

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.

# NATURAL HERITAGE TRUST OF AUSTRALIA BILL 1996

## 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*.