

MAY 2021

Federal government spending on Australia's environment and climate

Australia's environmental crisis

Australia and the planet's environmental crisis is unprecedented in human history. Australia is a global leader on extinction and biodiversity loss and per capita climate pollution.

The independent review of the *Environment Protection and Biodiversity Conservation Act* found:

"Australia's natural environment and iconic places are in an overall state of decline and are under increasing threat. They are not sufficiently resilient to withstand current, emerging or future threats, including climate change."¹

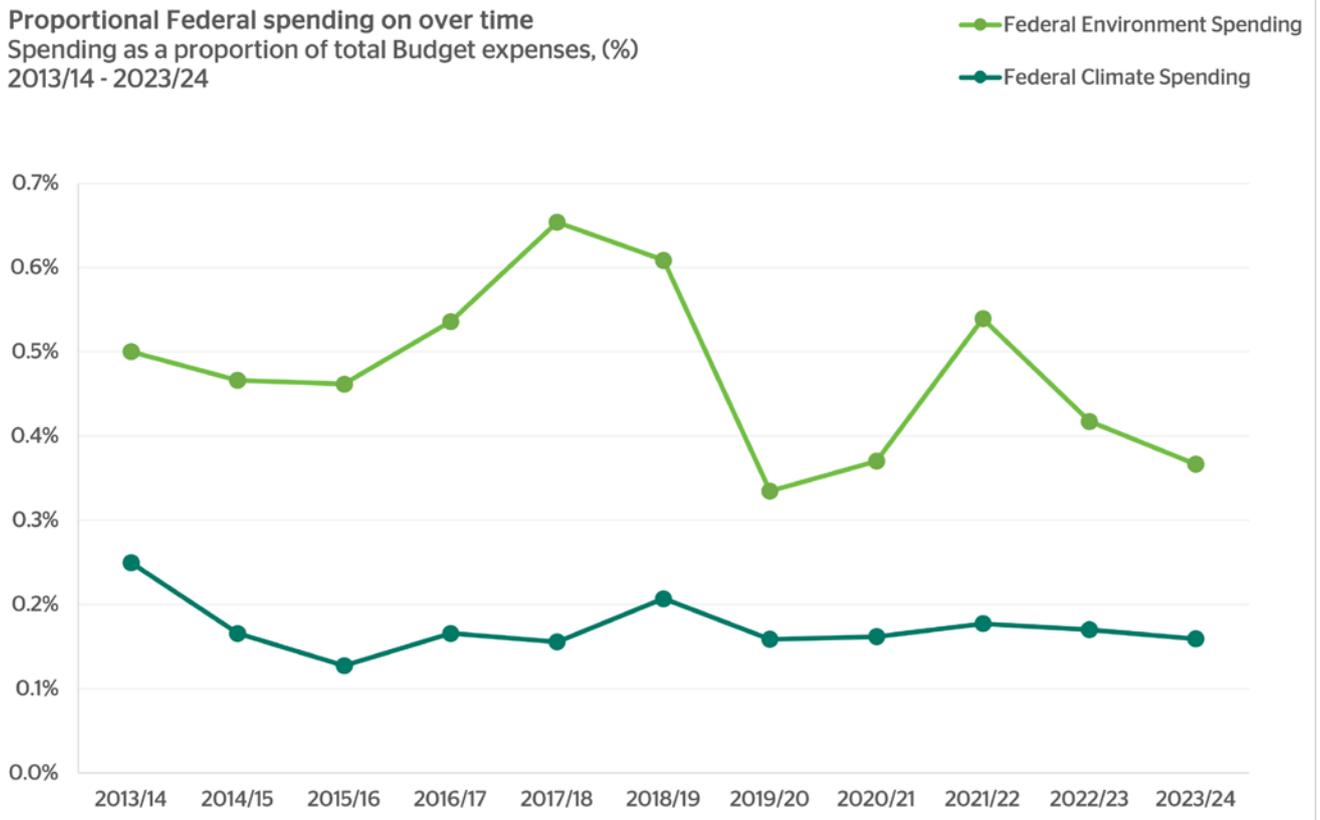
Policy reform and investment are both critical to helping to improve the state of Australia's environment and to ensure it can build resilience to current, emerging and future threats

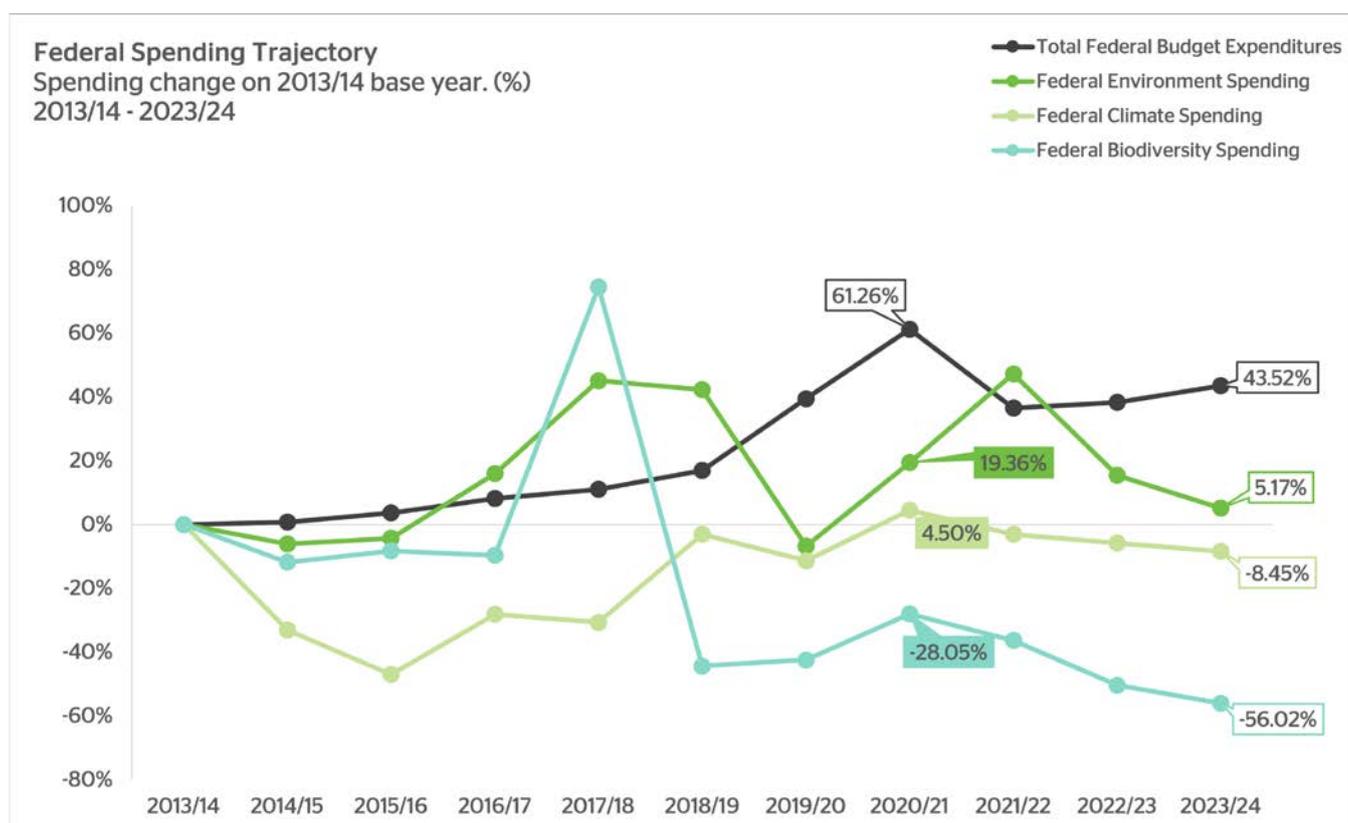
Key points

- In the 2013-14 budget, environment and climate spending represented three quarters of one percent (0.75%) of government spending. In the 2020-21 budget proportional spending had fallen to just over half a percent of the budget (0.53%).
- For every \$100 spent by the federal government, only 53 cents are spent on programs, grants, policy analysis, research, and staff to address the environmental and climate crisis, 37 cents on the environment and 16 cents on climate.
- If spending had increased in line with the overall growth in budget expenditure of over 60% since 2013-14 then environment and climate spending would be at just over \$5 billion rather than at just over \$3.5 billion.
- Environment spending has declined from half of one percent (0.5%) of the total federal government budget in the 2013-14 budget to 0.37% in the last budget. Climate spending has declined from a quarter of one percent (0.25%) of the federal budget in 2013-14 to 0.16% in the last budget.
- Total available administered spending on biodiversity programs (a sub category of environment spending) has declined by 28% over the past eight years, As a proportion of the Federal budget from 0.09% to 0.05% in 2020-21 and on current projections this will fall to 0.03% by 2023-24 reflecting a cut of more than \$200 million on the 2013/14 financial year.



Proportional Federal spending on over time
Spending as a proportion of total Budget expenses, (%)
2013/14 - 2023/24





Note: Biodiversity is a sub category of Environment Spending.

Analysis

Analysis has incorporated both spending on the environment - including biodiversity and water - and spending on climate, including climate change and relevant energy outcomes. Analysis has also extended to the funding of key agencies in these areas. This year, ACF has also released in full the data we have collected to assist others complete their own analysis and to seek feedback on our methodology. A link to the data is [here](#).

Due to the complexity created by multiple machinery of government and department changes, ACF has created a new approach to tracking federal environment and climate spending. The approach has been developed to better enable long term analysis of government spending across significant structural changes and to improve transparency and analysis of government spending on the environment.

Federal government spending was taken from relevant outcomes and agencies in the Department of Agriculture, Water and Environment (Environment including biodiversity and water) and the Department of Industry, Science, Energy and Resources (Climate). However, analysis of government environmental spending is complicated by definitions as to what constitutes environmental spending. There is an Environmental Protection sub item listed



under the Housing and Community Amenities Item in the 2020-21 Budget which reflects the Government Financial Statistics framework.⁵ However, it is not clear what budget outcomes are or aren't included in this calculation. Therefore, spending information sourced from budget papers released by the government allows a more granular analysis of spending trends. However, changes to departmental outcomes and machinery of government changes (e.g., energy and climate outcomes have been moved into and then back out of the environment portfolio) mean comparing spending across years is difficult as there is often incomplete information. ACF acknowledges the potential incompleteness of the data.

Total funding (departments and agencies)

Since 2013-14, federal government spending through the environment portfolio has declined from half of one percent (0.5%) of the total federal government budget to 0.37%.

Through the climate portfolio spending has declined from a quarter of one percent (0.25%) of the federal budget in 2013-14 to 0.16% in the last budget.⁶

In other words for every \$100 spent by the federal government 37 cents is spent on the environment and 16 cents is spent on climate.

In nominal terms spending through the environment portfolio has increased from \$2.08 billion in 2013-14 to \$2.4 billion in the 2020-21 budget. For the climate portfolio nominal spending is slightly increased from \$1.036 billion in 2013-14 to \$1.083 billion in 2020-21

Department funding⁷

Since 2013-14, spending on departmental functions that relate to the environment (including biodiversity and water) and climate and energy have declined as a proportion of the overall budget.

In the 2020-21 budget environment spending was 0.23% of the federal budget, down from 0.32% in 2013-14.

Spending by departments classified as climate spending made up 0.12% of the 2013-14 budget and just 0.04% of the 2020-21 budget.

In nominal terms environment portfolio spending was \$1.355 billion in 2013-14 and increased to \$1.57 billion in 2020-21. For the climate portfolio, spending was \$496.04 million in 2013-14 and is \$264.8 million in the 2020-21 budget.



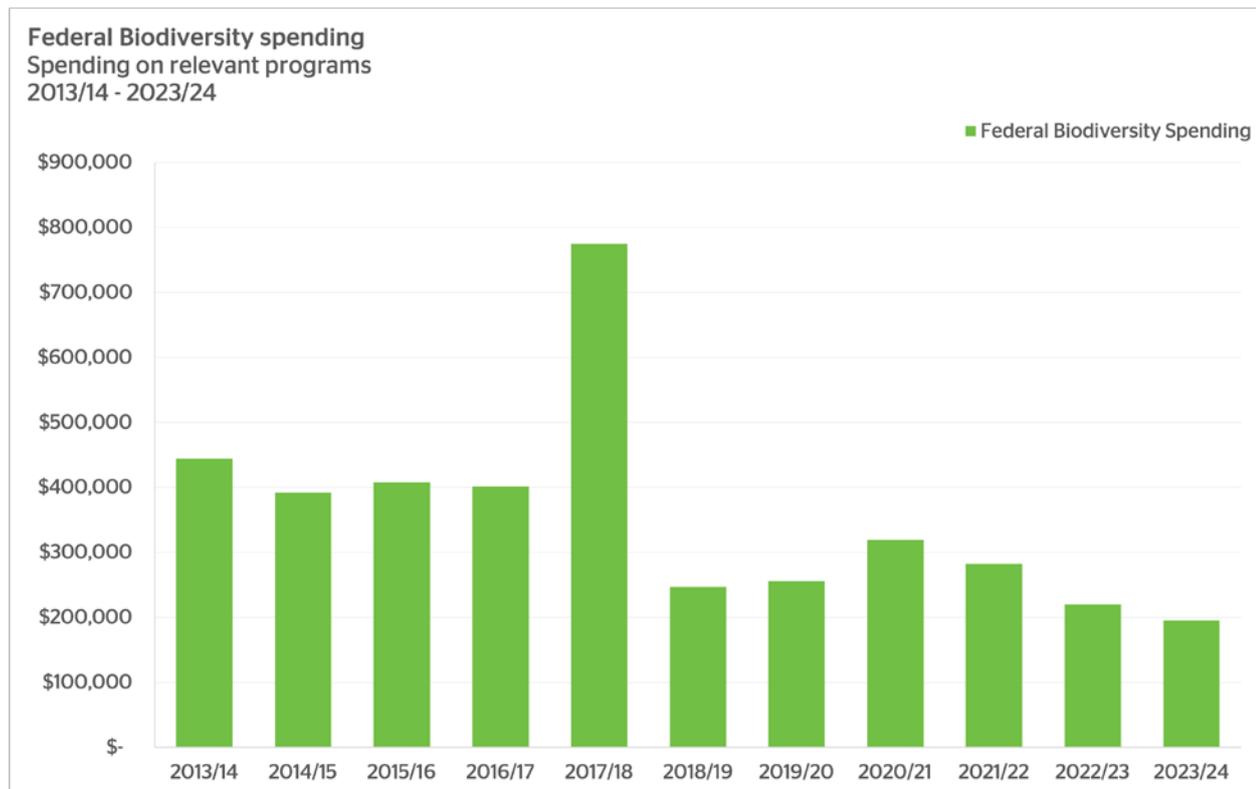
Agency funding

Climate agencies have seen an increase in spending in nominal terms, from \$540.8 million in 2013-14 to \$818.7 million in 2020-21. As a proportion of the federal budget this represents stable funding for these agencies with a slight decrease from 0.13% of the federal budget to 0.12%.

Environment agencies have also seen an increase in nominal funding between 2013-14 and 2020 -21 from \$744.5 million to \$924.08 million. However, as a proportion of overall government spending this represents a drop from 0.18% of the federal budget to 0.14%.



Commonwealth grants for biodiversity conservation (administered spending)⁸



There have been significant declines in the overall Commonwealth funding available to biodiversity through grants programs when compared to the 2013/14 budget year. Total available administered spending on biodiversity programs has declined by 28% over the past eight years. Spending on the Bushfire Recovery and Species program lessened the impact of historic cuts to administered biodiversity spending. However, the current projections in forward estimates are very troubling, with a 56% decline in administered conservation spending projected, representing a cut of more than \$200 million on the 2013/14 financial year.

The significant majority of Commonwealth environmental grant programs, including the National Landcare Program are administered out of the Natural Heritage Trust Special Account. For this reason spending through the Special Account is one of the most reliable indicators of biodiversity investment. The Special Account peaked at \$262 million in 2013-14, however spending in this budget year is at its lowest point at \$153 million.

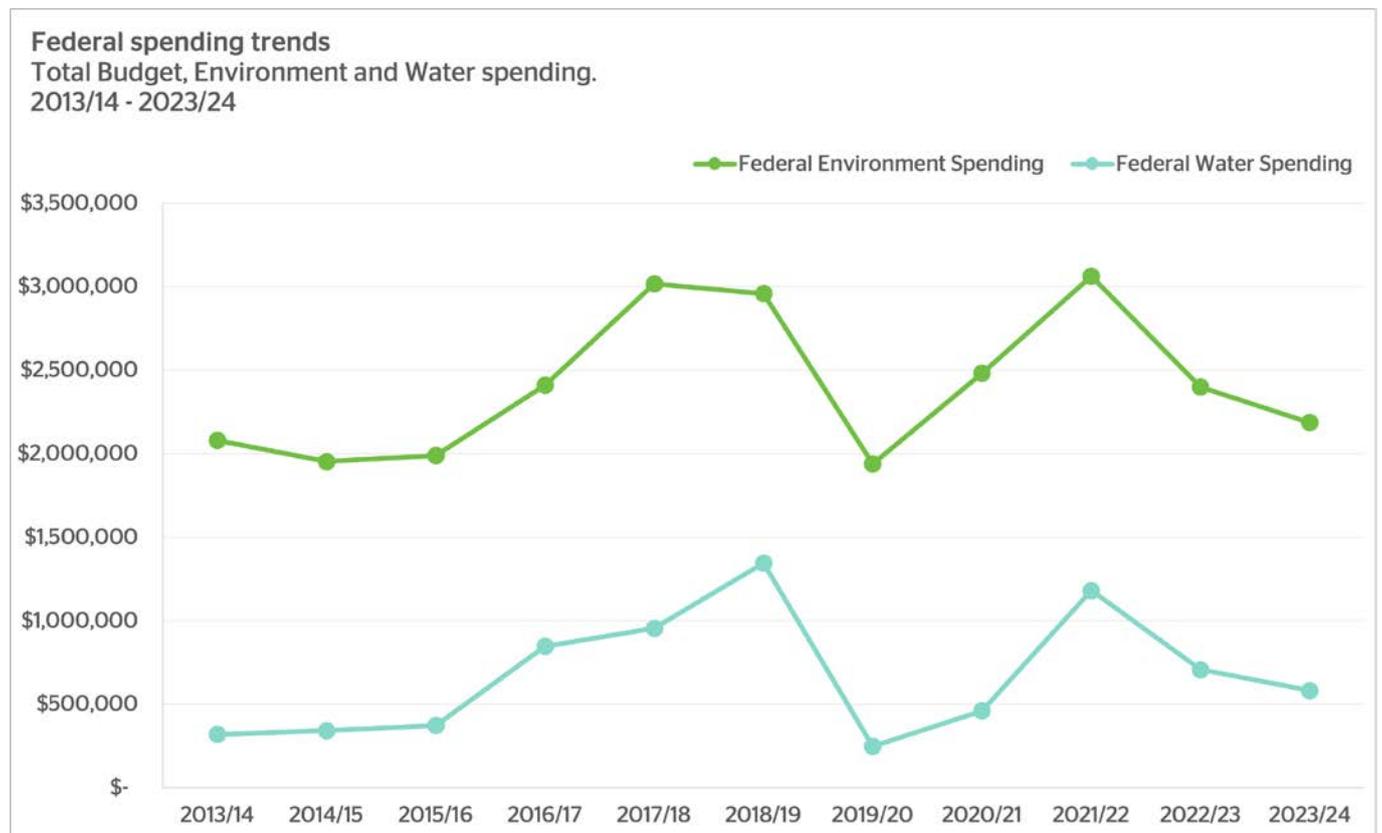
A number of other biodiversity programs have been funded outside of the Special Account, including the Green Army, Communities Environment Program, Biodiversity Fund and the Environmental Stewardship Program. Individual program spending has seen significant change over the analysis period as programs are discontinued and new programs put into place.



Federal water spending⁹

As a proportion of the federal budget water spending between 2013-14 and 2020-21 has been flat. Spending on water was 0.08% of the federal budget in 2013-14 and 0.07% in 2020-21. In 2018-19 it was 0.28% of the government’s budget as a result of almost \$800 million in the relevant outcome listed as expenses not requiring appropriation in the budget year.¹⁰

Water spending is a component of environment spending, as seen in the chart below increases and decreases in water spending have had a large influence on total environment spending since 2013-14.



¹ Samuel, G 2020, Independent Review of the EPBC Act – Final Report, Department of Agriculture, Water and the Environment, Canberra, October. CC BY 4.0, p.3.

² Includes relevant outcomes from the Department of Agriculture, Water and the Environment, Department of Industry, Science, Energy and Resources and relevant agencies within those Departments.

³ Environment spending as a proportion of overall budget spend has declined from half of one percent (0.5%) of the total federal government budget in the 2013-14 budget to 0.37% in the last budget.³

⁴ Relevant appropriations from the Department of Industry, Science, Energy and Resources.
and relevant agencies in the portfolio.

⁵ Budget Paper 1, Statement 6, p. 27 https://budget.gov.au/2020-21/content/bp1/download/bp1_bs6.pdf; Australian System of Government Finance Statistics: Concepts, Sources and Methods (2015)

[https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/418BDDEBD088A012CA257F230019D433/\\$File/55140_2015.pdf](https://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/418BDDEBD088A012CA257F230019D433/$File/55140_2015.pdf)

⁶ Relevant appropriations from the Department of Industry, Science, Energy and Resources.
and relevant agencies in the portfolio.

⁷ Relevant appropriations from the Department of Agriculture, Water and the Environment and Department of Industry, Science, Energy and Resources.

⁸ Relevant appropriations from the Department of Agriculture, Water and the Environment and Department of Industry, Science, Energy and Resources.

⁹ Programme 1.3, Commonwealth Environmental Water Holder, Outcome 5: Water Reform Department of Agriculture Water and the Environment.

¹⁰ According to the Department of Agriculture and Water Resources Portfolio Budget Statement 2019-20 Expenses not requiring appropriation in the Budget year are made up of depreciation and amortisation expenses, resources received free of charge, concessional loan discount and balance sheet adjustments, pg. 54, footnote (b)

<https://www.awe.gov.au/sites/default/files/2020-01/pbs-2019-20-agriculture-and-water.pdf>.

