

Department of the Environment, Water, Heritage and the Arts

Volume 1

Contents–Executive Summary

ANNUAL REPORT 2007–08

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Australian Government

Department Environment, Water, Heritage and the Arts

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Australian Government

Department Environment, Water, Heritage and the Arts

The Hon Peter Garrett AM MP

Minister for the Environment,
Heritage and the Arts

Parliament House
CANBERRA ACT 2600

Senator the Hon Penny Wong

Minister for Climate Change and Water

Parliament House
CANBERRA ACT 2600

Dear Ministers

I present the annual reports of the Department of the Environment, Water, Heritage and the Arts for the financial year ended 30 June 2008. This set of reports is in two volumes.

The first volume contains the annual report of the department. The report was prepared in accordance with the requirements set out in section 63 of the *Public Service Act* 1999. 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 2008.

The second volume contains the legislation annual reports. It details the operation of the eight Acts the department administers that we do not report on separately to Parliament. It also, for the first time, incorporates the annual reports of the Murray-Darling Basin Authority and the Commonwealth Environmental Water Holder. This volume must be tabled in each House of the Parliament within 15 sitting days after the day on which you receive it.

I certify that this agency complies with the Commonwealth Fraud Control Guidelines. I certify that this annual report has been prepared in accordance with Section 70 of the *Public Service Act* 1999 and the Requirements for Annual Reports for 2007–08.

Yours sincerely

David Borthwick

Secretary

1 October 2008

Executive Summary

Secretary's review

All aspects of human activity are interdependent with the conservation and sustainable management of our natural environment. The nurturing of a stimulating and lively arts and culture sector, and the conservation of our national heritage, further enriches the lives of all Australians.

During 2007–08 the Department of the Environment, Water, Heritage and the Arts underwent a period of significant growth and change. As well as continuing to take a lead role in the protection and conservation of Australia's environment and securing an efficient and sustainable use of water resources, in January 2008 responsibility for arts and culture came into the portfolio.

With the change of government the department also welcomed two new ministers, the Hon Peter Garrett AM, Minister for the Environment, Heritage and the Arts, and Senator the Hon Penny Wong, Minister for Climate Change and Water.

A particular focus in 2007–08 was the delivery of the new government's commitments. The department responded to these challenges by placing a greater emphasis on project management and reporting, reprioritising resources and restructuring to meet the government's priorities.

Water

The connections between water and the environment are integral to how the Australian environment operates. Maintaining a safe and reliable water supply to our towns and cities and ensuring efficient water use by agriculture and industry is equally important. Water has both a production and a conservation value, which sometimes seem in conflict, especially when drought and climatic change reduce the available water for environmental and consumptive purposes. Getting the balance right requires a major change in the way water is managed and used. This will be founded on:

- adhering to the National Water Initiative framework for water management in Australia that was agreed by all jurisdictions in 2004;
- implementing the government's *Water for the Future* strategy, announced in April 2008, which aims to:
 - ♦ increase the efficiency of irrigation systems to conserve water and promote agricultural productivity;
 - ♦ recover water from willing sellers so that it can be targeted at protecting our rivers and wetlands;
 - ♦ provide funding to enhance water security for our cities and towns; and
- bringing the Murray-Darling Basin Authority and the Murray-Darling Basin Commission together as a single

institution charged, for the first time, with developing and implementing a Basin Plan by 2011, which will include a sustainable cap on surface and ground water extractions.

The department is responsible for implementing the government's policies in these domains. This has required extensive consultation with the states, territories, regional communities, irrigators, environmentalists and scientists. Working with all these parties is essential to secure a transformation in the way Australia's water resources are used.

Environment

The *Environment Protection and Biodiversity Conservation Act 1999* is the Commonwealth's central piece of environmental legislation. Funding increases in the 2007–08 budget meant that the department could further strengthen and streamline the processes for assessing actions that may have a significant impact on matters of national environmental significance. Amendments to the Act which came into effect in February 2007 have also improved the Act's operation.

From 1 July 2008, the department consolidated the Natural Heritage Trust, National Landcare Program, Environmental Stewardship program and the Working on Country Indigenous land and environmental programs into a new natural resource management initiative, the \$2.25 billion Caring for our Country program. The program is focusing on six national priorities: Australia's national reserve system; biodiversity and natural icons; coasts and aquatic habitats; sustainable farm practices and Landcare; natural resource management in remote and northern Australia; and community skills, knowledge and engagement. In each of these areas, outcomes that will be achieved over the life of the program will be spelt out. This will be supported by an annual business plan to

ensure that investments are well targeted to achieve the specified outcomes. A strong emphasis will be placed on monitoring and evaluation to allow the program to be tracked in a transparent and accountable manner.

The department continued to pursue its world leading regional marine planning program and the implementation of a system of marine protected areas. As part of the process, in September 2007 the South-East Commonwealth Marine Reserves came into effect. This is the first temperate deep sea network of marine reserves in the world and its 225,000 square kilometres has examples of the diverse seafloor features and associated habitats found in the South-east Marine Region.

The department continues to advance Australian Government policy to pursue a total ban on scientific and commercial whaling and a more conservation-focused future for cetacean management. As a result of global conservation efforts some species are recovering, such as the humpback whales that grace Australia's southern coastline. The Australian Government continues to argue internationally for collaborative non-lethal scientific research; nations do not need to sponsor the killing of whales in order to study them.

The OECD's second Environment Performance Review of Australia was released in March 2008. The Review made 45 recommendations to strengthen Australia's environmental policies and their implementation. Many of the government's current programs such as *Caring for our Country* and the *Water for the Future* strategy are consistent with the OECD's recommendations. In other areas more needs to be done.

The department has advanced a number of the government's climate change programs, particularly in the area of renewable energy, energy efficiency, greenhouse gas abatement

and community and household education. The department has a key role in developing policies and delivering programs that are complimentary to the Carbon Pollution Reduction scheme. Measures that increase energy efficiency can make substantial contributions to carbon emission abatement and in a way that reduces overall costs to households, industry and the economy as a whole.

The tackling of waste issues received considerable public attention in 2007–08, with heightened interest on the possibilities for reducing the use of lightweight plastic bags. Other areas being investigated are the scope for the introduction of product stewardship arrangements to reduce the waste stream for tyres, televisions and computers. In each of these areas there are particular challenges, chiefly to make sure that any measures are well targeted and cost effective and in securing agreement across jurisdictions and with industry on the best way forward.

Arts, Culture and Heritage

The transfer of responsibility for arts and culture in 2007–08 brought key cultural agencies into the portfolio. These include the Australia Council, the government film agencies, and the national collecting institutions such as the National Gallery of Australia and the National Library of Australia. These institutions are important repositories of information and culturally significant material, supporting discovery and research in the broader community.

The department also completed a major restructuring of government support arrangements for the Australian film industry, including new taxation incentives, the creation of a single film support agency, Screen Australia, and the establishment of the National Film and Sound Archive as a separate statutory authority.

The National Portrait Gallery continued to work towards the construction of a dedicated building in the Parliamentary Zone to open in 2008–09. The Gallery ceased exhibition programs in Old Parliament House while staff prepared for the move to the new building.

There are now 79 places on the national heritage list. Particular focus is being placed on pursuing the world heritage listing for convict places and in exploring the scope for national and potentially world heritage listing for Ningaloo Reef and Cape Range in Western Australia. A particular highlight this year has been to work with the Papua New Guinea Government to secure protection of the Kokoda Track and Owen Stanley ranges, with a view to possible world heritage listing. Australia was elected to the World Heritage Committee in October 2007. Australia is one of 21 countries appointed to the United Nations' committee, which works to advance the principles and integrity of the World Heritage Convention. The four-year appointment will enhance Australia's ability to be a leading manager of world heritage.

The Antarctic

As part of the 2007–09 International Polar Year, the department participated in and helped lead a number of international projects to encourage collaboration in scientific research and policy development. One of the key projects included examining the relationships between the physical sea ice environment and the structure of Southern Ocean ecosystems.

The department conducted research in Antarctica on climate change, sustainability and environmental protection and also acts as a depository and primary source of Australian Antarctic information. The department continued to take a lead role in coordinating and managing logistic support for the Australian Antarctic program, including permanent stations, marine science field bases, transport, communication and medical services.

The Wilkins Runway facility in Antarctica was officially opened and named by Governor-General Sir Michael Jeffery AC CVO MC in January 2008. The Antarctic Airlink is an invaluable service allowing staff and researchers, both Australian and international, to travel to Antarctica from Australia by air in about four hours, rather than up to two weeks by sea. This will enable more focused and effective scientific research to be undertaken.

2020 Summit

The department played an important role in the 2020 Summit, held in Canberra on 19 and 20 April 2008, with two of the Summit's ten thematic streams in the department's areas of responsibility: 'Sustainability and climate change' and 'Towards a creative Australia'.

I attended sessions in both streams and a number of departmental volunteers collated public submissions to the summit and provided other vital support services. The Summit provided a significant opportunity for open discussions and new ideas on areas of great importance to all Australians.¹

¹The final report of the summit is available on <http://www.australia2020.gov.au/>

Workings of the department

The department now supports two portfolio ministers and its role is greatly expanded. With the change of government in November 2007, the department has been asked to implement 107 new policy initiatives, many of which involve major changes in program design or legislation.

These are testing times for the department, requiring a re-examination of priorities, changes to the configuration of the department in some areas and an increased focus on project management to ensure the delivery of the government's commitments.

At the same time, the department needs to reach out in some new areas. Particular priorities for the year ahead will include providing more information on the state of the environment, including publication of annual statistics on key environmental indicators (commencing in 2009) and pursuing an occasional paper series covering aspects of the department's work.

1 Organisation overview

Environment, Water, Heritage and the Arts portfolio

The Hon Peter Garrett AM MP

Minister for the Environment, Heritage and the Arts

Department of the Environment, Water, Heritage and the Arts
David Borthwick – Secretary

| | | | |
|---|--|--|--|
| Gerard Early Deputy Secretary | Mark Tucker Deputy Secretary | James Home Deputy Secretary | Mike Callaghan Deputy Secretary |
| Approvals and Wildlife Division | Arts Division Lynn Bean First Assistant Secretary | Water Efficiency Division Malcolm Forbes First Assistant Secretary | Australian Antarctic Division Tony Press Director |
| Peter Burnett First Assistant Secretary | Culture Division Sally Bassler First Assistant Secretary | Water Governance Division Ian Robinson First Assistant Secretary | Industry, Communities and Energy Division Ross Carter First Assistant Secretary |
| Corporate Strategies Division | Heritage Division James Shevlin First Assistant Secretary | Marine and Biodiversity Division Donna Petrachenko First Assistant Secretary | Executive Policy Advisor Diana Wright |
| David Anderson First Assistant Secretary | Environment Quality Division Mary Hanwood First Assistant Secretary | Water Reform Division Tony Slatyer First Assistant Secretary | Sydney Harbour Federation Trust Geoff Bailey Executive Director |
| Environment Quality Division | Policy Coordination Division Malcolm Thompson First Assistant Secretary | Old Parliament House and National Portrait Gallery Jenny Anderson First Assistant Secretary | Bureau of Meteorology Dr Geoff Love Executive Director |
| Mary Hanwood First Assistant Secretary | Supervising Scientist Division Alan Hughes Supervising Scientist | Natural Resource Management Programs Division Alex Rankin First Assistant Secretary | National Gallery of Australia Mr Ron Radford Director |
| Supervising Scientist Division | | Parks Australia Division Peter Cochrane Director of National Parks | National Library of Australia Ms Jan Fullerton Director General |
| Alan Hughes Supervising Scientist | | | National Museum of Australia Mr Craddock Morton Director |

Senator the Hon Penny Wong Minister for Climate Change and Water

Portfolio agencies and authorities

| | |
|--|--|
| Director of National Parks Peter Cochrane Director of National Parks | 2Screen Australia Ms Lynn Maddock A/g Chief Executive |
| Great Barrier Reef Marine Park Authority Russell Reichett Chairman and Chief Executive | Australian Film, Television and Radio School Ms Sandra Levy Chief Executive Officer |
| Sydney Harbour Federation Trust Geoff Bailey Executive Director | Australian National Maritime Museum Ms Mary-Louise Williams Director |
| Bureau of Meteorology Dr Geoff Love Executive Director | National Gallery of Australia Mr Ron Radford Director |
| National Water Commission Mr Ken Matthews Chief Executive Officer | National Library of Australia Ms Jan Fullerton Director General |
| Australia Council Ms Kathy Keele Chief Executive Officer | National Museum of Australia Mr Craddock Morton Director |

1 Overview of the portfolio as at 30 June 2008.

2 As of 1st July 2008, Screen Australia replaced the Australian Film Commission, Film Australia and the Film Finance Corporation. (On 1st July 2008, the National Film and Sound Archive became an independent statutory authority.)

Outcomes and Outputs structure

The department's outcomes and outputs structure as set out in the 2007–2008 Portfolio Budget Statements is as follows:

| Outcomes | Outputs | Sub-outputs |
|---|---|--------------------------------------|
| Outcome 1 | | |
| The environment, especially those aspects that are matters of national environmental significance, is protected and conserved | 1.1: Response to climate change | |
| | 1.2: Conservation of the land and inland waters | 1.2.1 Land and water strategies |
| | | 1.2.2 Land and water investments |
| | | 1.2.3 Terrestrial parks and reserves |
| | | 1.2.4 Tropical wetlands research |
| 1.3: Conservation of the coasts and oceans | 1.3.1 Coastal strategies | |
| | 1.3.2 Coastal investments | |
| | 1.3.3 Marine conservation | |
| 1.4: Conservation of natural, Indigenous and historic heritage | | |
| 1.5: Response to the impacts of human settlements | 1.5.1 Environmental assessments | |
| | 1.5.2 Pollution prevention strategies | |
| | 1.5.3 Supervision of uranium mines | |
| | 1.5.4 Wildlife protection | |
| Outcome 2 | | |
| Australia's interests in Antarctica are advanced | 2.1: Antarctic policy | |
| | 2.2: Antarctic science | |
| Outcome 3 | | |
| More efficient and sustainable use of Australia's water resources | 3.1: Sustainable management of water resources | |
| | 3.2: Achieving efficiencies in water use | |
| Outcome 4 | | |
| Development of a rich and stimulating cultural sector for all Australians | 4.1: Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, national cultural collections and buildings, and Indigenous languages | |

Changes since the 2007–2008 Budget

The department changed its outcomes and outputs structure during the year after the Administrative Arrangements Order was issued on 3 December 2007. The department has two additional Outcomes covering Water and the Arts.

Next year the department will move to a new Outcome structure for the department that better aligns with the objectives of the government.

Summary of financial performance

In 2007–08 the department administered a total expense budget of \$1.751 billion to support the Australian Government in delivering its environment, water, heritage and arts objectives.

The department performed well against this budget in 2007–08 with minor variances attributable to unspent advertising to be returned to the Budget as well as minor timing issues in the Administered Climate Change programs.

Budget 2007–08*

| | Budget \$ million | Actual \$ million | Variation \$ million |
|--------------|--------------------|-------------------|----------------------|
| Departmental | 571.525 | 559.250 | (12.275) |
| Administered | 1,179.784 | 1,139.729 | (40.055) |
| Total | \$1,751.309 | 1,698.979 | (52.330) |
| Outcome 1 | 1,170.119 | 1,131.712 | (38.407) |
| Outcome 2 | 133.201 | 136.220 | 3.019 |
| Outcome 3 | 286.029 | 272.996 | (13.033) |
| Outcome 4 | 161.96 | 158.051 | (3.909) |

*After additional estimates

Resources

The departments budget increased by 72.6% due to an increase in appropriations in the 2007–08 Budget to deliver the Australian Governments ongoing environment programmes and to reflect funding associated with programs that transferred to the Department as a result of the Administrative Arrangement Orders announced on 3 December 2007.