



**Australian Government**  
**Director of National Parks**

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**Director of National Parks**  
**Park Use, Educational Services and Parking Fees**

**COST RECOVERY IMPACT STATEMENT**  
**January 2012 – December 2016**

**December 2011**

## Version Control

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Version	Author	Date	Comments
0.1	BFMS / DNP	30 November 2011	Initial draft for review between MAT and BFMS.
0.2	BFMS	07 December 2011	Update following review by Finance.
0.3			Update following receipt of revised data.
0.4			Update after 2 <sup>nd</sup> Review by Finance
0.5		23 December 2011	Certified by Chief Executive Officer of Agency
1.0			Agreed by Minister

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## OVERVIEW

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### 1.1 Purpose

The recent review of cost recovery arrangements highlighted that the Director of National Parks (DNP) is required to prepare a Cost Recovery Impact Statement (CRIS) for the cost recovery of visitor management and provision of educational services. The purpose of this CRIS is to clearly demonstrate the DNP's compliance with the Australian Government's Cost Recovery Guidelines.

### 1.2 Background

The DNP is a corporation sole established under Division 5 of Part 19 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), and a Commonwealth authority for the purposes of the *Commonwealth Authorities and Companies Act 1997* (CAC Act).

The DNP is responsible for the administration of Divisions 4 and 5 of Part 15 of the EPBC Act (Commonwealth reserves and conservation zones) and regulations made for the purposes of those divisions.

The functions of DNP as set out in section 514B(1) of the EPBC Act include:

- to administer, manage and control Commonwealth reserves and conservation zones.

The powers of DNP as set out in section 514C of the EPBC Act include:

- to enter into contracts;
- to do all things necessary or convenient to be done for or in connection with the performance of the Director's functions.

DNP's general power to enter into contracts, leases and licences includes the power to charge a fee (subject to Ministerial approval for agreements involving amounts greater than \$250,000).

### 1.3 Australian Government Cost Recovery Policy

In December 2002, the Australian Government adopted a formal cost recovery policy to improve the consistency, transparency and accountability of its cost recovery arrangements and promote the efficient allocation of resources. The underlying principle of the policy is that agencies set charges to recover all the costs of a product or service where it is efficient and effective to do so, where the beneficiaries are a narrow and identifiable group and where charging is consistent with Australian Government policy objectives. The Cost Recovery Policy is administered by the Department of Finance and Deregulation and is detailed in the *Australian Government Cost Recovery Guidelines* (Cost Recovery Guidelines).

The policy applies to all Financial Management and Accountability Act 1997 (FMA Act) agencies and to relevant Commonwealth Authorities and Companies Act 1997 (CAC Act) bodies that have been notified. In line with the policy, individual portfolio

ministers are ultimately responsible for ensuring agencies' implementation and compliance with the Cost Recovery Guidelines. The Australian Government Cost Recovery Guidelines and the accompanying Finance Circular can be found at: <http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/cost-recovery.html>

## 2. POLICY REVIEW - ANALYSIS OF ACTIVITIES

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### 2.1 Policy Authority

In 2011, the Department refreshed the policy authority for activities associated with Park entry and access to the following Commonwealth reserves: the Australian National Botanic Gardens (ANBG), Booderee National Park (BNP), Kakadu National Park (KNP) and Uluru-Kata Tjuta National Park (UKTNP).

### 2.2 Cost Recovery

DNP charges Park entry and associated fees for access to the following Commonwealth reserves: the ANBG, BNP, KNP and UKTNP.

These fees are charged to recover the direct costs of providing access and facilities to visitors to the National Parks, such as:

- direct salaries and on-costs of employees to man entrances and maintain camping grounds;
- direct supplier costs including payments to Traditional Owners; and
- depreciation of assets specifically established for visitors.

Consultation is required with the tourism industry and Traditional Owners before any fees can be changed at UKTNP, KNP and BNP. Under the lease agreements with these three Parks, Traditional Owners are entitled to a percentage of park revenue in certain circumstances, which is paid quarterly by DNP.

### 2.3 Legal Requirements for the Imposition of Charges

DNP has the power under section 356A of the EPBC Act to determine and impose fees and charges, subject to the approval of the Minister, for:

- (a) entering or using a Commonwealth reserve or part of a Commonwealth reserve; and
- (b) using services or facilities provided by the Director in or in connection with a Commonwealth reserve; and
- (c) the parking or stopping of vehicles in a Commonwealth reserve; and
- (d) the mooring or landing of vessels in a Commonwealth reserve; and
- (e) the landing of aircraft in a Commonwealth reserve; and
- (f) the use of vehicles and vessels in a Commonwealth reserve

Fees and charges must be reasonably related to the expenses incurred in relation to the matters to which the fee or charge relates, and must not be a tax (EPBC Act section 521).

Part 18 and Schedule 11 of the EPBC Regulations prescribe permit fees, including for activities in Commonwealth reserves.

## 2.4 Description of Activities

Visitor management is the key driver for all park use, provision of educational services and car parking, as follows:

- Park Use – Provision of safe camping and recreational grounds to all visitors. These include park rangers, camp site infrastructure. In order to provide this service, the Director charges a fee to enter or use a Commonwealth reserve or part of a Commonwealth reserve (subject to the approval of the Minister).
- Educational services – Provision of visitor information centres, guided tours to the public and school groups and production of educational materials. In order to provide these services, the director imposes a fee for the use of educational facilities and services at the ANBG.
- Parking – Provision of dedicated grounds for parking of vehicles, maintenance of the ground and monitoring. In order to provide these services, the director imposes a charge for visitor parking at the ANBG.

## 2.5 Users and Stakeholders

- Traditional Owners of jointly managed parks (KNP, UKTNP and BNP)
- Tourism Industry and Park Visitors – Create the need to provide facilities and access to commonwealth reserves. Park visitors are typically users of educational services, parking facilities and general park facilities.

## 2.6 Conclusion

The charging of Park entry and associated fees for access to the following Commonwealth reserves complies with the principles outlined in the Cost Recovery Guidelines:

- ANBG,
- BNP,
- KNP and
- UKTNP.

It is appropriate and equitable that those individuals and organisations that apply for a Park entry and associated fees meet the estimated costs of maintaining the Commonwealth reserves.

### 3. DESIGN

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#### 3.1 Design of Cost Recovery Arrangement

The structures of these fees vary depending on the fee being imposed and the location of where the fee is being imposed, as park users directly benefit from the services provided. Further information regarding the fees can be found in Attachment A.

#### 3.2 Basis of Charging – Fee

As indicated above, the DNP cost recovers the cost of visitor management through the imposition of fees. These fees are collected in a variety of ways as indicated at Attachment A.

### 4. COST RECOVERY MODEL

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#### 4.1 Cost Recovery Activities

**Table 1: List of Cost Recovery Activities and associated Charges**

Ref	Activity Name	Description	Charge Title
1.1	Visitor Management – Park use fees	Expenses associated park use, camping and vehicle permit issue fee for reserve entry.	Park Use Fees
1.2	Visitor Management - Use of educational Services	Expenses associated with providing education services.	Use of Education Services Fees
1.3	Visitor Management – Parking	Expenses associated with regulating vehicle parking.	Parking Fees

#### 4.2 Cost Components

The costs of providing access and facilities to visitors to the National Parks, as detailed in table 2, include:

- direct salaries and on-costs of employees who provide services to visitors;
- direct supplier expenses (including maintenance of assets and payment to Traditional Owners); and
- depreciation of assets specifically established for visitor use and management. These include infrastructure facilities such toilets, visitor information centre, camping facilities and viewing decks. The assets are directly related to the activity.

**Table 2: Activity Expenses**

<b>Activity 1.1 : Park Use Fees</b>							
Cost Components	Jan to Jun 2012	2012-13	2013-14	2014-15	2015-16	Jul to Dec 2016	Total
	\$	\$	\$	\$	\$	\$	
<b>Direct</b>							
Salaries/On costs	1,981,175	4,081,220	4,203,657	4,329,767	4,459,660	2,296,725	21,352,203
Supplier Expenses	1,055,579	2,174,492	2,239,726	2,306,918	2,376,125	1,223,705	11,376,544
<b>Indirect</b>							

- Depreciation	1,508,541	3,017,082	3,017,082	3,017,082	3,017,082	1,508,541	15,085,410
<b>Total Activity Cost per Year</b>	<b>4,545,294</b>	<b>9,272,794</b>	<b>9,460,465</b>	<b>9,653,766</b>	<b>9,852,867</b>	<b>5,028,970</b>	<b>47,814,157</b>
<b>Activity 1.2 : Use of Educational Services Fees</b>							
<b>Cost Components</b>	<b>Jan to Jun 2012</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>Jul to Dec 2016</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	
<b>Direct</b>							
Salaries/On costs	475,047	978,596	1,007,954	1,038,193	1,069,338	550,709	5,119,837
Supplier Expenses	87,739	180,742	186,165	191,750	197,502	101,714	945,612
<b>Indirect</b>							
- Depreciation	19,090	38,179	38,179	38,179	38,179	19,090	190,895
<b>Total Activity Cost per Year</b>	<b>581,876</b>	<b>1,197,517</b>	<b>1,232,298</b>	<b>1,268,122</b>	<b>1,305,020</b>	<b>671,513</b>	<b>6,256,344</b>
<b>Activity 1.3 : Parking fees</b>							
<b>Cost Components</b>	<b>Jan to Jun 2012</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>Jul to Dec 2016</b>	<b>Total</b>
<b>Direct</b>							
Salaries/On costs	3,304	6,807	7,011	7,221	7,438	3,831	35,612
Supplier Expenses	21,500	43,000	43,000	43,000	43,000	21,500	215,000
<b>Indirect</b>							
- Depreciation	64,283	128,566	128,566	128,566	128,566	64,283	642,830
<b>Total Activity Cost per Year</b>	<b>89,087</b>	<b>178,373</b>	<b>178,577</b>	<b>178,787</b>	<b>179,004</b>	<b>89,614</b>	<b>893,442</b>

### 4.3 Changes in Cost Base

The increase in the cost base has been based on the assumption that employee and suppliers expenses will increase by approximately 3% each financial year (except in the case of parking fees, where the contract management fee is a flat fee).

No increases are expected in depreciation as assets are depreciated on a straight line basis.

### 4.4 Volume and/or Demand Assumptions

Due to the complexity of fees structure and provision of free entry to various individuals to KNP and UKTNP, the volume data provided is a weighted average of expected usage. These numbers are consistent over the five years and are shown in table 3.

**Table 3 Volume and Demand Assumptions**



Ref	Activity Name	Jan - Jun 2012	2012-13	2013-14	2014-15	2015-16	Jul -Dec 2016	Total
1.1	Park Use Fees	196,617	393,234	393,234	393,234	393,234	196,617	1,966,170
1.2	Use of Educational Services	4,849	9,698	9,698	9,698	9,698	4,849	48,490
1.3	Parking Fees	19,417	38,835	38,835	38,835	38,835	19,417	194,174
	<b>Total</b>	<b>220,830</b>	<b>441,767</b>	<b>441,767</b>	<b>441,767</b>	<b>441,767</b>	<b>220,830</b>	<b>2,208,834</b>

#### 4.5 Summary of Charging Structure

**Table 4 Summary of Cost Recovery Arrangement**

Activity Name		Method of Recovery	Total Cost of Activity (over duration of CRIS) \$	Cost Recovery Charge	Average fee charged for usage	Total volume	Total Cost Recovered for Activity
1.1	Park Use Fees	Fee for service	47,814,157	\$2.00 - \$65.00	\$26.90	1,966,170	52,890,000
1.2	Use of Educational Services	Fee for service	6,256,344	\$2.50 - \$120.00	\$26.50	48,490	1,285,000
1.3	Parking Fees	Fee for service	893,442	\$1.80 - \$8.00	\$4.10	19,417	862,204
<b>Total fee for service</b>							55,037,204
<b>TOTAL</b>							55,037,204

Note to Table 4: Please refer to Attachment A for price per unit and range per unit.

### 5. Projected Expenses and Revenue for Duration of CRIS

#### 5.1 Projected Expenses and Revenue

As park users typically use a variety of services and facilities provided, income is managed to achieve an overall matching of revenues and expenses, as shown in table 5.

**Table 5 Projected Expenses and Revenue for the Duration of the CRIS**

Ref	Activity Name	Jan - Jun 2012	2012-13	2013-14	2014-15	2015-16	Jul - Dec 2016	Total
1.1	<b>Park Use Fees</b>							
	Expenses	4,545,294	9,272,794	9,460,465	9,653,766	9,852,867	5,028,970	47,814,157
	Revenue	5,289,000	10,578,000	10,578,000	10,578,000	10,578,000	5,289,000	52,890,000
	Balance +/-	743,706	1,305,206	1,117,535	924,234	725,133	260,030	5,075,843

<b>1.2</b>	<b>Use of Educational Services</b>							
	Expenses	581,876	1,197,517	1,232,298	1,268,122	1,305,020	671,513	6,256,344
	Revenue	128,500	257,000	257,000	257,000	257,000	128,500	1,285,000
	Balance +/-	-453,376	-940,517	-975,298	-1,011,122	-1,048,020	-543,013	-4,971,345
<b>1.3</b>	<b>Parking Fees</b>							
	Expenses	89,087	178,373	178,577	178,787	179,004	89,614	893,442
	Revenue	80,000	164,800	169,744	174,836	180,081	92,742	862,204
	Balance +/-	-9,087	-13,573	-8,833	-3,951	1,077	3,128	-31,238
<b>Overall Expenses</b>		5,216,257	10,648,684	10,871,340	11,100,675	11,336,891	5,790,096	54,963,943
<b>Overall Projected Revenue</b>		5,497,500	10,999,800	11,004,744	11,009,836	11,015,081	5,510,242	55,037,204
<b>Operating Balance +/-</b>		281,244	351,116	133,404	-90,839	-321,810	-279,854	73,260
<b>Ongoing Operating Balance +/-</b>		<b>281,244</b>	<b>632,360</b>	<b>765,764</b>	<b>674,924</b>	<b>353,115</b>	<b>73,260</b>	

## 6. ONGOING MONITORING

### 6.1 Monitoring Mechanisms

The DNP will undertake periodic assessments as to the effectiveness of these cost recovery arrangements. These assessments may include monitoring of comparable fees external to the organisation as well as taking into consideration the internal costs of providing the activity.

These assessments will be in accordance with the Australian Government Cost Recovery Guidelines.

It is important to note that consultation is required with the tourism industry and Traditional Owners before any fees can be changed at UKTNP, KNP and BNP. Under the lease agreements with these three Parks, Traditional Owners are entitled to a percentage of park revenue in certain circumstances, which is paid quarterly by DNP.

### 6.2 Stakeholder Consultation

The DNP will undertake periodic assessments as to the effectiveness of the cost recovery arrangements. This will include seeking feedback from Parks regarding the effectiveness of the arrangements.

These assessments will be in accordance with the Australian Government Cost Recovery Guidelines.

### 6.3 Periodic Review

In addition to the information in section 6.1 the DNP will participate in any portfolio wide review of these arrangements that are conducted within the 5 year timeframe. Fees are reviewed on a regular basis in accordance with the Australian Government's Cost Recovery Policy. A new CRIS for the scheme will be prepared to commence from 01 January 2017.

If new cost recovery arrangements need to be entered into or the existing arrangements need to be reviewed, the DNP will do so in accordance with the Australian Government Cost Recovery Guidelines.

## **7. CERTIFICATION**

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I certify that this CRIS complies with the Australian Government Cost Recovery Guidelines.



Peter Cochrane  
Director of National Parks

Date of Certification: 23<sup>rd</sup> December 2011

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