Reef. Investment was promised across several priority areas such as water quality, field management, monitoring and reporting, crown-of-thorns starfish control and Traditional Owner groups. Some of the Federal Government’s proposed investment drew criticism from reef experts for including the departmental budget for the Australian Maritime Safety Authority – as much of this is spent on priorities other than the reef.²

In 2015-16 Federal investment in *Reef 2050 Plan* activities totalled \$20.7 million. Investment increased to \$44.7 million in 2016-17. Both years included \$3.1 million disbursements to the Great Barrier Reef Foundation.³

¹ Reef 2050 Plan—Investment Framework, Commonwealth of Australia 2016, p7

² <https://www.themonthly.com.au/issue/2016/june/1464703200/jo-chandler/grave-barrier-reef>

³ Portfolio Budget Statements 2016-17, Budget Related Paper No. 1.7 Environment Portfolio Table 2.1.1 Budgeted expenses for Outcome 1; Portfolio Budget Statements 2017-18, Budget Related Paper No. 1.7 Environment and Energy Portfolio Table 2.1.1 Budgeted expenses for Outcome 1

The 2017-18 Federal Budget forecasted a further \$41.7 million investment in *Reef 2050 Plan* activities for the year. This would have brought total government investment in *Reef 2050 Plan* actions for the three years from 2015 to \$107.2 million.⁴

In the most recent 2018-19 Federal Budget the Turnbull Government announced a new funding package to accelerate the delivery of *Reef 2050 Plan* activities.⁵ The majority of this new funding, \$444 million, was allocated to the Great Barrier Reef Foundation.⁶ The Turnbull Government has booked the entire \$444 million disbursement to the Foundation in the 2017-18 financial year ending next month.⁷ However, this is funding that will not have any “on ground” impact on reef programs in the 2017-18 budget year.

Since 2015-16, including the funding allocated in the recent budget, the Federal Government has spent \$554.5 million on *Reef 2050 Plan* activities, with a further \$127.6 million in funding forecasted for 2018-19 and 2019-20. This will result in total Federal Government investment of \$682.1 million in *Reef 2050 Plan* actions by 2020, \$34 million short of the commitment to the World Heritage Committee in 2016. Funding given to the Great Barrier Reef Foundation accounts for 66% (\$450.1 million) of the Government’s total investment in *Reef 2050 Plan* actions from 2015-2020.

Further, delivering a total investment of \$682.1 million by 2020 is largely predicated on the Great Barrier Reef Foundation spending the entirety of the \$444 million in the next 18 months. There is a question about this given their size and previous work. Given the dramatic increase in scale required to deliver the funding, it’s likely that a significant proportion of the \$444 million will not be delivered until after 2020.

While the Federal Government has accounted for the entire allocation to the Foundation in the current 2017-18 financial year, the Foundation have suggested a six-year timeframe in which they plan to spend the funds. In their 2017 Annual Report, issued on the same day as the Federal Budget, the Foundation indicated that they expected the \$444 million to be paid in full in the 2017-18 financial year for the delivery of outcomes over the following six years, inclusive of 2023-24. Great Barrier Reef Foundation Chief Executive Officer, Anna Marsden, also independently confirmed that the new funding will be spread over six years and that the organisation would be seeking advice on how to manage the surge in funding.⁸

At present, the Great Barrier Reef Foundation has six full-time and 5 part-time employees.⁹ For the year ending 31 December 2017 the Foundation received \$8 million in grants and donations while spending \$6 million on science investments and research.¹⁰ The Federal Government’s disbursement of \$444 million, if spread equally over the Foundation’s proposed

⁴ Portfolio Budget Statements 2017-18, Budget Related Paper No. 1.7 Environment and Energy Portfolio Table 2.1.1 Budgeted expenses for Outcome 1

⁵ Portfolio Budget Statements 2018-19, Budget Related Paper No. 1.7 Environment and Energy Portfolio Table 2.1.1 Budgeted expenses for Outcome 1

⁶ 29 April 2018, Media release, ‘Record investment in Great Barrier Reef to drive jobs’, link: <http://www.joshfrydenberg.com.au/guest/mediaReleasesDetails.aspx?id=563>

⁷ Portfolio Budget Statements 2018-19, Budget Related Paper No. 1.7 Environment and Energy Portfolio Table 2.1.1 Budgeted expenses for Outcome 1

⁸ <https://www.smh.com.au/environment/conservation/like-winning-lotto-reef-foundation-minnow-braces-for-444m-windfall-20180511-p4zeud.html>

⁹ <https://www.smh.com.au/environment/conservation/like-winning-lotto-reef-foundation-minnow-braces-for-444m-windfall-20180511-p4zeud.html>

¹⁰ Great Barrier Reef Foundation, Annual Report 2017, Profit and Loss Statement for year ended 31 December 2017

six-year timeframe (\$74 million per year), would amount to more than a ten-fold increase in the organisation's revenue. As a result, it is likely that the majority of the \$444 million will be spent in the outer years of the Foundation's time frame (i.e. beyond 2020) for the organisation to reach the necessary scale.

Even if the Foundation can spend the disbursement equally across their six-year timeframe, this would only amount to the delivery of \$148 million in investment by 2020. Such an outcome would increase the Federal Government's shortfall in funding committed to the World Heritage Committee by 2020 from \$34 million to \$385 million.

In its announcement of the new funding the Federal Government indicated that the Foundation would be required to deliver outcomes across the majority of the *Reef 2050 Plan* priority areas. These priority areas include water quality improvement, reef restoration, crown-of-thorn starfish mitigation, indigenous ranger traditional knowledge and enhancing monitoring and tracking of reef health. This amounts to material increase in the historical scope of the Foundation's work. As a result, the Foundation will also be required to substantially broaden its organisational expertise and program delivery capacity.

The Government has outsourced most of its investment commitment to *Reef 2050 Plan* actions to the Great Barrier Reef Foundation. In doing so it has laden a single not-for-profit organisation with significant organisational scale, expertise and program delivery challenges. In doing so, the Federal Government has put at risk its 2020 investment commitment made to the World Heritage Committee.

Key figures	\$'000
Federal Government spending commitment on <i>Reef 2050 Plan</i> actions from 2015-2020	716,000
Actual expenditure from 2015-16 to 2017-18 on <i>Reef 2050 Plan</i> actions	554,534
Forecasted expenditure in current forward estimates period on <i>Reef 2050 Plan</i> actions	127,559
Total committed <i>Reef 2050 Plan</i> funding	682,093
Total allocated funding to Great Barrier Reef Foundation from 2015-16 to 2019-20	450,050
Total funding invested by Great Barrier Reef foundation by 2020 under six-year straight-line amortisation scenario	147,933
Current funding shortfall to 2015-2020 funding commitment	(33,907)
Funding shortfall to 2015-2020 commitment under a six-year straight-line amortisation of the \$444 million funding for the Great Barrier Reef Foundation	(386,226)