

Department of the Environment and Heritage

Volume 1

ANNUAL REPORT 2005–06

How to contact the department

Main office: John Gorton Building,
King Edward Terrace, Parkes ACT 2600

Post: GPO Box 787, Canberra ACT 2601

Phone: 02 6274 1111

Facsimile: 02 6274 1666

Internet: www.deh.gov.au



Australian Government

Department of the Environment and Heritage

Senator the Hon Ian Campbell
Minister for the Environment and Heritage
Parliament House
CANBERRA ACT 2600

Dear Minister

I present the annual reports of the Department of the Environment and Heritage for the financial year ended 30 June 2006. This set of reports comprises two volumes.

The first volume contains the annual report of the department. The report details the department's performance for the year and contributions to the achievement of outcomes. The report was prepared in accordance with the requirements set out in section 63 of the *Public Service Act 1999* and other legislation applicable to the preparation of annual reports.

Subsection 63(1) of the *Public Service Act 1999* requires you to lay a copy of this annual report before each House of the Parliament on or before 31 October 2006.

The second volume contains the legislation annual reports. This volume details the operation of the seven Acts the department administers that we do not report on separately to Parliament. This volume must be tabled in each House of the Parliament within 15 sitting days after the day on which you receive it.

In accordance with the Commonwealth Fraud Control Guidelines, I am satisfied that the department has prepared fraud risk assessments and fraud control plans, and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the department and comply with those guidelines.

Yours sincerely

A handwritten signature in black ink that reads 'David Borthwick'.

David Borthwick
Secretary
3 October 2006

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EXECUTIVE SUMMARY



Secretary's review



David Borthwick

The Department of the Environment and Heritage has broad and diverse responsibilities, evident in the range of our achievements over the last year. We deal with a broad spectrum of issues, deliver many different programmes and operate in a number of different and sometimes difficult locations.

Some parts of the department focus on conserving a single species while others deal with problems on a continental or global scale—such as climate change.

Our people work in locations from the Antarctic to Kakadu, from remote areas to the national capital—all show a commitment to improve the management of Australia's natural resources and thereby contribute to the sustainable growth and prosperity of our nation.

At the same time, we are working to lessen the impact of urbanisation through better management of water consumption and waste production.

The scale, diversity and significance of our work make the department an interesting, exciting and challenging place to work.

I am pleased to acknowledge the efforts that our people have made and invite readers to delve into this report and learn more about the activities and achievements in the past year, and our priorities for the year ahead.

Progress report

In 2005–06 the department administered a budget of \$906 million to support the Australian Government in delivering its environment and heritage objectives. The priority this year has been to implement the most recent of the government's commitments, particularly in relation to saving water, developing marine protected areas, responding to climate change, conserving Tasmania's forests, protecting cultural heritage, and supporting environmental research including in Antarctica through the construction of an ice runway.

There was an enthusiastic response to the first round of Community Water Grants, the community action element of the \$2 billion Australian Government Water Fund. Over \$55 million was provided for 1 750 community-based projects, to rehabilitate about 15 000 hectares of land and save approximately 18.5 billion litres of water each year. An important component is the contribution made by communities themselves—they will contribute more than \$60 million to these projects, including 345 000 hours of volunteer time. I am heartened to see the high levels of cooperation between government and the community to save water in this country.



Australia's reputation as the world leader in marine environment conservation was reinforced with agreement to a network of 13 marine protected areas off the south-east of the continent in May 2006. The network will protect an area of ocean almost the size of Victoria. Australia now has about one-third of the world's marine protected areas.

This year the department continued its efforts to develop practical, long-term solutions to climate change. On the domestic front we began investing in the next generation of cleaner technologies to reduce Australia's greenhouse emissions, such as carbon dioxide capture and storage and renewable energy technologies. Internationally, the department has been instrumental in the formation of the Asia-Pacific Partnership on Clean Development and Climate whose member countries account for roughly half of the world's greenhouse gas emissions. This partnership is a new way forward for countries to work together to reduce greenhouse emissions.

I particularly welcome the appointment of my deputy secretary, Howard Bamsey, to co-chair future international talks to be held under the United Nations Framework Convention on Climate Change. This appointment recognises Australia's expertise and constructive approach to addressing climate change.

The Australian and Tasmanian governments are investing \$250 million over six years (2004–2010) through the Tasmanian Community Forest Agreement to enhance the protection of Tasmania's forest environment and to promote growth in the Tasmanian forest industry. This year the department began implementing the environmental aspects of this agreement through the Forest Conservation Fund, Tarkine Bushwalk Programme, Tasmanian Forest Tourism Development Programme, Tasmanian Devil Facial Tumour Programme, and River Catchment Water Quality Initiative.

This year has seen a renewed interest in the protection of Australia's cultural heritage, particularly in relation to the early maritime exploration, with 2006 marking the 400th anniversary of the first documented European contact with Australia. Two places associated with early European maritime exploration—Cape Inscription in Western Australia where Captain Dirk Hartog landed in October 1616, and the site of the 1629 shipwreck and survivor camps of the Dutch ship *Batavia*—have been included in Australia's National Heritage List. A number of Australia's iconic sites have also been nominated or added to heritage lists, including the Sydney Opera House (nominated for the World Heritage List), the Melbourne Cricket Ground, and the Australian War Memorial and Memorial Parade (added to the National Heritage List).

Scientific research is essential for the development of sound environmental policy. There is a surprising array of research funded by the department into specific environmental issues. However more research is needed to address critical gaps in our understanding of the pressures facing Australia's unique environment.



The \$100 million Commonwealth Environment Research Facilities programme is a key platform to progress environmental research in Australia. In July 2006 the first grant recipients were announced for the first four research hubs. These will support world-class research and assist collaborative environmental research in Australia. These grants complement the \$40 million Marine and Tropical Sciences Research Facility being established in far north Queensland.

Antarctic research is very important to our understanding of the Southern Ocean ecosystem and the effects of a changing climate upon it. The Australian Antarctic Division's scientific contributions to developing non-lethal research methods have also highlighted the flaws in so called 'scientific' whaling and helped Australia to counter pro-whaling countries' proposals at the 58th annual International Whaling Commission meeting.

The challenging job of constructing Australia's new Antarctic ice runway is progressing well with the first regular intercontinental flights expected in 2007. The air link between Hobart and Antarctica will open up new opportunities for the conduct of research in Antarctica, allowing scientists and support personnel to spend less time travelling by ship and more time on their projects.

I am keen to provide educational material to Australians to promote an awareness of environmental issues and provide information for people of all ages and walks of life to become involved in protecting their local environment.

Managing the department

A number of changes have been made to the department over the year to improve the way we go about our business.

This is the first full year of operation of the department's Marine Division created in early 2005 and the announcement of the network of marine protected areas was the division's first major achievement. The creation of this division has brought together regional marine planning and marine protected area development into a single process. It has improved coordination between sustainable fisheries, migratory and marine species, and marine protected area management, and established closer links between domestic and international marine policy.

This year I formed a new Environment Quality Division to give additional emphasis and a higher priority to the department's work to minimise the impacts of human settlements and human activities on the environment. Our work on managing waste and improving air quality through national standards for clean petrol and diesel is having a positive and real impact on urban environments.

I have rebalanced the responsibilities across the department and its senior executives to ensure we make better connections between common work themes where they are shared across divisions. I have also reprioritised departmental funding this year to further build our capacity to administer the *Environment Protection and Biodiversity Conservation Act 1999*.



An increased emphasis has been placed on investing in our staff and recruiting new staff with the necessary skills, a challenging task in an increasingly competitive labour market. Last year the department recruited a record number of graduates and we are intending to increase the intake again in 2007. We also have a dedicated officer working to attract and retain Aboriginal and Torres Strait Islander employees in the department.

The department has been working on a new collective agreement for 2006–2009 and Australian Workplace Agreements that provide an attractive and competitive package of employment conditions and remuneration for all staff. The new agreements began in August this year.

Ensuring the health and well-being of our staff is extremely important. The department takes its obligations in this regard very seriously. We have also been committed to reducing our own impact on the environment such as through systems to minimise our water consumption. It was particularly galling and disturbing to staff to discover that water provided by the department to officers of the Australian Greenhouse Office through a roof catchment and tank system did not meet potable water standards. Our immediate concern and priority has been to understand whether there are particular health and well-being issues for the staff affected. Fortunately, the testing undertaken has revealed no adverse health consequences. Our objective has been to keep staff informed throughout this episode. Clearly there are lessons to be drawn and in that regard, the report under the *Occupational Health and Safety (Commonwealth Employment) Act 1991* by Comcare has been helpful.

The department is committed to developing and training its staff and allocates funding to each staff member for learning and development. We also provide corporate, department-wide information and training opportunities. This year we provided an online occupational health and safety programme, records management training, cultural diversity development programmes and a series of executive seminars for senior managers of the department to share their knowledge and experience with staff. We are also developing a number of training programmes to ensure our staff are aware of current issues and trends in public sector performance including an in-house executive leadership programme to improve leadership skills in the department, an environmental economics programme targeted at non-economists, and a workplace diversity programme.

Looking ahead

The department moves into 2006–07 with clear objectives.

The first is the further development of the government's flagship environment initiatives, the Natural Heritage Trust and the National Action Plan for Salinity and Water Quality. Continued on-ground activities applying established and emerging



science, monitoring changes to the condition of natural resources and adapting our management practices will be critical to long-term success.

We will also continue the roll-out of the major environment protection programmes mentioned previously as well as others including Solar Cities, the Low Emissions Technology Demonstration Fund and Biodiversity Hotspots.

A key focus of the Marine Division over the next four years will be to drive the development of marine bioregional plans around the continent. The development of these plans under the *Environment Protection and Biodiversity Conservation Act 1999* will reinforce Australia's reputation as the global pioneer in the sustainable development of ocean resources.

The minister is currently reviewing experience with the *Environment Protection and Biodiversity Conservation Act 1999* after six years of operation and is considering measures of a legislative and administrative nature to improve its efficiency and effectiveness. We expect an amending Bill to be introduced into the parliament in the coming year that will streamline the Act and provide more strategic approaches to securing better environmental outcomes.

The third State of the Environment Report will be released later this year. The report will provide a crucial guide to current and emerging environment and heritage issues and will help shape the agenda for future policy development. While I am sure the State of the Environment Report will find we have made gains in many areas in the last five to 10 years, it is also likely to highlight the challenges still to be addressed, and in some cases, show that we still lack quality baseline information against which we can assess change over time. One of the challenges in the coming years will be to improve this information base to enable better measurement of progress towards our outcomes. The Commonwealth Environment Research Facilities programme will be an important element in this.

The performance of Australia on managing the environment sustainably will be benchmarked against other OECD nations in 2006–07, with publication of the OECD Environment Performance Review in 2007. The report will provide an analysis of our performance over the decade since the last review in 1997.

There are a number of emerging policy debates that are central to the department's work, which we can contribute to, such as the use of nuclear energy and the future efforts to address climate change. It is important that the department participates in and informs these debates.

Through the professionalism, dedication and quality of its workforce I consider the Department of the Environment and Heritage is well placed to respond to future challenges.

David Borthwick



Summary of main results

Progress toward outcome 1: protecting the environment

Climate change

- At the inaugural meeting in Sydney in January 2006 the six founding members of the Asia–Pacific Partnership on Clean Development and Climate—Australia, China, India, Japan, the Republic of Korea and the United States—agreed on a new model for international climate change and energy collaboration to reduce greenhouse gas emissions.
- Australia’s National Greenhouse Accounts show that Australia is on track to meet its internationally agreed target of 108 per cent of 1990 greenhouse gas emissions despite strong growth in energy consumption.

Land and inland waters

- Following Natural Heritage Trust funding, environmental flows to the River Murray system allowed Nankeen night herons to breed in the Barmah Forest for the first time in 40 years, and silver perch to successfully spawn. Vegetation communities, including river red gums, also responded well to the additional water. The department is helping to fund infrastructure to deliver water for wetlands and floodplains in Victoria and South Australia.
- Investments under the National Action Plan for Salinity and Water Quality and the Natural Heritage Trust are now driven by single regional plans managed by the 56 established regional bodies. The plans identify resource management and sustainable agriculture priorities in each region, covering close to the whole continent.
- A total of 1 750 community groups will share in over \$55 million to undertake water saving projects under the Community Water Grants, part of the \$2 billion Australian Government Water Fund. The projects are expected to save 18.5 billion litres of water annually across Australia.

Coasts and oceans

- The regional marine planning process was given a statutory base under section 176 of the *Environment Protection and Biodiversity Conservation Act 1999*.
- The first integrated network of marine parks in Australia’s south-east was agreed when 13 new marine protected areas were announced for the south-east



Summary of main results

Marine Region. The network covers a total of 226 000 square kilometres. It will conserve representative marine ecosystems and biodiversity. Australia now has about one-third of the world's marine protected areas, and is a world leader in marine environment conservation.

Heritage

- The Minister for the Environment and Heritage, Senator the Hon. Ian Campbell, agreed to new strategic directions for heritage, with three elements—enhancing the telling of stories about heritage, helping Australia's heritage become more sustainable and amending the *Environment Protection and Biodiversity Conservation Act 1999* to focus more on outcomes and less on details of process.
- Twenty-one places were added to the National Heritage List. As at 30 June 2006, the list contained 31 places. Three places were added to the Commonwealth Heritage List, bringing the total to 339 places. The Australian Government nominated the Sydney Opera House to be inscribed on the World Heritage List.

Human settlements

- The minister announced the first four research hubs to receive funding under the \$100 million Commonwealth Environment Research Facilities programme.
- The department registered 4 000 products under the new labelling scheme for water efficient products (Water Efficiency Labelling and Standards Scheme). The scheme will enable consumers to choose the most water efficient appliances and will encourage innovation by industry, leading to less wastage of precious water supplies.
- The department's fuel quality sampling capability was increased enabling a record number of samples to be tested. Increased fuel sampling will lead to cleaner fuels and lower pollution emissions.
- Since the implementation of the Product Stewardship for Oil Programme four years ago, used oil recycling in Australia has increased by about 40 per cent. These efforts significantly reduce the amount of oil being dumped and polluting the environment.
- Plastic bag consumption in Australia has fallen by 34.2 per cent or over two billion bags over the last three years. This means fewer plastic bags are entering the waste stream and polluting the environment.
- The department continued to monitor the environmental impact of uranium mining in the Alligator River Region. No environmental impact as a result of mining has been detected in Kakadu National Park.



Progress toward outcome 2: advancing Australia's Antarctic interests

- At the 58th annual International Whaling Commission meeting, Australia helped to defeat pro-whaling countries' proposals to remove consideration of small cetaceans from the agenda, to introduce a mechanism for secret ballots, to increase commercial coastal whaling, and to abolish the Southern Ocean Whale Sanctuary.
- At the same meeting the Australian delegation successfully defended Australia's resolution, put at last year's meeting, to condemn so-called 'scientific whaling'. Australia's defence was supported by the Australian Antarctic Division's scientific contributions to developing non-lethal whale research methods.

Managing the department

- A new comprehensive three-year collective agreement was negotiated with staff and unions, and new comprehensive Australian Workplace Agreements were developed for non-senior executive service staff. Both came into effect in August 2006.
- The department completed assessments of the Bureau of Meteorology, National Environment Protection Council Service Corporation, and the Director of National Parks against recommendations of the government's Review of Corporate Governance of Statutory Authorities and Office Holders (the Uhrig Report). The governance arrangements for all of these entities were found to be generally consistent with the Uhrig Report.
- The department undertook a rigorous review of its formal outputs structure, reducing the number of outputs from 18 to seven to reflect the department's services and broad environment management themes. The current outputs are climate change, land and inland water, coasts and oceans, heritage, human settlements, Antarctic policy and Antarctic science. The department reprioritised 2006–07 funding to ensure priority functions are properly resourced and to allow the department to respond to emerging issues.
- The department satisfactorily resolved all major findings arising from the 2004–05 and 2005–06 audits of financial statements by the Australian National Audit Office.



Organisation overview

Portfolio overview

The Department of the Environment and Heritage is the lead agency delivering the Australian Government's national environment and heritage legislation, policies and programmes.

The Australian Government's environment and heritage portfolio includes the department and three statutory authorities (Director of National Parks, Great Barrier Reef Marine Park Authority and Sydney Harbour Federation Trust), one statutory agency (Office of the Renewable Energy Regulator) and one executive agency (Bureau of Meteorology) that report separately on their performance.

Departmental overview

As at 30 June 2006 the Department of the Environment and Heritage was made up of 13 divisions (see figure on page 11).

In 2005–06 the Policy Coordination and Environment Protection Division was split into two divisions: the Policy Coordination Division and the Environment Quality Division. There were no other changes to the structure of the department in 2005–06.

Roles and functions

The department focuses on matters of national environmental significance by:

- advising the Australian Government on its policies for protecting the environment and heritage
- administering environment and heritage laws, including the *Environment Protection and Biodiversity Conservation Act 1999*
- managing the Australian Government's main environment and heritage programmes including the \$3 billion Natural Heritage Trust
- implementing an effective response to climate change
- representing the Australian Government in international agreements related to the environment and heritage and to Antarctica.

Approach

In its work the department looks for solutions that are efficient, equitable and feasible based on:

- understanding environmental problems using science
- adopting economic, regulatory or administrative instruments that can target environmental problems
- carrying out the Australian Government's environmental and heritage policies and programmes in a way that supports the nation's social and economic interests
- cooperating across all levels of government, with industry, with international partners, and with the community.



Environment and heritage portfolio Senator the Hon Ian Campbell Minister for the Environment and Heritage The Hon Greg Hunt MP Parliamentary Secretary				
Department of the Environment and Heritage				
David Borthwick Secretary				
Executive Policy Adviser Diana Wright First Assistant Secretary				
Howard Bamsey Deputy Secretary	Anthea Tinney Deputy Secretary	Conall O'Connell Deputy Secretary		
Australian Antarctic Division Tony Press First Assistant Secretary Industry, Communities and Energy Division Barry Sterland First Assistant Secretary International, Land and Analysis Division Ian Carruthers First Assistant Secretary	Approvals and Wildlife Division Gerard Early First Assistant Secretary Corporate Strategies Division David Anderson First Assistant Secretary Heritage Division Peter Burnett First Assistant Secretary Environment Quality Division Mary Harwood First Assistant Secretary Policy Coordination Division Mark Tucker First Assistant Secretary Supervising Scientist Division Alan Hughes First Assistant Secretary	Land, Water and Coasts Division Tony Slatyer First Assistant Secretary Marine Division Donna Petrachenko First Assistant Secretary Natural Resource Management Programmes Division Malcolm Forbes First Assistant Secretary Parks Australia Division Peter Cochrane Director of National Parks Bruce Leaver First Assistant Secretary		
Authorities and agencies				
Bureau of Meteorology Geoff Love Director	Great Barrier Reef Marine Park Authority The Hon Virginia Chadwick Chairman	Office of the Renewable Energy Regulator David Rossiter Renewable Energy Regulator	Sydney Harbour Federation Trust Geoff Bailey Executive Director	Director of National Parks Peter Cochrane



Outcomes and outputs

This volume of the annual report provides details of the department's performance for the year and its contributions to the outcomes and outputs set out in the Portfolio Budget Statements 2005–06. The work of the department focuses on two major outcomes:

- Outcome 1: the environment, especially those aspects that are matters of national environmental significance, is protected and conserved
- Outcome 2: Australia's interests in Antarctica are advanced

Changes to outputs since the last Budget

Following the incorporation of the Australian Greenhouse Office and the National Oceans Office into the Department of the Environment and Heritage in 2004–05, the department reviewed its outputs structure in consultation with the minister and the Department of Finance and Administration.

This year the number of outputs has been reduced from 18 to seven to reflect the department's services and broad environment management themes—climate change, land and inland water, coasts and oceans, heritage, human settlements, Antarctic policy and Antarctic science.

In 2005–06 the department received funding for the following outcomes and outputs:

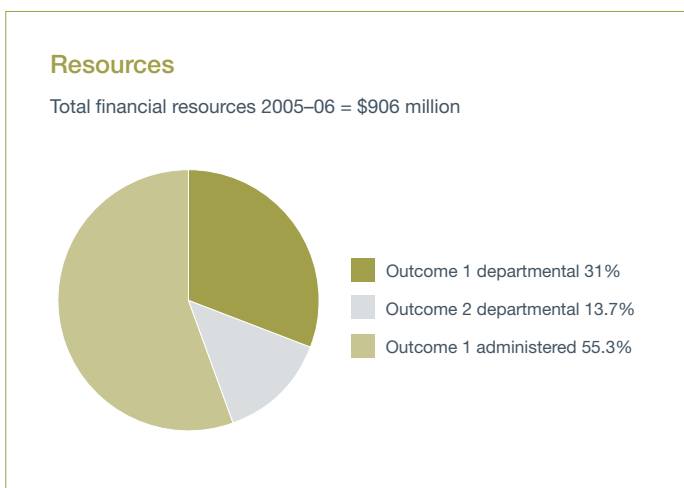
Outcomes	Description	Outputs
Outcome 1		
The environment, especially those aspects that are matters of national environmental significance, is protected and conserved	Protection and conservation of environment and heritage matters that are nationally important or under direct Commonwealth jurisdiction	1.1: Response to climate change 1.2: Conservation of the land and inland waters 1.3: Conservation of the coasts and oceans 1.4: Conservation of natural, Indigenous and historic heritage 1.5: Response to the impacts of human settlements
Outcome 2		
Australia's interests in Antarctica are advanced	Advancement of Australia's Antarctic and Southern Ocean interests	2.1: Antarctic policy 2.2: Antarctic science

Note:

- Volume 2 of the annual report details the operation of the seven Acts that the department administers that do not report separately to Parliament, including how the statutory requirements were met and how the laws were administered.
- A full list of legislation administered by the Australian Government's environment and heritage portfolio is available at www.deh.gov.au/about/legislation.html.



Resources



The data do not include Antarctic policy administered expenses. See page 240 for a detailed breakdown.

