



Australian Government

Department of the Environment and Energy

ANNUAL REPORT 2017–18

Department of the Environment and Energy

Annual Report 2017–18

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Image credits

Front and back cover: Bushy Island on the Great Barrier Reef

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Letter of transmittal



Australian Government
Department of the Environment and Energy

Finn Pratt AO PSM
Secretary

The Hon Melissa Price MP
Minister for the Environment
Parliament House
CANBERRA ACT 2600

The Hon Angus Taylor MP
Minister for Energy
Parliament House
CANBERRA ACT 2600

Dear Ministers

As Secretary of the Department of the Environment and Energy, I am pleased to present the annual report on the operations of the Department for the reporting period ending 30 June 2018, as required by section 46 of the *Public Governance, Performance and Accountability Act 2013*.

I certify that this report has been prepared in accordance with all applicable obligations under the *Public Governance, Performance and Accountability Act 2013* and the *Public Governance, Performance and Accountability Rule 2014*.

Following its tabling, the report will be made available on the Department's website, www.environment.gov.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Finn Pratt'.

Finn Pratt

22 October 2018

About this report

The Department of the Environment and Energy Annual Report 2017–18 has been prepared in accordance with the requirements for non-corporate Commonwealth entities' annual reports prescribed by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule). The requirements for content to be included in entities' annual reports were approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit on 2 May 2016. The compliance index indicates where information required under the PGPA Rule can be found in this report (see Appendix 14).

Further information

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This annual report is also available electronically at www.environment.gov.au.

Acknowledgement of country

The Department acknowledges the traditional owners of country throughout Australia and their continuing connection to land, sea and community. We pay our respects to them and their cultures and to their elders both past and present.

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Various seabirds in flight over North Keeling Island © Copyright Department of the Environment and Energy and Fusion Films



Overview

1

Overview

Secretary's message

I am pleased to present the Department of the Environment and Energy 2017–18 Annual Report. This report celebrates our achievements and outlines the progress we have made to deliver on the Australian Government's environment and energy priorities.



Secretary Finn Pratt AO PSM
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In 2017–18, we worked closely with jurisdictions, industry and the community to deliver more affordable, reliable and sustainable energy for Australians. We also introduced mandatory reporting of petroleum and other liquid fuels to provide a more transparent and accurate picture of Australia's liquid fuel security.

We supported Australia's interests in Antarctica and continued to implement the Australian Antarctic Strategy and 20 Year Action Plan. This included continued work on the construction of the new icebreaker RSV *Nuyina*, planning for the first paved runway in Antarctica, and a new year-round research station on Macquarie Island. We also established the Antarctic Science Foundation—an independent, environmental charitable organisation—to support world-class scientific research delivered under the Australian Antarctic Program.

We have made progress in protecting the Great Barrier Reef, particularly through implementation of the Reef 2050 Long-Term Sustainability Plan. In 2017–18, we led a mid-term review of the plan in partnership with the Queensland Government and the Great Barrier Reef Marine Park Authority. While the review confirmed that the plan remains the right framework to help improve the health of the Reef, it highlighted areas for improvement. As a result of the review, the Australian and Queensland governments released an updated version of the plan in July 2018, which will guide our ongoing efforts. We successfully negotiated a \$443 million partnership with the Great Barrier Reef Foundation to accelerate efforts to protect the Reef, while also supporting jobs and tourism in the region.

Over the last year we continued to roll out the Australian Government's key natural resource management policies and programs, including the National Landcare Program, Threatened Species Strategy, Improving Your Local Parks and Environment Program, and Australian Heritage Strategy. For example, through the Threatened Species Strategy and the work of the Threatened Species Commissioner, we contributed to the recovery of 70 threatened bird, mammal and plant species and mobilised \$6 million under the Threatened Species Prospectus. We also began implementing the new \$450 million Regional Land Partnerships Program, which will deliver on-ground outcomes at a regional and local level.

We continued to develop and administer the Government's climate change policies and programs to meet Australia's 2020 and 2030 emissions reduction targets. The 2017 review of the Government's climate change policies, released in December 2017, found the current set of policies, with some adjustments, provide the right approach to meet our targets. It involved extensive consultation with businesses across all sectors of the economy and the community.

We continued to support practical action to lower emissions through delivery of the Emissions Reduction Fund, the National Carbon Offset Standard and the Renewable Energy Target scheme. For example, over the last year, 19 more organisations have received carbon neutral certification and we have seen strong investment in large-scale renewable energy projects.

The Department has continued to deliver its core regulatory responsibilities by administering the *Environment Protection and Biodiversity Conservation Act 1999*, which gives effect to Australia's international obligations for on and off-shore protection of species, wildlife trade and heritage. Our Regulatory Framework, released in October 2017, is a forward-looking and outcomes-focused document that sets clear goals for the Department in its approach to environmental and energy regulation. The framework, co-designed with staff and representatives from the regulated community (including industry, non-government organisations, academia, and state regulators), demonstrates our ongoing commitment to engaging with our key stakeholders to deliver mutually beneficial regulatory outcomes. We introduced new legislation, the *Product Emissions Standards Act 2017*, which allows for emissions standards to be set for certain products to improve Australia's air quality. New emission standards have been set for small petrol engines such as gardening equipment to reduce the harmful air pollutants they release, which can contribute up to 10 per cent of urban air pollution.

We strengthened our ability to collect, analyse and disseminate environmental information to support research, policy design and decision-making. All states and territories have now agreed to a national approach to environmental-economic accounting, which will provide improved information about the condition of the environment and its contribution to our quality of life. We continued to invest in environmental science through the National Environmental Science Program, the Geological and Bioregional Assessment Program and the Australian Biological Resources Study. Collectively, these programs support government, science, industry, community and Indigenous sectors to better understand, manage and conserve Australia's natural environment.

We focused on strengthening our organisational capacity by building the capabilities of our leaders and people to ensure we deliver our objectives. Earlier this year, we released the Department's *People Strategy 2018–2022* which will help ensure we have the right capability and organisational culture to deliver quality outcomes. We continue to improve our governance processes. Our governance framework encourages employees to be accountable for their actions, focus on high standards of performance, strive for excellence, and ensure the efficient, effective and ethical management of resources. Similarly, our risk management framework ensures staff are supported to effectively design, implement, monitor, review and evaluate approaches to risk management.

In 2018–19, we look forward to working constructively with our stakeholders across all sectors to deliver environment and energy outcomes for all Australians.

I would like to thank everyone in the Department for their continued hard work, commitment and professionalism. They do a great job every day and it is a privilege to work with them.

Finn Pratt AO PSM

Secretary, Department of the Environment and Energy

Overview of non-financial performance

Our performance is determined by looking at each of our purposes and measuring the extent to which we have achieved our objectives. Our performance relies on our ability to deliver environment and energy policies, programs, regulation and research activities to effectively serve the Government.

In 2017–18, our purposes were to conserve, protect and sustainably manage Australia's biodiversity and heritage; develop and implement a national response to climate change; advance Australia's strategic, scientific and environmental interests in Antarctica; and support the reliable, affordable, sustainable and secure operations of energy markets. We achieved these purposes through our collaborative, evidence-based and professional approach to all that we do.

In 2017–18, we continued to:

- › undertake our regulatory activities; develop and implement policies to improve Australia's environmental health; implement programs to support the recovery of threatened species and ecological communities; and improve the condition of Australian landscapes
- › implement a suite of climate change policies and programs to assist Australia to meet its emissions reduction targets and adapt to the impacts of climate change
- › implement the Australian Antarctic Strategy and 20 Year Action Plan to advance our strategic, scientific and environmental interests in the Antarctic
- › work with governments and industry to improve energy security, implement reforms to energy markets and improve information available to consumers to empower them to make changes to reduce their energy bills and find the best energy deal.

The annual performance statements, a requirement under the *Public Governance, Performance and Accountability Act 2013*, examine our performance against what we set out to achieve in the Corporate Plan 2017–18. Chapter 2 provides an overarching summary and detailed analysis of our performance against our purposes and performance measures.

Our results demonstrate solid performance against the following objectives for each of our purposes and our cross-cutting science, information and research activity, set out in our Corporate Plan 2017–18.

Conserve, protect and sustainably manage Australia's biodiversity and heritage

- › Improve the extent, condition and connectivity of Australia's unique biodiversity and natural resources, including the Great Barrier Reef, through protection of habitats and mitigation of threats to threatened species and ecological communities.
- › Protect and restore water-dependent ecosystems in the Murray–Darling Basin through the management and use of Commonwealth environmental water and manage Australia's obligations under the Ramsar Convention.
- › Improve the knowledge of, and inform decision-making on, the impacts to and management of water-dependent ecosystems consistent with international and national obligations.
- › Identify, protect and conserve Australia's threatened species, ecological communities, cetaceans and migratory species and our world and nationally significant natural, Indigenous and historic heritage places.
- › Protect internationally traded flora and fauna consistent with national and international obligations.

- › Support sustainable development outcomes by delivering efficient and effective regulation of matters of national environmental significance.
- › Protect the environment through national approaches to effectively and efficiently manage hazardous wastes, substances and pollutants.

Develop and implement a national response to climate change

- › Shape the global response to climate change and achieve Australia's greenhouse gas emissions reduction targets through effective emissions reduction mechanisms, including the Emissions Reduction Fund, the Carbon Neutral Program and the Renewable Energy Target.
- › Support the Australian Renewable Energy Agency and the Clean Energy Finance Corporation.
- › Provide guidance, support and information to increase the resilience of Australian Government operations and activities to climate change impacts; and assist businesses and communities to manage their climate risks.

Advance Australia's strategic, scientific and environmental interests in Antarctica

- › Strengthen Australia's leadership in Antarctica, including by conducting world-leading science, promoting environmental best practice, and developing economic, educational and collaborative opportunities.

Support the reliable, affordable, sustainable and secure operations of energy markets

- › Lead energy market reform to support market outcomes that are in the long-term interests of consumers, consistent with our Paris Agreement commitments.
- › Increase national energy productivity and energy efficiency performance.
- › Support the security of domestic and international supply chains for electricity, gas and liquid fuel.

Science, information and research

- › Improve understanding of Australia's environment and inform environmental decision-making through collaborative research and enhanced discovery of, access to and use of environmental information.
- › Improve the knowledge of, and inform decision-making on, the water-related impacts of unconventional gas and coal mining development.

Management and accountability

The Department's Corporate Plan 2017–18 outlined eight core capabilities that our organisation requires to ensure we achieve our purposes and build our influence over the short and medium term. These include preparing our workforce for the future, partnering for better outcomes, making evidence-based decisions, fostering innovation, improving our ICT and digital capabilities, communicating and engaging effectively, pursuing regulatory maturity and building a positive risk management culture. We made good progress in developing these capabilities and will continue to grow them over the coming years.

During the year, we developed strategies and processes to build a productive and engaged workforce. In April 2018, we launched our inaugural *People Strategy 2018–2022*. The strategy focuses on developing the capabilities of our leaders and people, encouraging diversity and facilitating safe and healthy workplaces. We improved our recruitment processes to encourage people with a disability to apply for positions in the Department through the

graduate program and paid internships. We implemented a new Performance Framework that is designed to improve performance outcomes for all employees, with a focus on regular performance conversations, professional development and career goals.

In 2017–18, we sought to strengthen our communications and engagement activities. Our social media presence grew substantially, with our Twitter, Facebook, YouTube and Instagram accounts showcasing and encouraging engagement with policies and programs across the portfolio.

The Department played an active role in the whole-of-government approach to the 2030 Agenda for Sustainable Development. The 2030 Agenda includes 17 Sustainable Development Goals that are designed to address current and future challenges that the world faces, and the Department has the lead on five of the goals. We supported the development of Australia's first Voluntary National Review on the 2030 Agenda, and we are actively involved in generating baseline data and information to track and monitor Australia's performance against the environment and energy goals. We continued to engage in other national and international forums including the United Nations and the Environment Policy Committee of the Organisation for Economic Co-operation and Development.

Over the last 12 months the Department worked to improve its regulatory maturity. In October 2017 we released our new Regulatory Framework and have since reviewed our activities to ensure they align with it. The framework was co-designed with representatives from the regulated community. It sets out our regulatory role, who is involved in environmental and energy regulation and how they interact; and it outlines our commitment to being an effective, responsive and trusted regulator.

Overview of financial performance

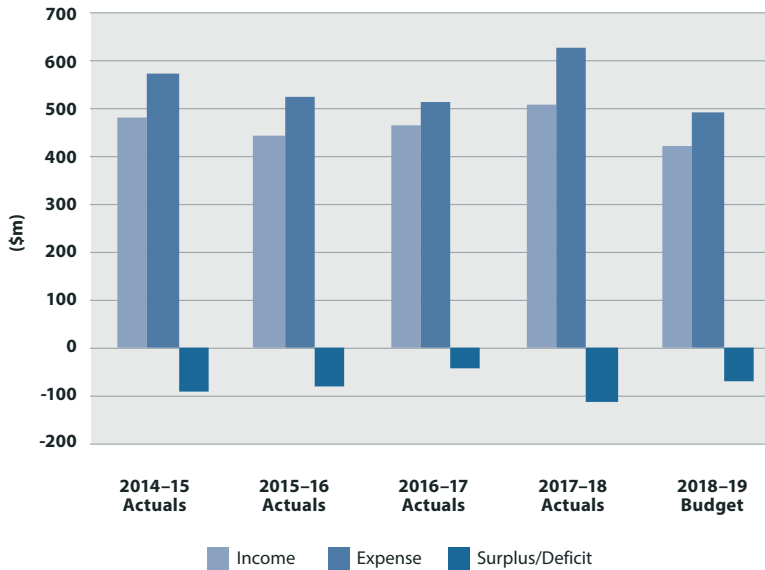
The Department delivers major Government initiatives to promote the conservation and sustainable use of Australia's natural resources across four purposes: environment and heritage, climate change, Australia's interests in the Antarctic, and energy (see Part 2, 'Annual performance statements', page 16).

During 2017–18, the Department demonstrated sound financial management and achieved a break-even departmental appropriation result. Total departmental and administered expenditure managed in 2017–18 was \$1.74 billion compared with \$1.18 billion in 2016–17. The Department continued to successfully implement key Government programs, notably the Green Army Program, the Great Barrier Reef 2050 Partnership Program, and the National Landcare Program, including the Natural Heritage Trust of Australia Special Account. The Department ran significant operations, including remote locations such as Commonwealth national parks and the Antarctic. There were nine special accounts managed through legislation and cost recovery schemes.

Departmental finances

Figure 1.1 outlines the Department's financial performance in relation to departmental activities over the past four years and the budget for 2018–19.

Figure 1.1: Departmental financial performance, 2014–15 to 2018–19 (\$ million)



The financial performance of departmental activities for 2017–18 is summarised in Table 1.1.

Table 1.1: Departmental financial performance, 2016–17 and 2017–18

Indicator	30 June 2018 (\$'000)	30 June 2017 (\$'000)	Variance (\$'000)
Operating expenses	626,814	514,104	112,710
Own-source revenue	55,363	48,025	7,338
Gains	748	10,512	(9,764)
Net cost of services	570,703	455,567	115,136
Revenue from government	454,398	410,360	44,038
Operating (deficit)/surplus	(116,305)	(45,207)	(71,098)
Changes in asset revaluation surplus	134,788	26,960	107,828
Total comprehensive income/(loss)	18,483	(18,247)	36,730

The Department's net cost of services was \$570.70 million, with own-source revenue of \$55.36 million and operating expenses of \$626.81 million. Revenue from Government was \$454.40 million. The Department achieved a break-even result against its appropriation budget. The financial performance presented in the financial statements also includes the non-cash income and expense items such as revaluations, depreciation and amortisation, and changes to provisions for restoration obligations in the Australian Antarctic regions. The value of these items makes up the net cost of services and the operating result in the financial statements. Taking into consideration the non-cash expenses resulted in an operating deficit of \$116.31 million. Offsetting this is the non-cash revaluation surplus, resulting in a total comprehensive gain of \$18.48 million.

The increase in operating expenses in 2017–18 is primarily attributable to funding for new budget measures announced in the 2017–18 Portfolio Budget Statements and 2017–18 Portfolio Additional Estimates Statements; and non-cash increases in the Antarctic make-good provisions and depreciation and amortisation expenses.

The increase in own-source revenue of \$7.34 million was largely due to contributions for the Council of Australian Governments Energy Council from states and territories.

The decrease in gains of \$9.76 million was primarily due to the movements in the make-good provision for the restoration of the Antarctic solid waste disposal sites, recognised as an expense in 2017–18 due to the increase in the value of the provision.

The \$44.04 million increase in revenue from Government primarily reflects funding for new budget measures announced in the 2017–18 Budget cycle.

Changes in asset revaluation surplus largely relate to the revised methodology and changes in the relevant Australian Government bond rates used to calculate make-good and base restitution obligations for the Australian Antarctic locations.

Table 1.2: Departmental financial position, 2016–17 and 2017–18

	30 June 2018 (\$'000)	30 June 2017 (\$'000)	Variance (\$'000)
Total assets	912,858	688,481	224,377
Total liabilities	659,324	623,785	35,539
Total equity	253,534	64,696	188,838

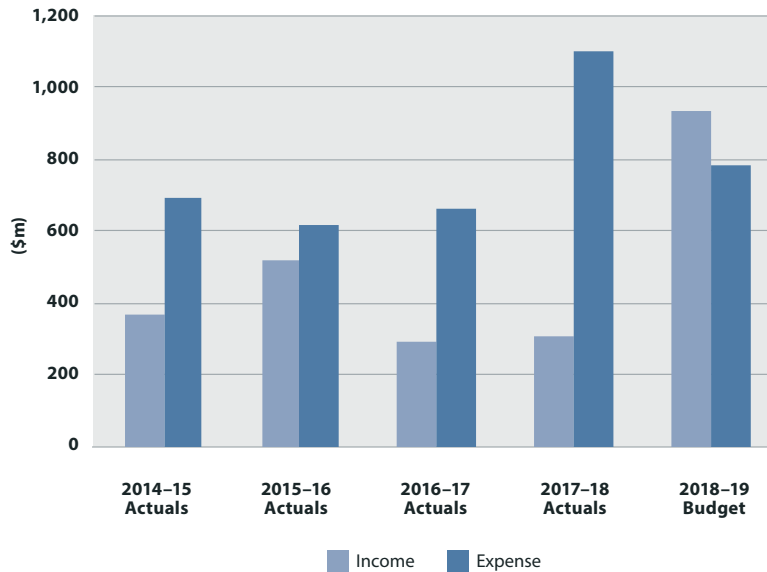
In 2017–18, the Department managed a total asset base of \$912.86 million—an increase of \$224.38 million from 2016–17, primarily due to the ongoing construction of the new science and resupply icebreaker ship; and increased asset values due to the Department's revaluation of its non-financial assets. A further increase in trade and other receivables was associated with milestone payments yet to be made for the new icebreaker ship.

Total liabilities managed by the Department increased by \$35.54 million in 2017–18. This was primarily due to the Department revising its methodology for valuing restoration obligations associated with the Australian Antarctic regions.

Administered finances

Figure 1.2 outlines the Department's financial performance in relation to administered activities over the past four years and the budget for 2018–19.

Figure 1.2: Administered activities, 2014–15 to 2018–19 (\$ million)



The financial performance of administered activities for 2017–18 is summarised in Table 1.3.

Table 1.3: Administered financial performance, 2016–17 and 2017–18

Indicator	30 June 2018 (\$'000)	30 June 2017 (\$'000)	Variance (\$'000)
Expenses administered on behalf of Government	1,109,963	663,412	446,551
Income administered on behalf of Government	307,194	290,840	16,354
Net cost of services	(802,769)	(372,572)	(430,197)

The Department's total administered expenditure during 2017–18 was \$1.11 billion. The increase in administered expenses by \$446.55 million in 2017–18 was primarily driven by funding granted to the Great Barrier Reef Foundation under the Great Barrier Reef 2050 Partnership Program, and impairment of water entitlement assets held by the Department. This increase was partially offset by a decrease in supplier expenses, primarily associated with the completion of the Green Army Program in 2017–18.

In 2017–18, the Department's administered income from activities on behalf of the Government totalled \$307.19 million. This was \$16.35 million higher than 2016–17, primarily due to increased water entitlement assets transferred from the Department of Agriculture and Water Resources and lower levels of impairment reversals recorded against water entitlement assets.

Table 1.4: Administered assets and liabilities, 2016–17 and 2017–18

	30 June 2018 (\$'000)	30 June 2017 (\$'000)	Variance (\$'000)
Total assets	21,954,471	13,361,682	8,592,789
Total liabilities	16,346	7,606	8,740
Net assets	21,938,125	13,354,076	8,584,049

As at 30 June 2018, the Department's administered assets were valued at \$21.95 billion. They consisted predominately of water entitlement assets, cash held in special accounts, and the Government's interests in the Director of National Parks, the Sydney Harbour Federation Trust, the Australian Renewable Energy Agency, the Clean Energy Finance Corporation, and Snowy Hydro Limited. The increase of \$8.59 billion in 2017–18 is primarily due to the Government's purchase of the New South Wales and Victorian shareholdings in Snowy Hydro Limited (\$6.11 billion) and an increase in the fair value of the interest in the Clean Energy Finance Corporation (\$1.80 billion).

As at 30 June 2018, the Department had administered liabilities of \$16.35 million, consisting predominately of end-of-year supplier and grant payables. The increase in total liabilities is related to increased expenditure for research under the National Environmental Science Program and the Solar Communities Program.

The Agency Resource Statement provides additional information on the various funding sources that the Department may draw upon during the year (see Appendix 2). For a summary of total expenses by outcomes, see Appendix 3.

Portfolio and Department structure

The Department's main role in 2017–18 was to advise on and implement environment and energy policy to support the Government in achieving a healthy environment, strong economy and thriving community, now and for the future. Our activities covered four purposes: environment and heritage, Antarctica, climate change, and energy.

Information about the Department's purposes and their alignment with outcomes, as outlined in the Portfolio Budget Statements 2017–18, Portfolio Additional Estimates Statements 2017–18 and Corporate Plan 2017–18, is in Part 2 of this report on page 17.

In 2017–18, the Environment and Energy portfolio included the following entities:

- › Department of the Environment and Energy (lead agency)
- › Australian Renewable Energy Agency
- › Bureau of Meteorology
- › Clean Energy Finance Corporation
- › Clean Energy Regulator
- › Climate Change Authority
- › Director of National Parks (Parks Australia)
- › Great Barrier Reef Marine Park Authority
- › Sydney Harbour Federation Trust.

Website links to these portfolio agencies and their annual reports are on the Department's website.

www.environment.gov.au/about-us/departmental-structure

The Department's organisational structure as at 30 June 2018 is presented in Figure 1.3.

Legislation

The Department and our portfolio agencies administer, on behalf of the Ministers, 65 pieces of legislation that provide the legal framework for issues across environment and heritage protection, biodiversity conservation, Antarctica, climate change, renewable energy, and energy markets. Further information on the legislation is available on our website.

www.environment.gov.au/about-us/legislation

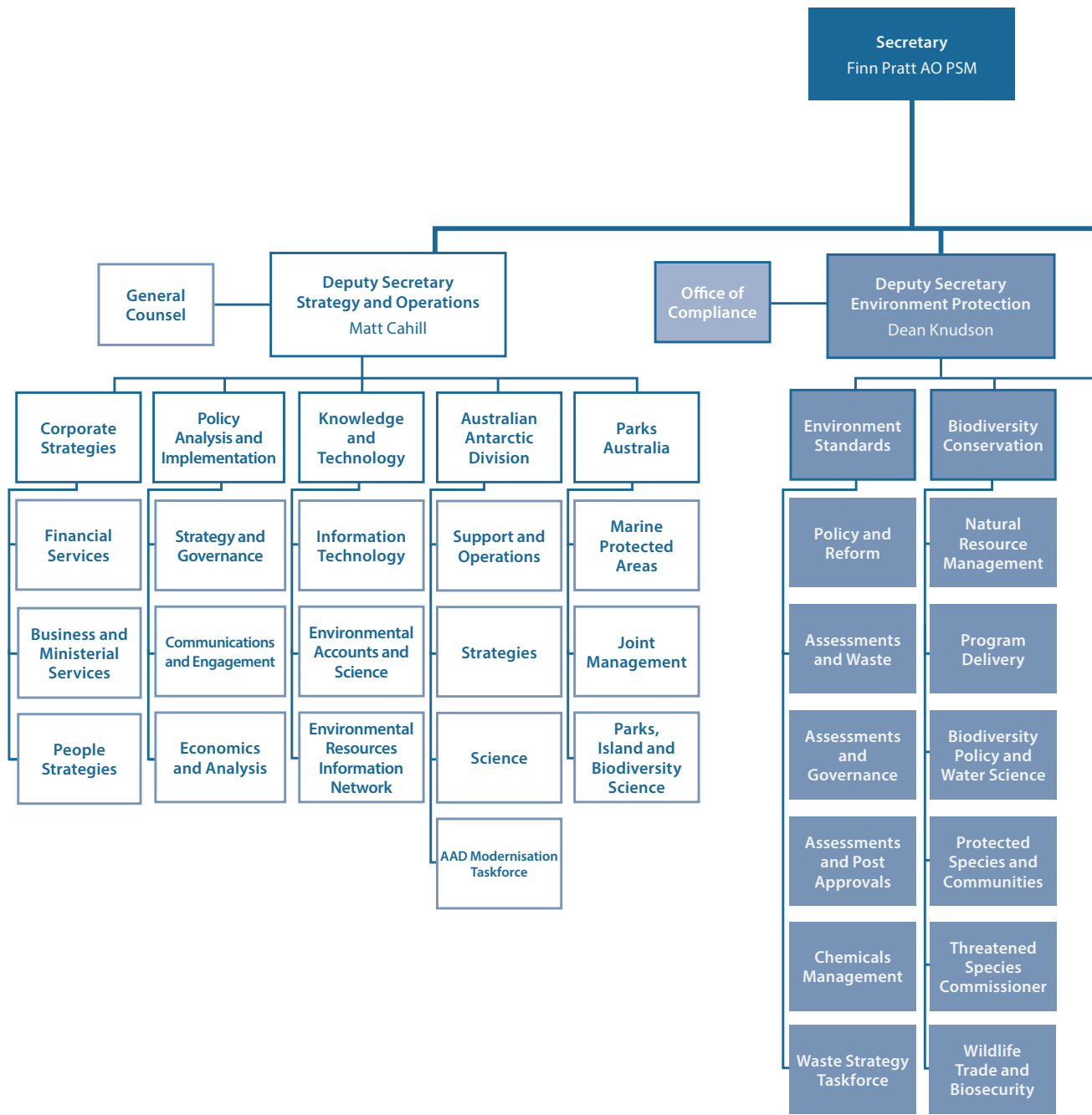
Ten Acts specify that an annual operational report should be prepared and tabled in Parliament. These legislative reporting requirements are acquitted through the respective appendices in this report (see pages 255–306).

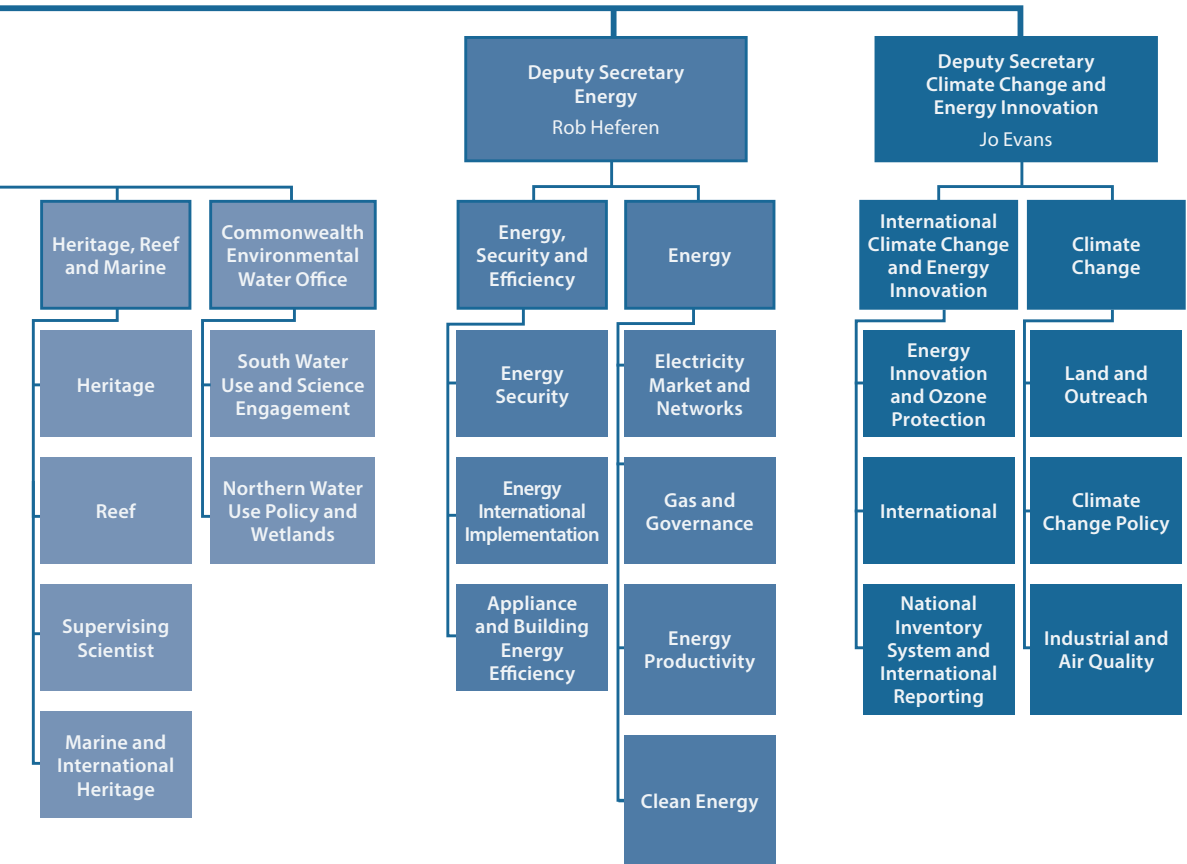
Ministers

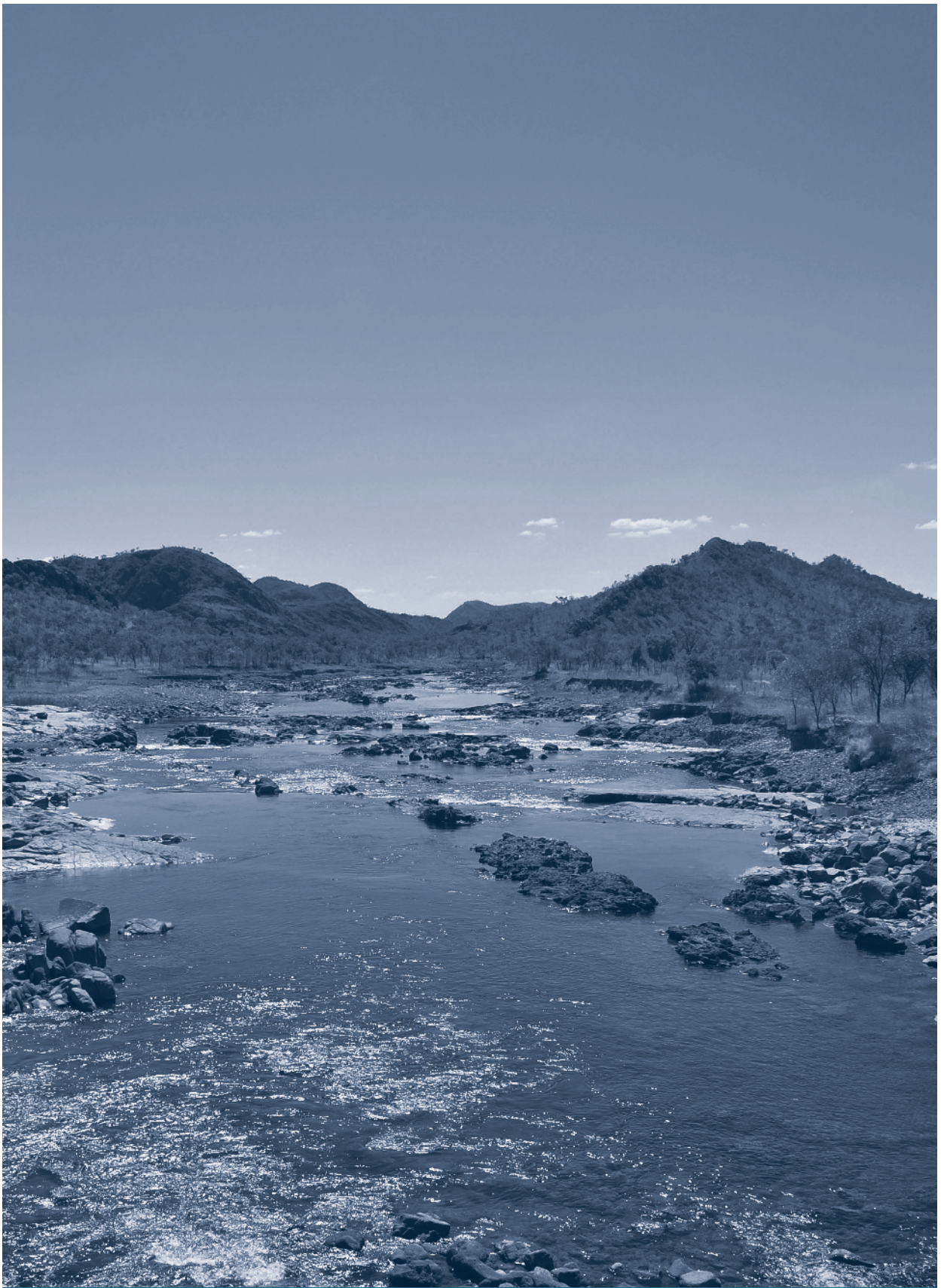
In 2017–18, the Ministers responsible for the Environment and Energy portfolio were:

- › **the Hon Josh Frydenberg MP**
Minister for the Environment and Energy
- › **the Hon Melissa Price MP**
Assistant Minister for the Environment (from 19 December 2017).

Figure 1.3: Department’s organisational structure as at 30 June 2018







Water discharging below the Diversion Dam on the Ord River © Copyright Department of the Environment and Energy (taken by staff)



Annual Performance Statements

2

2 | Annual Performance Statements

Statement of preparation

I, Finn Pratt, as the Accountable Authority of the Department of the Environment and Energy, present the annual performance statements of the Department, covering the 2017–18 financial year, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.



Finn Pratt AO PSM
Secretary
9 October 2018

Department purposes and activities

The Department delivers major Australian Government initiatives to promote the conservation and sustainable use of Australia's natural resources and to ensure community and industry energy needs are met through the efficient use and adequate, reliable and competitive supply of energy. These initiatives deliver outcomes across four purposes: environment and heritage, Antarctica, climate change, and energy. We deliver additional outcomes through our cross-cutting science, information and research activity.

The Department pursues these purposes through 10 activities. The annual performance statements report on our fulfilment of these purposes and activities during 2017–18. The statements report our performance at the Department, purpose, activity and target levels.

Each year the Department's Portfolio Budget Statements (PBS) and Corporate Plan set out the performance measures (performance criteria and targets) to be used for the reporting cycle. The Department revised its 2017–18 performance measures during the reporting cycle in response to recommendations of the Australian National Audit Office report *Implementation of the Annual Performance Statements Requirements 2016–17*. The revised performance measures were included in a re-release of the *Department of the Environment and Energy Corporate Plan 2017–18*. The intention to use these for the 2017–18 reporting cycle was published on the Department's website. The revised measures provide a more relevant and complete set of indicators by which to assess the Department's performance. No changes were made to the Department's purposes and activity structure, and their relationship to the outcomes and purposes in the Department's 2017–18 PBS was not altered.

The performance criteria and targets outlined in the following sections were included in the re-released Corporate Plan 2017–18 and/or the PBS. Their location in those documents is provided in the results tables in this chapter. Table 2.1 illustrates the alignment between the purposes and outcomes outlined in the Corporate Plan and PBS. The complete set of performance measures under each purpose is shown in Table 2.2.

Table 2.1: Alignment between purposes and outcomes outlined in the Corporate Plan 2017–18 and Portfolio Budget Statements 2017–18

Purpose	Outcome	Activity	Program
Corporate plan	Portfolio budget statements	Corporate plan	Portfolio budget statements
Environment and Heritage Conserve, protect and sustainably manage Australia's biodiversity and heritage	Outcome 1: Conserve, protect and sustainably manage Australia's biodiversity, ecosystems, environment and heritage through research, information management, supporting natural resource management, establishing and managing Commonwealth protected areas, and reducing and regulating the use of pollutants and hazardous substances	Investing in our environment and heritage	Program 1.1: Sustainable management of natural resources and the environment
		Environmental watering	Program 1.3: Commonwealth Environmental Water
		Regulating to protect our environment and heritage	Program 1.4: Conservation of Australia's Heritage and the Environment
			Program 1.5: Environmental Regulation
		Environmental health	Program 1.6: Management of Hazardous Wastes, Substances and Pollutants
Climate Change Develop and implement a national response to climate change	Outcome 2: Reduce Australia's greenhouse gas emissions, adapt to the impacts of climate change, contribute to effective global action on climate change, and support technological innovation in clean and renewable energy, through developing and implementing a national response to climate change	Reducing Australia's greenhouse gas emissions	Program 2.1: Reducing Australia's Greenhouse Gas Emissions
			Program 2.3: Renewable Energy Technology Development
Antarctica Advance Australia's strategic, scientific and environmental interests in the Antarctic	Outcome 3: Advance Australia's strategic, scientific, environmental and economic interests in the Antarctic region by protecting, administering and researching the region	Adapting to climate change	Program 2.2: Adapting to Climate Change
		Antarctic science, policy and presence	Program 3.1: Antarctica: Science, Policy and Presence
Energy Support the reliable, affordable, sustainable and secure operations of energy markets	Outcome 4: Support the reliable, sustainable and secure operations of energy markets through improving Australia's energy efficiency, performance and productivity for the community	Energy market reform and energy efficiency programs	Program 4.1: Energy
		Energy security	
Supports all other purposes and outcomes			
Relates to 'Environment and Heritage' and supports all other purposes	Relates to Outcome 1	Science, information and research	Program 1.2: Science, information and research

Table 2.2: Performance measures by activity and purpose

Purpose	Activity	Performance measure
Conserve, protect and sustainably manage Australia's biodiversity and heritage	Investing in our environment and heritage	Performance criterion: <i>Australia meets its obligations under international environmental agreements</i>
		Target: In collaboration with the Queensland Government, by June 2018, improve the quality of water entering the Great Barrier Reef from broad scale land use by reducing pollutant loads in priority areas, relative to 2008–09 baseline levels
		Target: Department-led or coordinated actions in the Reef 2050 Plan are implemented
		Performance criterion: <i>Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected</i>
		Target: <i>Threatened Species Strategy</i> targets are met
		Target: 56 regional natural resource management organisations have delivered against National Landcare Program objectives
		Target: Improving Your Local Parks and Environment Program projects deliver against program objectives
		Target: Green Army program objectives delivered
		Target: 95 per cent of Biodiversity Fund projects substantially complete, delivering 53,800 ha of revegetation to improve vegetation condition and/or increase extent
Environmental watering		Performance criterion: <i>Environmental water is managed to protect and restore water-dependent ecosystems in the Murray–Darling Basin</i>
		Target: All Commonwealth environmental water is actively and adaptively managed, including through use, trade, and carryover
		Performance criterion: <i>Australia's priority wetlands are identified, conserved and protected</i>
		Target: All required assessments under Article 3.2 of the Ramsar Convention (change in the ecological character of Ramsar wetlands) are completed consistent with obligations under the convention

Purpose	Activity	Performance measure
Conserve, protect and sustainably manage Australia's biodiversity and heritage (continued)	Regulating to protect our environment and heritage	Performance criterion: <i>Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected</i>
		Target: Activities required by legislation are conducted within statutory time frames
		Target: Increase in the use of strategic assessments for environmental assessments and approvals
		Target: All Australian property included on the list of World Heritage is well managed
		Target: Improved compliance with national environmental legislation
		Performance criterion: <i>Data and information generated or commissioned by the Department are used by stakeholders and/or support evidence-based decision-making</i>
		Performance criterion: <i>The Alligator Rivers Region environment remains protected from uranium mining impacts consistent with statutory requirements</i>
		Target: The Supervising Scientist's monitoring program demonstrates that there has been no detrimental impact to the people and the environment of the Alligator Rivers Region, including Kakadu National Park, as a result of mining activities
	Environmental health	Performance criterion: <i>Australia meets its obligations under international environmental agreements</i>
		Target: Activities required by legislation are conducted within statutory time frames
		Target: Improved compliance with national environmental legislation
		Performance criterion: <i>Data and information generated or commissioned by the Department are used by stakeholders and/or support evidence-based decision-making</i>

Purpose	Activity	Performance measure
Develop and implement a national response to climate change	Reducing Australia's greenhouse gas emissions	<p>Performance criterion: <i>Australia meets its commitments under international climate change agreements</i></p> <hr/> <p>Target: Australia is on track to meet its 2020 emissions reduction target</p> <hr/> <p>Target: Electricity generation from eligible large-scale sources reaches the legislated target of 33,000 GWh in 2020 while ensuring ongoing reliability and security of our electricity systems. With support from small-scale and other renewable energy generation, such as the Small-scale Renewable Energy Scheme and the Solar Programs, this delivers 23.5 per cent from renewable sources in 2020</p> <hr/> <p>Target: A doubling of Australian Government expenditure on clean energy research and development on 2015 levels by 2020 consistent with Australia's Mission Innovation pledge</p> <hr/> <p>Performance criterion: <i>Support ARENA¹ and the CEFC² to increase the investment of funds into the Australian economy supporting clean energy technologies, including the number of projects progressing beyond the research and development phase of the innovation chain</i></p> <hr/>
	Adapting to climate change	<p>Performance criterion: <i>The Department helps build capability of the Australian Government and others to understand and adapt to climate change</i></p> <hr/>
Advance Australia's strategic, scientific and environmental interests in the Antarctic	Antarctic science, policy and presence	<p>Performance criterion: <i>Antarctica and the Southern Ocean are protected, valued and understood</i></p> <hr/> <p>Target: Australian Antarctic Program complies with relevant environmental legislation</p> <hr/> <p>Target: Implementation of the Australian Antarctic Strategy and 20 Year Action Plan</p> <hr/> <p>Target: At least 100 international institutions collaborating in the Australian Antarctic Program including collaborative agreements or logistics with three to four Antarctic programs of other nations</p> <hr/> <p>Target: At least 100 scientific publications in collaboration with the Australian Antarctic Program, consistent with the priorities set out in the Antarctic Science Strategic Plan, are published in peer-reviewed journals every year</p> <hr/>

Purpose	Activity	Performance measure
Support the reliable, affordable, sustainable and secure operations of energy markets	Energy market reform and energy efficiency programs	Performance criterion: <i>National energy market reforms support the long-term interests of consumers, including affordable, reliable and secure supply in gas and electricity markets</i>
		Target: Implement energy market reforms
		Target: Implement gas market reforms
		Target: Implement governance reforms
		Performance criterion: <i>Improved national energy productivity and energy efficiency performance</i>
		Target: Increase energy productivity by 40 per cent by 2030 from 2015 level
	Energy security	Target: Improved energy efficiency of commercial buildings
		Target: Improved energy efficiency of appliances and equipment sold in Australia
		Performance criterion: <i>Timely, comprehensive and accurate analysis is provided that informs government decisions in relation to energy security</i>
		Target: Implement the annual work programs of the National Gas Emergency Response Advisory Committee and the National Oil Supplies Emergency Committee, and represent the Commonwealth in the National Electricity Market Emergency Management Forum
CROSS-CUTTING ACTIVITY	Science, information and research	Performance criterion: <i>Australia progresses towards compliance with its International Energy Agency stockholding obligation</i>
		Target: Procurement framework for oil stock tickets developed for Australia to participate in an International Energy Agency collective action
		Performance criterion: <i>Data and information generated by the Department are used by stakeholders and/or support evidence-based decision-making</i>
		Target: National Environmental Science Program projects across all Hubs have at least one research user who is reporting that they have used project outputs to inform policy or management action, or are influencing public action for better health or environmental outcomes
		Target: A national approach to environment economic accounts is developed with, and endorsed by, jurisdictions
		Target: All advice provided to regulators by the IESC ³ is delivered within statutory time frames and made publicly available
		Target: The bioregional assessments of the potential water-related impacts of coal and coal seam gas for all 13 bioregions are completed
		Target: Priority regions are identified and work is underway for new combined geological and bioregional assessments of the impacts of unconventional gas extraction, including shale and tight gas
		Target: 650 taxa revised or newly described under the Australian Biological Resources Study
		Target: At least 100 researchers, including early career researchers, supported under the Australian Biological Resources Study

1. Australian Renewable Energy Agency.

2. Clean Energy Finance Corporation.

3. Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development.

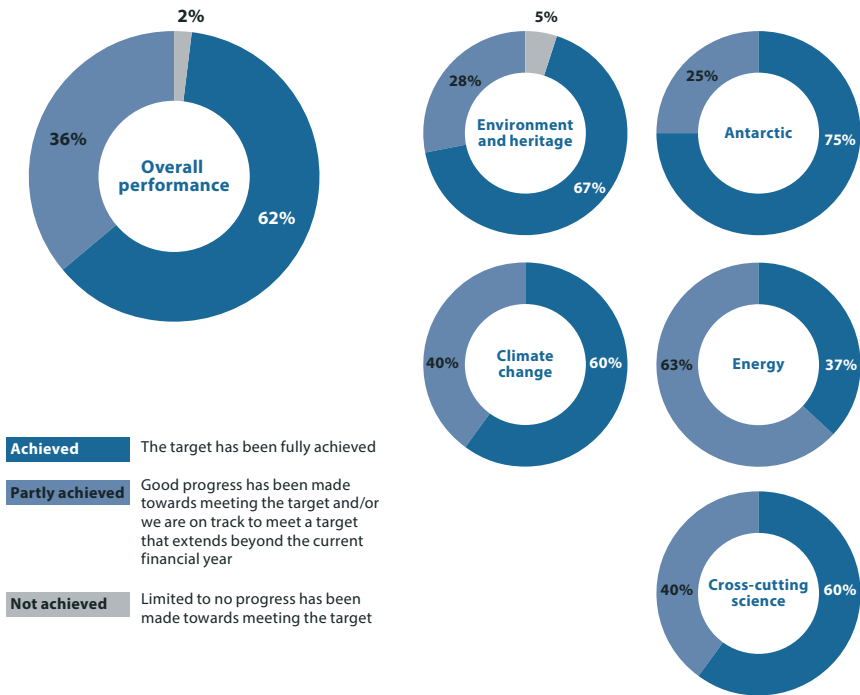
Overview of performance

In 2017–18, the Department successfully delivered outcomes across all four of its purposes. Overall, we achieved 62 per cent and partly achieved 36 per cent of our performance measures. Our collaborative, evidence-based and professional approach to our policy development, program delivery and regulatory activities was the cornerstone of our success.

Many of the policies and programs we implement have long-term objectives and there is a time lag between implementation and observed outcomes. Accordingly, some targets extend beyond the current financial year, and, while we can demonstrate that we are on track to meet the target in the longer term, the targets are reported as partly achieved during the reporting period. In other cases, policies and programs are in the early stages of implementation. One target was not achieved in 2017–18—we did not meet some statutory time frames because of the need to seek additional information from proponents and high workloads which caused delay.

The charts below provide a graphical snapshot of our performance and are followed by an analysis of our performance against each purpose. The achievement ratings reflect the percentage of targets achieved, partly achieved or not achieved across all four purposes, for each purpose, and for the cross-cutting science activity.

Figure 2.1: Performance snapshot overall and by purpose



Purpose 1: Environment and heritage—conserve, protect and sustainably manage Australia's biodiversity and heritage

The Department has continued to deliver policies, programs, information and research that contribute to the conservation, protection and sustainable management of Australia's biodiversity and heritage. We have continued to progress actions to protect and manage the Great Barrier Reef and improve outcomes for threatened species in line with the Threatened Species Strategy. We have supported biodiversity outcomes and natural resource management through the National Landcare Program, the Green Army Program and the Improving Your Local Parks and Environment Program, and we have worked towards building enduring partnerships with industry, communities and individuals to build on our successes.

Through the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), we have supported the ongoing work of assessing and listing threatened species and ecological communities and heritage places and the protection of internationally traded flora and fauna. This work is key to understanding the issues affecting our biodiversity and heritage, and is a significant basis for their protection and sustainable management. Our strong engagement in the *Convention on International Trade in Endangered Species of Wild Fauna and Flora* (CITES) supports our regulatory activities in wildlife trade.

Over the last year, we protected and restored the health of rivers, wetlands and floodplains through our delivery of Commonwealth environmental water as part of the Murray–Darling Basin Plan, and through our obligations under the Ramsar Convention. We continued to fund long-term monitoring in the Murray–Darling Basin, which has improved our understanding of the scientific links between river flow and environmental outcomes. We worked with states to better understand threats to four Ramsar sites and identify priority management actions to address those threats.

We continued our work in supporting environmental health through pursuing national approaches to managing hazardous wastes, substances and pollutants. This included working with industry to prepare for new standards under the new *Product Emissions Standards Act 2017*, which will contribute to maintaining and improving Australia's air quality and human and environmental health; undertaking compliance, monitoring and intelligence activities to support compliance with legislation on hazardous waste, air quality and fuel quality; and participating in, and representing the Government at, international forums to ensure Australia's interests are protected.

Initiatives to promote and improve understanding and knowledge of Australia's environment have been vital in supporting our work towards this purpose. The National Environmental Science Program and our work on environmental-economic accounting are key science and research activities that have informed, and will continue to inform, environmental decision-making. Expert advice from the Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development has helped inform decision-making on development proposals. Expert input through the Australian Biological Resources Study has contributed to ongoing and improved understanding of national biodiversity.

Purpose 2: Climate change—develop and implement a national response to climate change

In 2017–18 the Department continued to implement a national response to climate change by developing and administering the Government’s climate change policies and programs to meet Australia’s 2020 and 2030 emissions reduction targets.

The Department has supported, and continues to support, practical action by businesses and the community to lower emissions through the Emissions Reduction Fund, the National Carbon Offset Standard and the Renewable Energy Target. Over the last year we have seen a 30 per cent increase in businesses receiving carbon neutral certification and strong investment in large-scale renewable energy projects. The Department continued to support clean energy innovation through leading Australia’s involvement in the Mission Innovation international initiative and supporting the activities of the Australian Renewable Energy Agency and the Clean Energy Finance Corporation.

We have continued our work to develop climate science priorities and support climate risk management capability. This has occurred through our role in supporting advisory committees and working groups such as the National Climate Science Advisory Committee and the Australian Government Disaster and Climate Resilience Reference Group.

Purpose 3: Antarctica—advance Australia’s strategic, scientific and environmental interests in the Antarctic

In 2017–18, the Department continued to deliver on the Australian Antarctic Strategy and 20 Year Action Plan to advance Australia’s interests in Antarctica. This included strengthening relationships with other nations and engaging effectively with stakeholders in the Antarctic Treaty system, building our infrastructure capabilities, protecting Antarctica’s unique environment through our regulatory activities, and leading a world-class scientific research program to better understand the role of Antarctica in the global climate system.

Purpose 4: Energy—support the reliable, affordable, sustainable and secure operations of energy markets

In 2017–18, the Department continued to progress energy market reforms to make energy more affordable and reliable, working closely with the states and territories, energy market bodies, business and industry stakeholders. Our administration of the *Greenhouse and Energy Minimum Standards Act 2012* (GEMS Act) has increased the energy efficiency of products and delivered large energy savings for the Australian community.

The Department has continued to administer programs to improve energy productivity and efficiency, including the Commercial Building Disclosure Program and the Equipment Energy Efficiency (E3) Program. In 2017–18, smaller buildings were included in the Commercial Building Disclosure Program, increasing the number of buildings to which incentives for energy efficiency improvements apply. Through the E3 Program we are improving the efficiency of appliances and equipment by including energy ratings and setting minimum energy performance standards.

The Department is continuing to make progress with a plan to return Australia to compliance with the International Energy Agency (IEA) oil stockholding obligation. The Department has established a procurement framework for oil stock tickets that will allow Australia to purchase oil stock tickets from 1 October 2018. This will mean Australia will be able to participate effectively in an IEA collective action if required to reduce the impact of an international oil supply disruption.

Detailed analysis of performance against purposes and activities

The results tables in this chapter are structured by purpose and activity. Collectively they reflect the extent of our contribution to large, complex and shared environmental and energy challenges. For each activity the tables include the following elements:

- › Intended results—the objectives we are pursuing under the activity
- › Performance criteria—the outcomes that will show we are delivering against our intended results
- › Targets—the measures we have used to demonstrate our performance against the outcomes articulated in the performance criteria.

Analysis of the extent to which we have achieved the intended results of the activity precedes the specific results against each target.

Purpose: Conserve, protect and sustainably manage Australia's biodiversity and heritage

ACTIVITY: Investing in our environment and heritage

Intended result:

Improve the extent, condition and connectivity of Australia's unique biodiversity and natural resources, including the Great Barrier Reef, through protection of habitats and mitigation of threats to threatened species and ecological communities.

Analysis against activity

In 2017–18, the Department continued to deliver significant investment for improved outcomes for Australia's biodiversity and heritage. Investments have contributed to habitat restoration, protection and threat mitigation for threatened species and ecological communities. A particular focus has been delivering on the Government's investment in the Great Barrier Reef and accelerating efforts to improve water quality on the Reef.

Investment in biodiversity and natural resource management programs

2017–18 saw the completion of phase one of the National Landcare Program, the Green Army Program and the Biodiversity Fund, all of which achieved their stated targets. In the second phase of the National Landcare Program, in partnership with the Department of Agriculture and Water Resources, the Department is delivering the Australian Government's investment of \$450 million over five years from 2018–19 in a reformed regional delivery model. The new Regional Land Partnerships Program focuses on reducing administration and proportionally increasing the amount of money available on the ground for national environmental significance and sustainable agriculture priorities.

Following consultation on the design of the six Regional Land Partnerships in late 2017, the Department is conducting tender processes to select value-for-money service providers. Service agreements with successful tenderers will be in place for the 2018–19 financial year. Agreements will allow the Australian Government to procure a suite of projects that will contribute to achieving outcomes for communities across Australia.

In 2017–18 we provided more than \$3.5 million for projects under the Threatened Species Recovery Fund.

The Improving Your Local Parks and Environment Program is ongoing. Along with other programs, it is delivered through the Business Grants Hub.

Investment in the Great Barrier Reef

The Reef 2050 Plan is the 35-year framework to improve the health and resilience of the Great Barrier Reef. Good progress has been made to date. In 2017–18 the Department led the mid-term review of the Reef 2050 Plan. The review was undertaken in partnership with the Queensland Government and the Great Barrier Reef Marine Park Authority, with advice from the Reef 2050 Plan Independent Expert Panel and the Reef 2050 Advisory Committee. The Panel and Committee confirmed that the Reef 2050 Plan remains the right framework for reducing pressures on the Reef. The mid-term review identified new actions for immediate attention between now and 2020.

In April 2018, the Australian Government announced a \$500 million investment as a key component of the Government's response to widespread coral bleaching over 2016 and 2017. This investment will build on the significant efforts to date to improve the health of the Reef and work towards the targets in the Reef 2050 Plan.

A key focus for the Department in 2017–18 has been reviewing and updating the former Reef Water Quality Protection Plan 2013. This plan is now called the Reef 2050 Water Quality Improvement Plan 2017–2022 to better reflect its position within the Reef 2050 Plan framework. It has an expanded scope, including urban and industrial pollutant sources, and updated targets that provide a higher level of detail in addition to the whole-of-Reef catchment and regional level targets. It sets catchment-scale water quality targets for dissolved nitrogen, particulate nutrients and sediments for the 35 major river catchments that flow into the Reef. The targets are ecologically based and reflect the pollutant reductions needed to improve the health and resilience of the Reef. The new catchment targets represent a significant step forward in information to guide investment prioritisation, clearly identifying where the challenge is greatest. Some \$200 million of the \$500 million new investment announced in April 2018 will be focused on improving water quality.

Performance results

Performance criterion: Australia meets its obligations under international environmental agreements		
Target	Result	Sources
In collaboration with the Queensland Government, by June 2018, improve the quality of water entering the Great Barrier Reef from broad scale land use by reducing pollutant loads in priority areas, relative to 2008–09 baseline levels	<p>Partly achieved</p> <p>The Paddock to Reef Integrated Monitoring, Modelling and Reporting Program is jointly funded by the Australian and Queensland governments. Monitoring and modelling from Paddock to Reef allows measurement of and reporting on progress towards Reef 2050 water quality targets. Data from this program is used to produce Reef report cards.</p> <p>www.reefplan.qld.gov.au/measuring-success/report-cards</p> <p>The Great Barrier Reef Report Card 2016 was released in October 2017. It provides information on progress towards meeting Reef 2050 water quality targets up to June 2016.</p> <p>Catchment modelling has been used to estimate the long-term annual load reductions due to the adoption of improved management practices across the Reef regions. Key results as at June 2016 are:</p> <ul style="list-style-type: none"> • Estimated annual average dissolved inorganic nitrogen load leaving catchments had reduced by 20.9 per cent • Estimated average annual sediment load leaving catchments had reduced by 13.9 per cent • Estimated annual average toxic-equivalent pesticide load leaving catchments had reduced by 36 per cent. <p>The next report card will report on the catchment-level targets in the Reef 2050 Water Quality Improvement Plan 2017–2022. The underpinning modelling will be updated to take into account the new targets and revised baseline for reporting.</p> <p>Significant work goes into validation, analysis, review and reporting for each report card. To ensure that reporting is accurate and inclusive across the two datasets, a combined 2017 and 2018 Great Barrier Reef Report Card will be released in mid-2019.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 19; PBS 2017–18 p. 42</p> <p>Data source:</p> <p>Reef Report Card 2016: www.reefplan.qld.gov.au/measuring-success/report-cards/2016</p>



CASE STUDY

Kalamia Creek before (left) and after (right) mechanical weed removal © Copyright Department of the Environment and Energy

Restoring Burdekin coastal ecosystems to protect the Reef and Ramsar wetlands—system repair

Poor water quality is one of the major threats to marine ecosystems in the Great Barrier Reef World Heritage Area. Excess nutrients are a primary contributor to coral-eating crown-of-thorns starfish outbreaks, and coral and seagrass grow best in waters with lower concentrations of sediments and nutrients (including nitrogen). In 2017 the Australian Government invested in 47 water quality projects through the Reef Trust and Reef Program to reduce pollutant loads from broad-scale land use in the Great Barrier Reef catchment, to improve the quality of water entering the Reef and support its resilience.

One example is the \$2 million, four-year project Restoring Burdekin Coastal Ecosystems for the Great Barrier Reef and Ramsar Project (2013–14 to 2017–18). This project, undertaken by NQ Dry Tropics Ltd in collaboration with Lower Burdekin Water and Burdekin Shire Council, addresses water quality by improving the ecological function of priority wetland coastal ecosystems leading to the Reef via the internationally important Ramsar-listed wetlands of Bowling Green Bay.

In 2017–18, along with revegetation works and pest control of Tilapia fish, the project protected and enhanced a significant area of Kalamia Creek in the Lower Burdekin, with 64 hectares of the main wetland water body improved through mechanical removal of invasive aquatic species. Before the intervention works, this creek system would seasonally deliver large volumes of poor-quality (oxygen-depleted) water into the Reef caused by rotting vegetation from the permanent weed choke upstream.

Performance criterion (continued): Australia meets its obligations under international environmental agreements		
Target	Result	Sources
Department-led or coordinated actions in the Reef 2050 Plan are implemented	<p>Partly achieved</p> <p>The Department is the lead agency for 17 of the 151 actions in the Reef 2050 Plan. We continued to implement these actions throughout 2017–18. Twelve Department-led actions were completed or in place.</p> <p>In 2017–18, the Department coordinated reporting across all Reef 2050 Plan partners to present progress on implementing the actions in the Reef 2050 Plan. Comprehensive action reports detailing progress can be found at:</p> <p>fieldcapture.ala.org.au/explore/dashboard/reef2050</p> <p>Key implementation measures by the Department in 2017–18 include:</p> <ul style="list-style-type: none"> • implementing the Reef Trust – Great Barrier Reef Foundation Partnership through settling a grant agreement to facilitate investment of \$443.3 million in activities that deliver progress towards Reef 2050 Plan targets • releasing four projects through the Reef Trust to: <ul style="list-style-type: none"> - deliver locally trusted expert agronomic support to help sugarcane farmers improve fertiliser use efficiency through nutrient management planning and on-farm implementation (in partnership with the Queensland Government) - clean up beaches and waterways along the Great Barrier Reef coast, and deliver actions to prevent litter from entering Great Barrier Reef waterways - restore and conserve priority island ecosystems along the Great Barrier Reef (in partnership with the Great Barrier Reef Foundation) - run an 'Innovation Challenge' seeking innovative solutions to boost coral abundance on the Great Barrier Reef (in partnership with the Queensland Government) • commissioning a LiDAR catchment-wide mapping project to update our knowledge of the extent of catchment erosion and potential for fine sediment losses into the Reef. These maps will play a key role in future investment decisions • finalising and releasing the Reef Trust offsets calculator and guidance material • contracting a consortium of Indigenous and research organisations to provide advice on the traditional owner commitments and aspirations in the Reef 2050 Plan, informed by local and regional engagement. The consortium convened a Reef-wide workshop on 1–3 May for traditional owners to share their views on pathways for increased traditional owner involvement in implementation of Reef 2050 • finalising and releasing the National Strategy for Reducing Vessel Strike on Cetaceans and other Marine Megafauna. 	<p>Performance measure source:</p> <p>Re-released Corporate Plan 2017–18 p. 19</p> <p>Data sources:</p> <p>Comprehensive reporting on all actions under the Reef 2050 Plan (Monitoring, Evaluation, Reporting and Improvement Tool (MERIT))</p> <p>fieldcapture.ala.org.au/explore/dashboard/reef2050</p> <p>Reef Trust offsets calculator and guidance material</p> <p>www.environment.gov.au/marine/gbr/reef-trust/offsets</p> <p>National Strategy for Reducing Vessel Strike on Cetaceans and other Marine Megafauna 2017</p> <p>www.environment.gov.au/marine/publications/national-strategy-reducing-vessel-strike-cetaceans-marine-megafauna</p>

Performance criterion: Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected

Target	Result	Sources
Threatened Species Strategy targets are met	<p>Partly achieved</p> <p>The Threatened Species Strategy outlines Australia's approach to protecting threatened species. It includes a series of targets to be reported on at years one, three and five. The year three report against the strategy's targets will report on the period July 2017 to June 2018 and is due in 2018–19. Once published, the full report will be available on the Department's website at:</p> <p>www.environment.gov.au/biodiversity/threatened/publications/strategy-home</p> <p>During 2017–18, the Office of the Threatened Species Commissioner published a year two progress report highlighting indicative progress against the year three targets. The progress report, available on the Department's website, showed that action is underway against all 21 targets. Since the establishment of the commissioner model in 2014, more than \$255 million has been mobilised for over 1200 projects that include outcomes for threatened species.</p> <p>Key achievements during 2017–18 included:</p> <ul style="list-style-type: none"> • providing more than \$3.5 million (GST exclusive) for 28 projects under the Threatened Species Recovery Fund • surpassing \$6 million in total funds mobilised under Australia's first Threatened Species Prospectus • raising awareness of Australia's threatened species through the use of innovative engagement techniques • continued action and progress towards the Threatened Species Strategy year three targets and priority action areas. 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 20; PBS 2017–18 p. 43</p> <p>Data source:</p> <p>Progress report to the Minister for the Environment and Energy July 2016 – December 2017</p> <p>www.environment.gov.au/biodiversity/threatened/publications/threatened-species-strategy-year-two-progress-report</p> <p>www.environment.gov.au/minister/frydenberg/media-releases/mr20170907.html</p> <p>www.greghunt.com.au/providing-sanctuary-to-the-critically-endangered-orange-bellied-parrot/</p> <p>www.environment.gov.au/minister/price/media-releases/mr20180525a.html</p>
Target	Result	Sources
56 regional natural resource management organisations have delivered against National Landcare Program objectives	<p>Achieved</p> <p>Contracts under the regional stream of the National Landcare Program first phase ended on 30 June 2018. In 2017, the Department published a review of the first phase of the National Landcare Program. The review found the National Landcare Program has been effective in meeting its strategic objectives.</p> <p>Final reports from 56 natural resource management organisations are due and will be assessed in the first half of 2018–19. This will provide further insights into achievements against program objectives.</p> <p>Under phase two of the National Landcare Program, \$450 million will be provided over four years from 2018–19 for the Regional Land Partnerships component of the program. Consultation on the design of Regional Land Partnerships was undertaken in late 2017. A tender process to select service providers closed on 28 February 2018, and contracts will be in place for the 2018–19 financial year.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 20; PBS 2017–18 p. 43</p> <p>Data source:</p> <p>Report on the review of the National Landcare Program, 2017</p> <p>www.nrm.gov.au/system/files/resources/fb8af1b3-f8fc-4b07-9334-4ae013da9188/files/nlp-review-final-report.pdf</p>



Hattah–Kulkyne Lakes Ramsar site © Copyright Department of the Environment and Energy (taken by staff)

National Landcare Program—restoring the Hattah–Kulkyne Lakes Ramsar site

Victoria's Hattah–Kulkyne Lakes is a wetland of international importance under the Ramsar Convention, and recognised as one of Australia's iconic freshwater wetland systems.

The National Landcare Program has funded the Mallee Catchment Management Authority (CMA) to restore and protect key ecological attributes of the Hattah–Kulkyne Ramsar site by reducing the critical threats posed by pest plant and animal species.


Cats and foxes are a significant threat to the many threatened species that depend on this ecosystem.

Using data from cameras, it is estimated that there are up to 100 feral cats in Hattah–Kulkyne National Park, each eating between five and 30 small animals per day. This means between 500 and 3000 bite-sized birds, animals and reptiles each day are falling victim to the cats.

The Mallee CMA received funding over five years to undertake a program of pest plant and animal control activities including collaborative works with the Arthur Rylah Institute and Parks Victoria to assess the impact of cat and fox encounters in the Hattah–Kulkyne National Park by monitor trapping and bait consumption.

Pest control activities have been very effective, with improved numbers of native species seen across the park.

'Fox baiting is making sure there is less predation of the nests and also helps things like the Malleefowl, other birds, lizards and turtles. There have been a record number of emus sighted within the park since this project began. Just recently, we saw a mature bird with 17 young,' Mallee CMA Project Officer Malcolm Thompson said.

Continued next page 

Thousands of remote camera images were taken during the monitoring phase of the program, to learn how feral cats behave in the wild. This knowledge is helping to determine what feral cat control tools might work and how best to apply them. However, cats are wily animals and quite hard to catch. Trapping and baiting programs can assist but the research is looking at the most effective ways to target the species.

This project showcases the long-term commitment of the Australian Government and Mallee CMA to this site of local, national and international importance. It is a great example of what can be achieved through a coordinated, collaborative approach and a combination of strategic measures supported by various areas across the Department's portfolio.

The project has complemented efforts by the Commonwealth Environmental Water Holder, the Victorian Environmental Water Holder and The Living Murray program to protect and restore the wetlands, and contributes to priority action areas and targets under the Threatened Species Strategy. It is a great example of regional collaboration to achieve environmental outcomes and address several departmental priorities.

'The Park has really sprung to life with support from environmental watering; it's a picture at Hattah at the moment,' Mr Thompson said.

'When you add water, it means good things for birds and native wildlife, but it also creates problems with the bad guys—the foxes, cats and pest plants—and it's important that we remain on top of these pest issues.'

Performance criterion (continued): Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected

Target	Result	Sources
Improving Your Local Parks and Environment program projects deliver against program objectives	<p>Partly achieved</p> <p>The Improving Your Local Parks and Environment Program provides funding to help communities revitalise, maintain, manage and improve local parks, nature reserves, rivers, coastal areas and community facilities.</p> <p>As at 30 June 2018, 38 projects totalling \$14.4 million have been approved under the program. Of these:</p> <ul style="list-style-type: none"> the Department is managing funding agreements for three projects, which are in progress the Business Grants Hub in the Department of Industry, Innovation and Science is managing funding agreements for 34 projects: <ul style="list-style-type: none"> six of these projects are complete: <ul style="list-style-type: none"> final reports for two of these projects have been submitted, indicating that both projects have achieved the program's objectives final reports for the remaining four projects are due for submission in July/August 2018, and the extent to which they have met program objectives will be assessed the remaining 28 projects are in progress. the funding agreement for one project will be negotiated by the Business Grants Hub in August/September 2018. 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 20;</p> <p>PBS 2017–18 p. 43</p> <p>Data sources:</p> <p>Data on projects managed by the Department of Industry, Innovation and Science Business Grants Hub (held by the Business Grants Hub, AusIndustry Business Services)</p> <p>Data on projects managed by the Department of the Environment and Energy</p>

Performance criterion (*continued*): Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected

Target	Result	Sources
Green Army program objectives delivered	<p>Achieved</p> <p>The Green Army Program ceased on 30 June 2018, having successfully delivered 1255 projects across Australia.</p> <p>In meeting the program's strategic objectives of environment conservation, community engagement, Green Army participation, and experience, skills and training, the program:</p> <ul style="list-style-type: none"> • successfully brought together over 11,000 young Australians with a diverse range of backgrounds, abilities and ages • successfully delivered effective environmental outcomes at the local level. Over the first two years a total of 3086 environmental and heritage activities were delivered and 89 per cent of projects exceeded at least one contracted activity target • enabled 4484 community participation and engagement events across Australia, helping to promote the values of local and national environmental conservation along with the achievements of local Green Army teams • resulted in training, qualifications and on-ground experience for participants, resulting in opportunities to improve their future employment and study options. The program offered a range of different training fields in which participants could gain statements of attainment in recognised skills or work towards a certificate accreditation. Over the first two years, participants completed training across 61 different training fields. 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 20;</p> <p>PBS 2017–18 p. 43</p> <p>Data sources:</p> <p>Monitoring Evaluation Reporting and Improvement Tool (MERIT)</p> <p>Green Army Evaluation Report</p> <p>www.environment.gov.au/land/green-army/publications/green-army-evaluation-report</p>
Target	Result	Sources
95 per cent of Biodiversity Fund projects substantially complete, delivering 53,800 ha of revegetation to improve vegetation condition and/or increase extent	<p>Achieved</p> <p>All Biodiversity Fund projects have been finalised. The Biodiversity Fund achieved a total of over 58,000 ha of revegetation specifically to increase the extent and condition of vegetation.</p> <p>When all plantings are taken into account, not just those with the specified purpose of improving vegetation extent and condition, the total area planted is over 67,000 ha.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 20;</p> <p>PBS 2017–18 p. 43</p> <p>Data source:</p> <p>Project data and reporting in MERIT</p> <p>fieldcapture.ala.org.au</p>

ACTIVITY: Environmental watering

Intended result:

Protect and restore water-dependent ecosystems in the Murray–Darling Basin through the management and use of Commonwealth environmental water and manage Australia's obligations under the Ramsar Convention.

Improve knowledge of, and inform decision-making on, the impacts to and management of water-dependent ecosystems consistent with international and national obligations.

Analysis against activity

In 2017–18 the Commonwealth Government acquired and delivered water for the environment of the Murray–Darling Basin (the Basin). This water was managed by the Commonwealth Environmental Water Holder (CEWH) to protect and restore the health of rivers, wetlands and floodplains. Delivery of environmental water by the Commonwealth contributes to flow events and the associated environmental outcomes in conjunction with other sources of water (natural flows, state-owned environmental water and irrigation water).

The target for this year was achieved and a number of key elements of the Basin Plan will be progressively implemented out to 2024. These activities are fundamental to maximising the environmental outcomes that can be achieved and will ensure the most efficient use of environmental water.

The delivery of Commonwealth environmental water is guided by the *Water Act 2007* and the Murray–Darling Basin Plan. The Basin Plan is currently being implemented and progress is being made. A number of state-led projects designed to achieve environmental outcomes with less water will be progressively implemented out to 2024.

Water delivery decisions are guided by seasonal conditions and advice from stakeholders including the Murray–Darling Basin Authority, state agencies, river operators, local community representatives, traditional owners and scientists. Water delivery decisions are also guided by adaptive management and lessons learned from previous use of water for the environment.

To improve knowledge of the impact of water delivery and inform decision-making, operational monitoring was undertaken for each Commonwealth environmental water delivery. Data was collected on issues such as volumes of water delivered, areas of inundation and river levels. The CEWH also funds Long-term Intervention Monitoring (LTIM) projects, which aim to understand the long-term environmental response from Commonwealth environmental watering with respect to targeted environmental outcomes. LTIM monitoring occurs at seven areas in the Basin, selected to provide maximum coverage of areas where Commonwealth environmental watering will occur. Monitoring results in 2017–18 showed that Commonwealth environmental water is contributing to creating the types of flow events that are expected to lead to beneficial environmental outcomes such as supporting the health of vegetation communities and the breeding of native fish species. Our understanding of the scientific links between river flow and environmental outcomes is improving. It will take many years to fully understand the benefits of this work.

Through actively managing the Commonwealth environmental water portfolio through use, carryover and trade, carryover targets were met and water was not forfeited at the end of the financial year.

The Department, as the Australian administrative authority, also managed Australia’s obligations under the *Convention on Wetlands of International Importance* (Ramsar Convention). In consultation with the states and territories, the Department monitored the status of Australia’s 66 Ramsar wetlands, organised two meetings with jurisdictions and conducted ongoing liaison.

In accordance with our obligations under Article 3.2 of the Ramsar Convention, the Department worked with jurisdictions to investigate potential changes to the ecological character of four Ramsar sites (Towra Point Nature Reserve, NSW; Hunter Estuary, NSW; Gippsland Lakes, Victoria; and Barmah Forest, Victoria), arrange for a formal assessment of these changes and develop appropriate response strategies.

The outcome of these investigations is better understanding of the threats to the sites and identification of priority management actions to address those threats, leading to improvements to the condition of the sites.

Performance results

Performance criterion: Environmental water is managed to protect and restore water-dependent ecosystems in the Murray–Darling Basin		
Target	Result	Sources
All Commonwealth environmental water is actively and adaptively managed, including through use, trade, and carryover	<p>Achieved</p> <p>Environmental water use in 2017–18 was focused on consolidating the positive environmental outcomes from 2016–17. For example, in response to drying conditions in the northern Basin, environmental water was used to protect environmental assets experiencing stress.</p> <p>Commonwealth environmental water is achieving environmental outcomes across the Basin and creating the types of flow events expected to lead to beneficial environmental outcomes.</p> <p>The Basin Plan water recovery target for 2017–18 was met.</p> <p>Key environmental responses from environmental watering in 2017–18 include:</p> <ul style="list-style-type: none">• reconnecting over 2000 km of river systems across the northern Basin in autumn 2018 to improve river health and support stressed native fish species• support for re-establishment of native fish species, including Black Bream into the northern Coorong and the endangered Eel Tail Catfish in the Wakool River in New South Wales• a large coordinated flow in winter 2017 that supported vegetation communities along the Goulburn River, Victoria, and went on to stimulate the largest recorded migration of Pouched Lamprey up through the Murray Mouth in South Australia	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 22;</p> <p>PBS 2017–18 p. 46</p> <p>Data sources:</p> <p>Registered holdings in the Department’s asset register, reconciled with state water register records</p> <p>Water allocation figures</p> <p>www.environment.gov.au/water/cewo/about-commonwealth-environmental-water</p> <p>Continued next page ▲</p>

Performance criterion (*continued*): Environmental water is managed to protect and restore water-dependent ecosystems in the Murray–Darling Basin

Target	Result	Sources
	<ul style="list-style-type: none"> flows through autumn 2017 and autumn 2018 to benefit approximately 50,000 conservation-stocked endangered Silver Perch in the Namoi River, New South Wales support for the second consecutive year of Murray Cod spawning events in the Darling River, New South Wales inundation of significant areas of stressed Black Box tree communities over winter–spring 2017 as part of the largest managed watering of the iconic Hattah Lakes Ramsar site in Victoria supporting the recovery of perennial wetland vegetation in the Mid-Murrumbidgee River Wetlands in New South Wales over winter–spring 2017 through the largest Commonwealth contribution of environmental water for a single event within the Murrumbidgee River system. <p>The case study on page 39 provides an example of the use of environmental water in restoring flow and connectivity to part of the Murray–Darling Basin.</p> <p>Further information on environmental watering contributions to restoring water-dependent ecosystems in the Murray–Darling Basin are in Appendix 13 'Operation of the <i>Water Act 2007</i>'.</p> <p>During 2017–18 the volume of Commonwealth environmental water available for use was 1810 GL, which comprised carryover from 2016–17 of 612 GL, plus 1198 GL of new allocations. The most recent figures on environmental water availability and use are in figures 2.2 and 2.3.</p> <p>The CEWH completed two trades this year, resulting in the sale of 6700 ML of Commonwealth environmental water allocations in the Gwydir catchment in New South Wales for a return of \$2,878,400. Further information on these trades is on our website.</p> <p>www.environment.gov.au/water/cewo/trade/trading-outcomes</p>	

Figure 2.2: Commonwealth water availability and use over the period 2008–09 to 2017–18

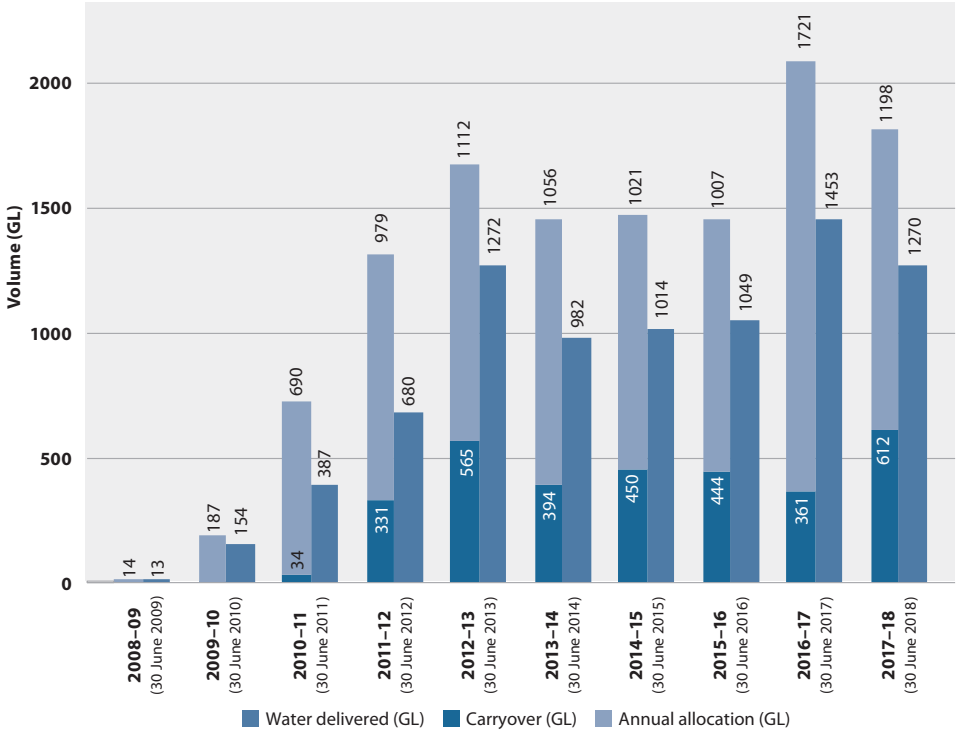
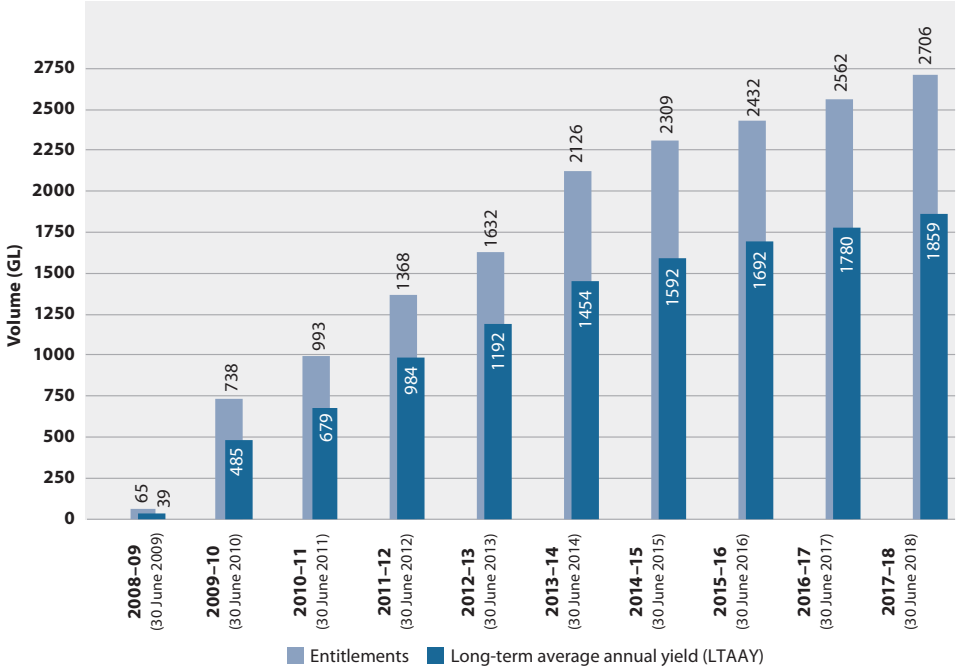


Figure 2.3: Commonwealth environmental water holdings over the period 2008–09 to 2017–18





Environmental flows at Brewarrina fishway © Copyright Department of the Environment and Energy (taken by staff)

Northern connectivity environmental watering event

Parts of the Barwon–Darling River system in the northern Murray–Darling Basin stopped flowing in early 2018. To restore the flow and improve river health, the Australian and New South Wales governments worked together to deliver 25 GL of environmental water into the northern river system in April 2018.

The water travelled along the Gwydir and Border Rivers through the Barwon–Darling and down to Wilcannia, reaching the Menindee Lakes in June 2018. These flows reconnected over 2000 km of river systems, supporting native fish including Golden Perch and Murray Cod by providing food and refuge habitat. The flows improved water quality and refreshed weir pools for river communities, and will help these ecosystems be more resilient in future dry periods.

The flow was protected by the New South Wales Government through a temporary restriction on pumping and increased compliance activities. Local engagement officers from the Commonwealth Environmental Water Office kept river communities up to date during the flow event, including through community presentations which tracked the progress of the flow through regular and online updates.

Monitoring is underway to measure the environmental benefits of the flows and to better understand how fish communities respond once rivers start flowing again. Evaluation of the success of the flow, including protection, compliance and environmental outcomes, will be shared with government partners and communities.

Performance criterion: Australia's priority wetlands are identified, conserved and protected		
Target	Result	Sources
All required assessments under Article 3.2 of the Ramsar Convention (change in the ecological character of Ramsar wetlands) are completed consistent with obligations under the convention	<p>Partly achieved</p> <p>At June 2018, one assessment has been completed and three were in progress in accordance with Australia's obligations under the Ramsar Convention.</p> <p>During 2017–18, the following assessments of potential change in ecological character were undertaken:</p> <ul style="list-style-type: none">• Towra Point Nature Reserve, New South Wales—an assessment found a change in ecological character relating to reductions in shorebird diversity, abundance and breeding success of the regionally endangered migratory Little Tern, as well as decline in salt marsh extent. The change was notified to the Ramsar secretariat on 17 August 2017. A response strategy to address these issues is under development by the site manager and the New South Wales Government• Hunter Estuary, New South Wales—the New South Wales Government, which manages the site, advised the Ramsar administrative authority of a potential change in the ecological character of the site, possibly resulting from chemical contamination. Consultants have been engaged to undertake an independent investigation to determine whether the site has changed or is likely to change in character as a result of chemical contamination• Gippsland Lakes, Victoria—In August 2017, the Victorian Government advised the Ramsar administrative authority of a potential change in ecological character due to increasing salinity. A formal assessment is being prepared• Barmah Forest, Victoria—in 2017 the Victorian Government advised the Ramsar administrative authority of a potential change due to a decline in the extent of Moira Grass (a native aquatic grass that provides habitat for water birds). A formal assessment is being prepared. <p>Third-party reports to the Ramsar secretariat (i.e. reports made directly by external parties rather than notifications by the Ramsar administrative authority after a formal assessment of evidence) and actions taken on them in 2017–18 included:</p> <ul style="list-style-type: none">• Moreton Bay—report in 2017 due to the proposed Toondah Harbour development. A decision on the need for an assessment and/or notification will be made pending the outcome of the environmental assessment under the EPBC Act.	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 22; PBS 2017–18 p. 47</p> <p>Data sources:</p> <p>Formal assessment reports, documents and correspondence on departmental document system</p>

ACTIVITY: Regulating to protect our environment and heritage

Intended result:

Identify, protect and conserve Australia's threatened species, ecological communities, cetaceans and migratory species and our world and nationally significant natural, Indigenous and historic heritage places.

Protect internationally traded flora and fauna consistent with national and international obligations.

Support sustainable development outcomes by delivering efficient and effective regulation of matters of national environmental significance.

Analysis against activity

The Department uses a range of regulatory tools including approvals, licences and permits, incentives, schemes and standards to support the identification and protection of threatened species and ecological communities and significant natural, Indigenous and historic heritage places. We regulate wildlife trade (imports and exports) to protect Australia's biodiversity and species threatened by international trade and to allow sustainable use of wildlife resources. We also have a regulatory role in protecting Australia's marine environment from potential impacts of wastes and pollution and in protecting the Alligator Rivers Region from the impacts of uranium mining.

The EPBC Act is the Commonwealth's central piece of environment legislation. Under this legislation, any actions that will have or are likely to have a significant impact on a matter of national environmental significance are referred to the Department for assessment. These matters include World Heritage properties, National Heritage places, wetlands of international importance, listed threatened species and ecological communities, migratory species protected under international agreements, Commonwealth marine areas, the Great Barrier Reef Marine Park, nuclear actions (including uranium mines) and a water resource, in relation to coal seam gas development and large coal mining development.

Heritage

The Department continued to effectively administer the heritage provisions of the EPBC Act. We have ensured that Australia's world, national and Commonwealth heritage listed places remain protected from any actions likely to have a significant impact on the place's listed values. We are meeting the statutory time frames for assessing places for inclusion in the National Heritage List and the Commonwealth Heritage List. The International Union for Conservation of Nature (IUCN) found that effective or highly effective management arrangements are in place for Australian natural properties included on the World Heritage List.

International wildlife trade

We continued to successfully regulate international wildlife trade under Part 13A of the EPBC Act, including the import of live animals and international trade of native plants and animals, to help conserve Australia's biodiversity. The 17th Conference of the Parties to CITES in late 2016 brought a range of new species under international protection. This significantly increased the volume and complexity of international trade in CITES species with Australia. Resourcing constraints meant that our performance in meeting statutory time frames deteriorated as a result of this change.

The Department assesses the sustainability of Australia's commercial fisheries for the purposes of granting export approval under the EPBC Act. These assessments and approvals are informed by risk. We continued to work with state and territory fishery agencies to identify and address ecological risks. This resulted in a number of fisheries being able to demonstrate low risk and move to longer term approvals. Of the 33 export approvals granted in 2017–18, 16 were approved as wildlife trade operations and 17 were given longer term export approval via inclusion on the List of Exempt Native Specimens under the EPBC Act. These longer term approvals are for up to 10 years and allow the Department to work with fisheries agencies more efficiently and effectively.

Protecting species and ecological communities

We continued to identify and list nationally threatened species and ecological communities as matters of national environmental significance under the EPBC Act. In 2017–18 the Minister made listing decisions for 89 species. Sixty-eight of the listing decisions aligned the Commonwealth threat status of species with states and territories, using assessments provided through the common assessment method for assessing nationally threatened species and ecological communities, a national environmental regulatory reform that enables consistency across Australia.

One new ecological community, Coastal Swamp Oak (*Casuarina glauca*) Forest of New South Wales and South East Queensland, was listed. This is helping to protect vital species habitat and ecosystem functions in remnants scattered along the east coast between Bermagui and Gladstone.

Once a threatened species or ecological community is listed, its recovery is guided by a published conservation advice and, where warranted, a recovery plan. The Minister or his delegate approved 151 conservation advices for species and seven conservation advices for ecological communities. Four recovery plans were approved, covering 39 species.

Assessments under the EPBC Act

The Department continued to support sustainable development outcomes through the environmental assessments and approvals processes. We have been successful in protecting matters of national environmental significance through assessment and conditioning of projects that would otherwise have had adverse environmental impacts.

In 2017–18, the Department focused on enhancing business systems and further streamlining processes to improve our capacity and maturity as a regulator. This included the establishment of the Office of Compliance, which began operating on 1 July 2017. The focus of the Office of Compliance is on cases of serious non-compliance, engagement in areas of emerging risk, assurance of the integrity of the regulatory system, investment in contemporary compliance capabilities and custodianship of the Department's compliance story. During the establishment phase, the Office of Compliance focused on adding value by prioritising compliance activities to ensure we are contributing to or delivering environmental outcomes, and improving compliance with national environmental legislation. Decision-making is intelligence led and risk based. The Office of Compliance has undertaken a range of investigation, monitoring, intelligence and engagement activities to support compliance with the EPBC Act.

Protecting the Alligator Rivers Region

The Department oversees and participates in arrangements for the regulation of uranium mining in the Alligator Rivers Region to ensure regulation is adequate, effective and consistent with statutory requirements under the *Environment Protection (Alligator Rivers Region) Act 1978*. Through the Supervising Scientist's monitoring program we are ensuring protection of the Kakadu National Park World Heritage property. In 2017–18 the Supervising Scientist did not detect any detrimental impact to the people or the environment of the Alligator Rivers Region, including Kakadu National Park, as a result of mining activities.

Performance results

Performance criterion: Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected		
Target	Result	Sources
Activities required by legislation are conducted within statutory time frames	<p>Not achieved</p> <p><i>EPBC Act referrals</i></p> <p>Under section 518 of the EPBC Act, the Department reports on time frame overruns and the reasons for them. In 2017–18, 59 per cent of all statutory decisions were made within statutory time frames (see Figure 2.4). A total of 1870 decisions were made, of which 769 were late. This compares to 64 per cent in 2016–17 (2135 decisions made and 772 late).</p> <p>Delays typically occur with high workloads and when working with project proponents to obtain additional information and reach acceptable assessment outcomes.</p> <p>See Appendix 4 'Operation of the EPBC Act' for further information on referrals made under the EPBC Act (tables 4A.1 to 4A.5, pages 265–267).</p> <p><i>Threatened species and ecological communities</i></p> <p>In 2017–18 the Minister or delegate made listing decisions for 89 threatened species and one ecological community and approved 151 conservation advices for species and seven for ecological communities.</p> <p>Advice from the Threatened Species Scientific Committee regarding amendments to the list of threatened species and ecological communities was provided to the Minister or delegate within the statutory time frames, except in one instance:</p> <ul style="list-style-type: none"> The advice on the listing of the 'Assemblages of species associated with open-coast salt-wedge estuaries of western and central Victoria' ecological community was due on 31 October 2017 and was provided on 18 June 2018. This delay was requested by the Scientific Committee to enable final revisions of the advice to be completed. <p>The Minister jointly made one recovery plan with the Tasmanian Minister and adopted a further three plans prepared by states or territories. The four plans cover 39 species.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 24;</p> <p>PBS 2017–18 pp. 48 and 50</p> <p>Data sources:</p> <p>Parliamentary document management system for decision briefs considered by the Minister</p> <p>Federal Register of Legislation for legislative instruments giving effect to listing and recovery plan decisions</p> <p>Species Profiles and Threats database for changes in the list of threatened species and ecological communities</p> <p>Live import list</p> <p>www.legislation.gov.au/Series/F2006B01053</p>

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Performance criterion (continued): Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected

Target	Result	Sources
	<p>Of the recovery plans made and adopted for these 39 species, the plans for four species (<i>Myrmecobius fasciatus</i>, <i>Pseudocheirus occidentalis</i>, <i>Prasophyllum incorrectum</i> and <i>Prasophyllum taphanyx</i>) were overdue to meet their statutory time frame.</p> <p>The management and research actions required to support the recovery of 99.7 per cent of listed threatened species and ecological communities is now set out in published recovery plans and conservation advices.</p> <p>Further recovery plans and conservation advices are progressively being developed in collaboration with state and territory agencies, local Indigenous and community groups, researchers and other stakeholders.</p> <p>We made one threat abatement plan during 2017–18, for the impacts of marine debris on the vertebrate wildlife of Australia's coast and oceans (2018).</p> <p>See Appendix 4 'Operation of the EPBC Act' for further information on threatened species and ecological communities, recovery plans and threat abatement plans, (pages 257–258 and tables 4A.7 to 4A.11 and 4A.16, pages 268–277).</p> <p><i>Heritage assessments</i></p> <p>The Australian Heritage Council completed one Commonwealth Heritage and six National Heritage assessments. All assessments were completed within statutory time frames.</p> <p>See Appendix 4 for further information on protection of heritage places (pages 260–261).</p> <p><i>Permits</i></p> <p>The Department issues permits under Part 13¹ and Part 13A² of the EPBC Act and Part 9³ of the <i>Environment Protection and Biodiversity Conservation Regulations 2000</i> (EPBC Regulations).</p> <p>The Department issued 2721 permits for international wildlife trade under Part 13A of the Act, 92 per cent of them within the statutory time frame. We issued 227 permits.</p> <p>See Appendix 4 for further information on international wildlife trade (pages 258–260 and tables 4A.12 to 4A.14 and 4A.16, pages 274–277).</p>	<p>Threat abatement plans</p> <p>www.environment.gov.au/biodiversity/threatened/threat-abatement-plans</p> <p>Internal reporting on progress of activities</p> <p>Environmental Impact Assessment System</p> <p>Permit Assessment Workflow System database</p>

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¹ Part 13 permits are required for actions that include taking, killing, moving, injuring, trading or keeping listed threatened, migratory and marine species in a Commonwealth area.

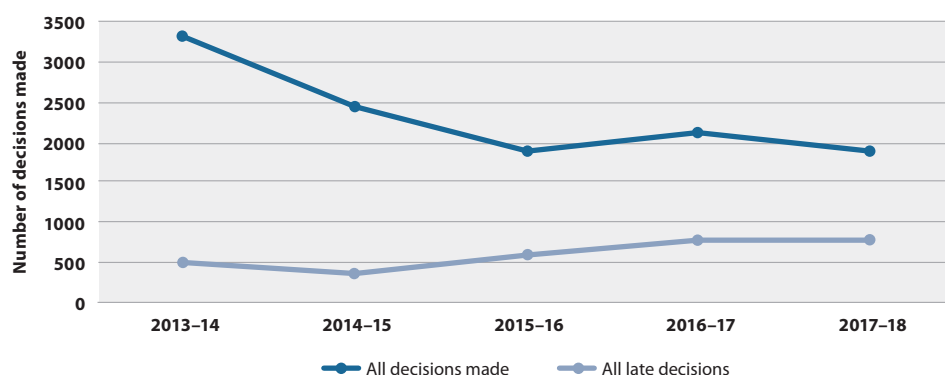
² Part 13A permits are required for trade in native species, some live imports and species listed under the CITES, to ensure that international trade does not threaten species with extinction.

³ Part 9 permits are required for taking, killing, moving, injuring, trading or keeping 'protected species' (defined in Schedule 11 of the EPBC Regulations) or damaging or destroying a nest or dwelling place of a protected species on Christmas Island, Cocos (Keeling) Islands or the Coral Sea islands.

Performance criterion (continued): Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected

Target	Result	Sources
	<p>No statutory time frames apply to Part 13 and Part 9 permits but we endeavour to process these applications within 20 business days. In 2017–18 the Department issued 11 Part 13 permits under the EPBC Act and one Part 9 permit under the EPBC Regulations.</p> <p><i>Sea dumping permits</i></p> <p>Waters surrounding Australia's coastlines are protected from wastes and pollution dumped at sea by the <i>Environment Protection (Sea Dumping) Act 1981</i>. Permits are required from the Department for all ocean disposal activities. In 2017–18 the Department issued 12 permits and varied one permit. All were issued within statutory time frames.</p>	

Figure 2.4: Number of statutory referral decisions versus late decisions



Note: The statistics vary from one annual report to another with improvements in data quality and reliability. The figures in this graph are a revised and improved set of late decisions on referral activities.



Christmas Island Red Crab © Copyright Parks Australia

Protecting Christmas Island's unique environment

Christmas Island, one of Australia's Indian Ocean territories, is situated 2605 km from Perth. It is known internationally for its tens of millions of Christmas Island Red Crabs (*Gecarcoidea natalis*), their incredible annual breeding migration and their role in shaping and maintaining the health of the island's unique rainforests. It is also home to a number of endemic and rare species such as Abbott's Booby and the Christmas Island Giant Gecko. The importance of these species and the value of the Christmas Island environment is recognised internationally, and for these reasons is afforded a high level of protection under national environment law.

By their very nature, small island environments (Christmas Island is only 135 km²) are more at risk from activities which result in environmental damage. Loss of habitat through land clearing, a reduction in how connected areas of habitat are and competition from invasive species make the environment and species on Christmas Island less resilient to environmental change.

In May 2018 the Australian Government decided not to approve a proposed phosphate exploration program on Christmas Island because it was likely to have significant and unacceptable impacts on matters protected under national environment law.

The decision reflects the fact that Christmas Island is a unique and irreplaceable environment. It followed a rigorous and comprehensive assessment under the EPBC Act, including consideration of the social and economic benefits of the proposal and comments received on the proposed decision.



Carved elephant tusk (ivory—Appendix I of CITES) © Copyright Department of the Environment and Energy (taken by staff)

Our role in the Convention on International Trade in Endangered Species

Following the 17th Conference of the Parties to CITES (COP17) in 2016, Australia has worked internationally to help the fight against the illegal wildlife trade, clarify the regulation of international trade in rosewood timber (which was listed on CITES at COP17) and strengthen the implementation of electronic permitting systems.

Australia participated in meetings of the CITES Animals Committee and Plants Committee in Geneva in July 2017. These committees provide technical support for CITES decision-making. We engaged in technical discussions on the implementation of listings including rosewood (*Dalbergia* spp.) and participated in discussions and working groups on sharks and rays and on eels (*Anguilla* spp.), as well as capacity-building and identification materials. Reviews of some Australian species will be considered at the next (30th) meeting of the Animals Committee, and at the 18th Conference of the Parties to CITES in May 2019.

Australia is chairing a CITES working group which is identifying options to facilitate international movement of forensic and scientific samples of CITES-listed specimens. Proposed changes will improve enforcement processes for wildlife-trafficking offences and better enable scientific research in Australia and internationally.

We are also working with other CITES parties to clarify and simplify the regulation of rosewood timber. Australian trade in rosewood is worth millions of dollars annually. The current listing of rosewood under CITES is ambiguous and is causing significant administrative burden on some businesses worldwide. In some cases, such as for musical instruments, there may not be a commensurate conservation benefit.

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At the CITES Standing Committee in November 2017, Australia succeeded in gaining agreement for a review to be undertaken of the requirement for physical endorsement (wet-stamping) of CITES permits by border officials to better align CITES with best practice modern border clearance processes. Australia is leading the review, which aims to assist high-value Australian businesses trading with the US and the EU, as well as enabling better targeting of inspection efforts at borders to the highest risk CITES shipments.

Australia will seek to progress all these issues at the next CITES Standing Committee meeting in October 2018. Recommendations are likely to be put to the upcoming 18th Conference of the Parties to CITES for decision in May 2019.



Eremophila glabra subsp. *chlorella*, listed as endangered under the EPBC Act following an assessment undertaken by Western Australia using the common assessment method © Copyright Andrew Brown, Western Australian Department of Biodiversity, Conservation and Attractions

Common assessment method for assessing nationally threatened species and ecological communities

The common assessment method for assessing nationally threatened species and ecological communities is being successfully implemented as a collaboration between the Australian Government and the states and territories. Threatened species assessments using the agreed method (based on the IUCN Red List criteria and categories) are being shared across jurisdictions, thereby removing duplication of effort and achieving consistent conservation status for species across jurisdictions.

In 2017–18 the Australian Government amended the threatened species list under the EPBC Act for 68 species, based on assessments prepared by the Western Australian, New South Wales and Northern Territory governments using the common assessment method. Fifty-seven species were added to the list, six were transferred between threat categories and five were removed from the list, resulting in consistent alignment of their listing status across jurisdictions. Assessments for a further 34 species are under consideration.


The common assessment method has improved the efficiency of assessments under the EPBC Act, with most listing changes being finalised within six months of the Australian Government receiving the assessment.

All Australian jurisdictions are actively participating in implementation through an intergovernmental working group and are making administrative and legislative changes to incorporate the common assessment method. In 2017–18 the Victorian Government signed the intergovernmental memorandum of understanding for the common assessment method, joining Western Australia, the Australian Capital Territory, Tasmania, the Northern Territory, New South Wales, Queensland and the Australian Government.

This means that we have met the year three target in the Threatened Species Strategy—that is, the Australian Government and the majority of states and territories are now operating under the common assessment method for species listing.

Performance criterion (*continued*): Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected

Target	Result	Sources
Increase in the use of strategic assessments for environmental assessments and approvals	<p>Achieved</p> <p>Strategic assessments consider a broader set of actions than project-by-project assessments. They can consider how to manage development impacts on matters of national environmental significance on a regional or landscape scale. Once we approve a strategic assessment, the approval holder often has responsibility for implementing an endorsed plan, policy or program. There are no statutory time frames for completing a strategic assessment. Such assessments typically take years to complete and involve multiple external stakeholders.</p> <p>The Department continued to manage strategic assessments and approvals in 2017–18.</p> <p>We began one new strategic assessment. On 19 January 2018 a delegate of the Minister for the Environment and Energy entered into an agreement with the Department of Agriculture and Water Resources to undertake a strategic assessment of the National Carp Control Plan. The terms of reference for the strategic assessment report were agreed on 3 May 2018.</p> <p>The Department and the New South Wales Government are collaborating on a new strategic assessment for urban development and supporting infrastructure in Western Sydney. The new strategic assessment development will be in the Western Sydney Airport area.</p> <p>We are waiting for the Victorian bushfire strategic assessment to officially begin.</p> <p>We are undertaking but are yet to complete strategic assessments under Part 10 of the EPBC Act of:</p> <ul style="list-style-type: none"> • urban development, subdivision and associated infrastructure in the Eastern Broadacres area, Australian Capital Territory • urban development at West Belconnen, Australian Capital Territory and New South Wales • the Lower Hunter region and its sustainability planning, New South Wales • a biodiversity plan for coal mining in the Upper Hunter Valley, New South Wales • an expansion of iron ore mining by Hamersley Iron Pty Ltd (Rio Tinto) in the Pilbara, Western Australia • the Perth and Peel regions, Western Australia • urban development at Solomon Heights, Sunshine North, Victoria. 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 24;</p> <p>PBS 2017–18 p. 51</p> <p>Data sources:</p> <p>Completed strategic assessments and public consultation requests are published on the Department's website</p> <p>www.environment.gov.au/protection/assessments/strategic</p> <p>www.environment.gov.au/about-us/public-consultation</p> <p>www.environment.gov.au/protection/assessments/strategic/national-carp-control-plan</p>

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Performance criterion (continued): Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected

Target	Result	Sources
All Australian property included on the list of World Heritage is well managed	<p>Achieved</p> <p>The IUCN World Heritage Outlook 2 report (2017) assessed all of Australia's World Heritage properties listed for their natural values. The assessment reports identify that these properties have effective or highly effective management arrangements in place. Reports for all but two of these sites are available online. The IUCN is still finalising the reports for the Tasmanian Wilderness World Heritage Area and the Kakadu National Park World Heritage Area.</p> <p>All World Heritage sites in Australia are protected under the EPBC Act. Development proposals in or adjacent to World Heritage properties are subject to assessment and approval under the EPBC Act if an action is considered likely to have a significant impact on World Heritage values and other protected matters, such as threatened species. World Heritage properties are also protected under relevant parks legislation in their state. For example, the <i>Environment Protection Act 1986</i> (WA) foresees environmental impact assessments of major developments which may affect World Heritage sites in Western Australia.</p> <p>In 2017–18, we revised and updated the Australian Convict Sites—Strategic Management Framework to complement existing legislative structures and other regimes to address Australia's international responsibilities under the <i>Convention Concerning the Protection of the World Cultural and Natural Heritage</i> (the World Heritage Convention). The revised framework will ensure there are appropriate arrangements for the ongoing protection, management and presentation of the sites within national and state institutional structures.</p> <p>Further protection of heritage places can be delivered through conservation agreements. In 2015 the Australian Government was a party to an agreement to support the protection of the Australian convict site Old Government House and Domain in Parramatta, New South Wales.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 24;</p> <p>PBS 2017–18 p. 48</p> <p>Data sources:</p> <p>www.worldheritageoutlook.iucn.org</p> <p>www.environment.gov.au/heritage/places/world-heritage-list</p> <p>www.environment.gov.au/heritage/publications/aust-convict-sites-strategic-management-framework</p> <p>www.environment.gov.au/system/files/pages/4b63db66-1d8e-4427-91d1-951aff442414/files/ca-nsw-convict-sites.pdf</p>



Willandra Lakes Region (World Heritage listed site) © Copyright Department of the Environment and Energy (taken by staff)

Repatriation of ancestral remains to Willandra Lakes Region World Heritage area

The Willandra Lakes Region was inscribed on the World Heritage List for its outstanding natural and cultural values in 1981 and added to the National Heritage List in 2007. The outstanding cultural values for this place relate to Aboriginal spirituality, tradition, culture and history.

Many important archaeological finds provide evidence that people have been living in the area around Lake Mungo for 50,000 to 60,000 years. The most significant of these are the remains of Mungo Man, the oldest Aboriginal ancestor to have been found in Australia, and Mungo Woman, the oldest person in the world to have been ritually cremated.

Mungo Woman was returned to Mungo National Park in 1992. Following a decision by traditional owners in November 2015 to have their remaining ancestors returned to country within two years, the Department worked closely with staff of the New South Wales Office of Environment and Heritage to facilitate the necessary Commonwealth approval, ensuring protection of globally significant heritage values while meeting the needs and expectations of the traditional owner groups.

The repatriation of 105 Willandra ancestral remains from Canberra to Mungo National Park on 17 November 2017 was a nationally significant event for Aboriginal reconciliation. The repatriation included 42,000 year-old Mungo Man and was momentous for the Paakantyi/Barkandji, Mutthi and Ngiyampaa peoples, who campaigned so long to bring their ancestors back to country.

The ancestral remains will be kept in secure storage until a decision is made on a permanent, culturally appropriate keeping place.

Performance criterion (*continued*): Australia's biodiversity, including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are identified, conserved and protected

Target	Result	Source
Improved compliance with national environmental legislation	<p>Achieved</p> <p>In 2017–18, the Department engaged with the regulated community to increase compliance.</p> <ul style="list-style-type: none"> • We delivered a strategy to support landholders in New South Wales to comply with the EPBC Act. • We responded to more than 30 enquiries about agricultural development in New South Wales. <p>We disrupted noncompliant activities.</p> <ul style="list-style-type: none"> • We commenced 16 criminal investigations and 23 civil investigations. Ten of these involved collaboration with other agencies, resulting in disruption of criminal activity. • We received 627 allegations of, or enquiries about, potential non-compliance with Part 3 of the EPBC Act, resulting in 23 new compliance cases. • There were 47 new compliance cases under parts 7 and 9 of the EPBC Act. • We undertook six prosecutions, resulting in six convictions. The penalties were one term of imprisonment, three good behaviour bonds, 50 hours of community service and \$14,500 in fines. <p>We provided assurance about the administration of the EPBC Act.</p> <ul style="list-style-type: none"> • We conducted six routine audits of projects approved under the EPBC Act, and four audits required under EPBC Act approval conditions. <p>Other compliance outcomes during 2017–18 included issuing:</p> <ul style="list-style-type: none"> • two infringement notices • two directed variations to approval conditions • 34 warning letters and 46 advisory letters. 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 24;</p> <p>PBS 2017–18 p. 51</p> <p>Data sources:</p> <p>Compliance activity numbers: Office of Compliance Branch Plan Report for 2017–18</p> <p>BICON</p> <p>www.agriculture.gov.au/import</p>



Commonwealth fuel quality inspector doing on-site fuel checks © Copyright Department of the Environment and Energy (taken by staff)

Applying our strategic intelligence capability

In response to the 2016 independent review of the Department's regulatory maturity, we recruited a specialist intelligence professional to develop a strategic intelligence capability.

Now in its third year, the strategic intelligence capability is a central component of the Office of Compliance's intelligence-led, risk-based approach to compliance. The strategic intelligence team has delivered intelligence services in support of strategic decision-making, risk assessment and prioritisation for several pieces of legislation, including:

- › horizon scanning for the EPBC Act to proactively identify emerging issues and future risks
- › analysing compliance data from petrol station site inspections to identify drivers of and trends in non-compliance with the *Fuel Quality Standards Act 2000*
- › assessing the nature and extent of hazardous waste exports to help us improve compliance with the *Hazardous Waste (Regulation of Exports and Imports) Act 1989*.

Building effective intelligence partnerships is a key priority for the strategic intelligence team. In addition to identifying new opportunities for sharing information and collaborating with state and Commonwealth co-regulators, the strategic intelligence team co-founded the Australasian Environmental Law Enforcement and Regulators Network (AELERT) intelligence community of practice in 2018.

The development of our strategic intelligence capability is ongoing; it will take several years to reach full maturity. The current focus on compliance and enforcement will be expanded to inform other departmental activities.

Performance criterion: Data and information generated or commissioned by the Department are used by stakeholders and/or support evidence-based decision-making

Result	Sources
<p>Achieved</p> <p>The Department makes guides and digital databases available to the public, empowering users—including government and international bodies, developers, community groups, scientists and members of the public—to make decisions that support the interests of Australia's heritage and biodiversity.</p> <p><i>Wildlife trade</i></p> <p>In 2017–18 Australia worked internationally as a party to CITES to help fight against illegal wildlife trade, strengthen implementation of electronic permitting systems, facilitate international movement of forensic and scientific samples of CITES-listed specimens, simplify the regulation of new CITES-listed species, support the development of identification materials, and promote capacity-building for Oceania parties.</p> <p>The Department simplified access to advice on wildlife trade and compliance under Part 13A of the EPBC Act. This included redeveloping sections of our website and collaborating with the Department of Agriculture and Water Resources to add appropriate references in its online permit decision tool 'BICON'. Information and guidance on international wildlife trade is available on our website.</p> <p>www.environment.gov.au/biodiversity/wildlife-trade</p> <p><i>Threatened species and ecological communities information</i></p> <p>The Department published lists of threatened and migratory species and threatened ecological communities, and associated conservation advice, recovery plans and wildlife conservation plans on the Species Profile and Threats Database.</p> <p>The database makes information about nationally protected species and ecological communities available for use by development proponents, land managers and natural resource management groups to inform decision-making and conservation action.</p> <p>www.environment.gov.au/cgi-bin/sprat/public/sprat.pl</p> <p>Spatial data on threatened species and ecological communities of national significance is published on data.gov.au, where it is the third most frequently accessed dataset published by the Department, with 1537 views in 2017–18.</p> <p>The Department also makes available conservation advice, threat abatement plans and recovery plans. The information in these documents is routinely referenced in third-party documents. For example, the recovery plan for the Numbat (<i>Myrmecobius fasciatus</i>), released in August 2017 and prepared by the Western Australian Department of Parks and Wildlife, references the Australian Government's threat abatement plan for disease in natural ecosystems caused by <i>Phytophthora cinnamomi</i>, which was produced by the Department.</p> <p>Information and public consultation documents produced by the Department on threatened species and ecological communities are on our website.</p> <p>www.environment.gov.au/biodiversity/threatened</p>	<p>Performance measure source:</p> <p>Re-released Corporate Plan 2017–18 p. 25;</p> <p>PBS 2017–18 pp. 48 and 51</p> <p>Data sources:</p> <p>Monthly views of top 10 datasets published by the Department of the Environment and Energy on data.gov.au</p> <p>Australian National Shipwreck Database</p> <p>www.environment.gov.au/heritage/historic-shipwrecks/australian-national-shipwreck-database</p> <p>Referrals information</p> <p>epbcnotices.environment.gov.au/referralslist</p>

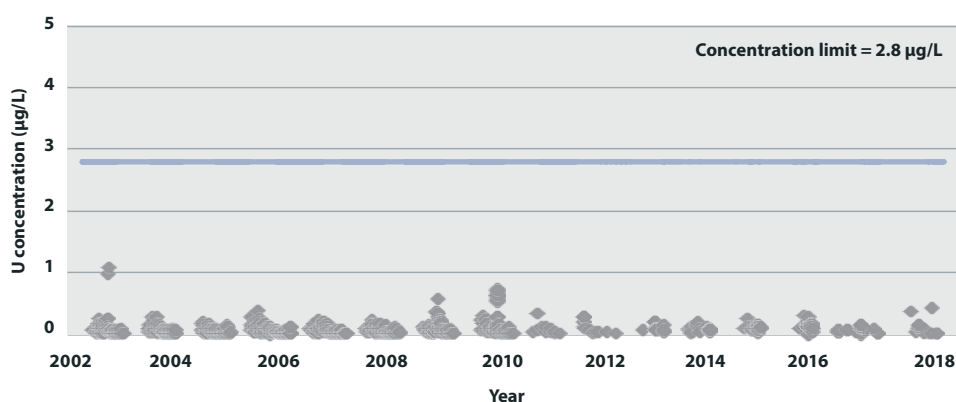
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Performance criterion (continued): Data and information generated or commissioned by the Department are used by stakeholders and/or support evidence-based decision-making	
Result	Sources
<i>Heritage</i>	
<p>The Department conducted a survey of National Heritage and Commonwealth Heritage place managers on the condition and management of heritage places in May and June 2018. The results of the survey will inform our five-year report on the National Heritage List and the Commonwealth Heritage List, which must be tabled in Parliament by December 2018. These results will also inform our priorities for, and future approaches to, managing and promoting National Heritage places.</p>	
<p>The Australian National Shipwrecks Database provides valuable information to cultural resource managers, businesses, stakeholder governments and the public. The Department continued to work with state and territory governments on the statutory administration and management of underwater cultural heritage, using the database as the single nationwide system for storing management information and processing statutory actions such as permits and notifications of discovery or possession of a historic shipwreck or relic. Information from the database is shared with New Zealand heritage agency counterparts, who use it as their primary inventory of historic shipwrecks.</p>	
<i>Referrals and assessments</i>	
<p>The Department published EPBC Act assessments and referral documents relating to particular proposals, as well as guidelines and policy statements to help stakeholders and make EPBC Act regulation more transparent and predictable. Stakeholders used this information to comment on development applications of interest to them during statutory public comment periods in the project assessment stages.</p>	
<p>We implemented a new services platform to enable proponents to lodge referral applications online. From this electronic application, key data about the project and the proponent is validated and automatically captured by our internal processing systems. This includes an interface with corporate document management systems and a streamlined invoicing system.</p>	

Performance criterion: The Alligator Rivers Region environment remains protected from uranium mining impacts consistent with statutory requirements

Target	Result	Sources
The Supervising Scientist's monitoring program demonstrates that there has been no detrimental impact to the people and the environment of the Alligator Rivers Region, including Kakadu National Park, as a result of mining activities	<p>Achieved</p> <p>The Supervising Scientist's monitoring program uses multiple lines of evidence to assess chemical, biological and radiological indicators to detect short-term and long-term environmental impacts of mining.</p> <p>The results gathered from this monitoring in 2017–18 showed that the people and the environment of the Alligator Rivers Region remain protected from the effects of uranium mining, including from the Ranger uranium mine.</p> <p>Results of the chemical monitoring showed no exceedences of the statutory Ranger water quality objectives throughout the 2017–18 wet season. For example, concentrations of uranium in surface water downstream of the Ranger mine remained well below the limit of 2.8 µg/L (Figure 2.5).</p> <p>Results of the biological monitoring showed that downstream biodiversity was protected, based on the data that had been analysed as at 30 June 2018.</p> <p>Results of the radiation monitoring showed that radiation risks to people as a result of uranium mining were very low.</p> <p>The <i>Supervising Scientist annual technical report 2017–18</i> will provide detailed information on supervision, monitoring and research activities, results and publications.</p> <p>A report on the operation of the <i>Environment Protection (Alligator Rivers Region) Act 1978</i> is at Appendix 5, page 279.</p>	<p>Performance measure source:</p> <p>Re-released Corporate Plan 2017–18 p. 25</p> <p>Data sources:</p> <p>Supervising Scientist publications</p> <p>www.environment.gov.au/science/supervising-scientist/publications</p>

Figure 2.5: Uranium concentration downstream of Ranger uranium mine for 2003 to 2018



ACTIVITY: Environmental health

Intended result:

Protect the environment through national approaches to effectively and efficiently manage hazardous wastes, substances and pollutants.

Analysis against activity

The Department undertakes regulatory activities and policy and program functions to assist in protecting the health of Australia's environment from hazardous wastes, substances and pollutants. We are responsible for administering the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*, the *Product Stewardship Act 2011*, the *Product Stewardship Act (Oil) 2011*, the *Hazardous Waste (Regulation of Exports and Imports) Act 1989*, the *National Environment Protection Measures (Implementation) Act 1998* and the *Fuel Quality Standards Act 2000*. The Department is also responsible for progressing reforms under policies such as the National Waste Policy, the National Clean Air Agreement and the COAG chemical reforms.

In 2017–18 we implemented our regulatory responsibilities on environmental health matters effectively. Specifically, we:

- › met all relevant statutory time frames
- › are on track with the review and remake of fuel quality legislative instruments that sunset (cease to have effect) on 1 October 2019
- › published data under the National Pollutant Inventory on 93 toxic substances from over 4000 industry facilities, providing information to the public about the emission and transfer of potentially polluting or harmful substances
- › oversaw the commencement of amendments to the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*, including:
 - introducing a phase-down of hydrofluorocarbon (HFC) imports from 1 January 2018, a year ahead of the Montreal Protocol's requirements and with a 25 per cent lower target than the Montreal Protocol's baseline
 - increasing the threshold for the licence exemption for low-volume imports of equipment containing synthetic greenhouse gases, which is expected to reduce the number of entities required to hold a licence by one-third
 - implementing measures to reduce reporting, waive small uneconomic import levy debts and increase the licence period for refrigeration, air conditioning and fire protection end users.

A significant area of focus in 2017–18 was working with industry in preparing for the new emissions standards for products regulated under the new framework legislation—the *Product Emissions Standards Act 2017*—designed to help maintain and improve Australia's air quality and human and environmental health. The first products to be regulated are small spark ignition engines, including gas-powered products such as gardening equipment and marine engines. The standards commenced on 1 July 2018 and will bring Australia into line with international standards.

Over recent years we have been working to improve our regulatory maturity. As part of this process the Department established the Office of Compliance, which began operating on 1 July 2017. The office takes a risk-based approach to compliance and enforcement. In 2017–18 it undertook a range of compliance, monitoring and intelligence activities to support compliance with the *Hazardous Waste (Regulation of Exports and Imports) Act 1989*, the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989* and the *Fuel Quality Standards Act 2000*.

Strong international engagement is critical to our success in protecting Australia's environment from hazardous wastes, substances and pollutants. In 2017–18 we:

- › participated in international activities related to the Basel Convention, including as a member of the Expert Working Group on the Review of Annexes and as a participant in ENFORCE, a forum to build capacity in compliance and enforcement
- › participated in the intersessional process to enhance the effectiveness of the Rotterdam Convention
- › represented the Australian Government, provided technical advice and contributed to setting international standards at strategic meetings of the Environment Policy Committee of the Organisation for Economic Co-operation and Development (OECD)
- › progressed work to manage chemicals listed in the Stockholm Convention, maintained Australia's independent expert member status on the convention's persistent organic pollutants review committee, and assisted with the committee's scientific considerations
- › progressed treaty-making processes for the listing of perfluorooctane sulfonic acid (PFOS) under the Stockholm Convention
- › consulted on a draft regulation impact statement that outlines four feasible options for a national phase-out of PFOS
- › continued work to inform the ratification of the *Minamata Convention on Mercury*, through consultations and participation in the first conference of the parties in September 2017.

Australian Government investment continued to help protect the environment from hazardous wastes, substances and pollutants. The Surf Life Saving Cleaner Outboard Engine Scheme is delivering on a 2016 election commitment by providing \$1 million of funding to surf life saving clubs around Australia to upgrade to cleaner, more efficient outboard engines. The Department has partnered with Surf Life Saving Australia to deliver grants of up to \$1000 per engine over the next four years. The grants help clubs to buy new engines that comply with the new emissions standards for outdoor power equipment and marine engines.

Performance results

Performance criterion: Australia meets its obligations under international environmental agreements		
Target	Result	Source
Activities required by legislation are conducted within statutory time frames	<p>Achieved</p> <p><i>Fuel quality standards</i></p> <p>The Department met all applicable statutory time frames under the <i>Fuel Quality Standards Act 2000</i>. See Appendix 6 for legislative reporting on the operation of the Act.</p> <p>The Department is also on track to remake the legislative instruments that sunset on 1 October 2019. We released a draft regulation impact statement in early 2018, which sought feedback on proposed options for improving Australia's fuel quality. See Appendix 6 for details.</p> <p><i>Montreal Protocol</i></p> <p>Australia met all its obligations under the Montreal Protocol. Imports of hydrochlorofluorocarbons (HCFCs) and methyl bromide were at or below the limits for 2017. The Department assessed all licences and permits within the time frames required under the <i>Ozone Protection and Synthetic Greenhouse Gas Management Act 1989</i>.</p> <p><i>Hazardous waste</i></p> <p>The Department implements the Basel Convention in Australia through the <i>Hazardous Waste (Regulation of Exports and Imports) Act 1989</i>, which controls the export, import and transit of hazardous waste through a permitting system. In 2017–18 we issued 27 permits, all within statutory time frames.</p> <p>As Australia's designated national authority for industrial chemicals, the Department continued the timely administration of our obligations under the Rotterdam Convention. Over 2017–18 we replied to 154 export notifications and 32 explicit consent requests relating to the international movement of industrial chemicals between parties to the convention.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 28;</p> <p>PBS 2017–18 p. 52</p> <p>Data sources:</p> <p>Fuel quality standards checklist for processing an application or variation (internal document)</p> <p>Reporting of import data to the United Nations Environment Programme under Article 7 of the Montreal Protocol</p> <p>www.ozone.unep.org/profile/AUS</p> <p>Ozone licensing and reporting system (internal document)</p> <p>Refrigeration and Air Conditioning Industry Board database (internal document)</p> <p>Fire Protection Industry Board database (internal document)</p> <p>Hazardous waste:</p> <p>www.environment.gov.au/protection/hazardous-waste/application-and-permit-notices</p>



CASE STUDY

Fresh produce for sale in Wagga Wagga, New South Wales © Copyright Department of the Environment and Energy and Arthur Mostead

Taking the lead on halving Australia's food waste

On 20 November 2017 the Minister for the Environment and Energy convened the inaugural National Food Waste Summit and launched the National Food Waste Strategy. The strategy delivers on the Government's 2016 election commitment to develop a framework to support collective action towards halving food waste by 2030.

The summit and the strategy were significant achievements for the Department, representing the culmination of many months of consultation and collaboration with stakeholders from across Australia's complex food supply and consumption chain, including industry, academia, the not-for-profit sector and governments at all levels.

To implement the strategy we are partnering with the Food and Agribusiness Growth Centre and Food Innovation Australia Limited to develop an implementation plan, a monitoring and evaluation framework and an industry voluntary commitment program. To support this work we have commissioned two research projects: one to establish a national food waste baseline and develop an approach to measure progress against the 50 per cent reduction target, and the other a return on investment study to identify the highest value opportunities in food waste reduction for business, community organisations and governments.

Implementation of the strategy is helping to address the serious environmental, economic and social impacts of food waste. It is helping fulfil Australia's obligations under the *United Nations Framework Convention on Climate Change* to reduce greenhouse gas emissions and our commitment to United Nations Sustainable Development Goal 12.3 to ensure sustainable consumption and production patterns.

Performance criterion (*continued*): Australia meets its obligations under international environmental agreements

Target	Result	Sources
Improved compliance with national environmental legislation	<p>Achieved</p> <p>The Department established the Office of Compliance in July 2017 as part of our actions to increase our regulatory maturity. The office has since undertaken a range of compliance, monitoring and intelligence activities to support compliance with the <i>Hazardous Waste (Regulation of Exports and Imports) Act 1989</i>, the <i>Ozone Protection and Synthetic Greenhouse Gas Management Act 1989</i> and the <i>Fuel Quality Standards Act 2000</i>.</p> <p>In 2017–18 the Office of Compliance:</p> <ul style="list-style-type: none"> • developed strategic intelligence products in relation to hazardous waste and fuels for internal use by Department • provided assurance of fuel quality by undertaking fuel quality inspections across Australia • detected and investigated 16 non-compliances • contributed to reducing emissions under the <i>Ozone Protection and Synthetic Greenhouse Gas Management Act 1989</i> by responding to 194 allegations of non-compliance, conducting 63 investigations and bringing 81 entities into compliance • issued one infringement notice of \$12,600 for a breach of the <i>Ozone Protection and Synthetic Greenhouse Gas Management Act 1989</i>. 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 28;</p> <p>PBS 2017–18 p. 52</p> <p>Data sources:</p> <p>Internal reports and databases</p>

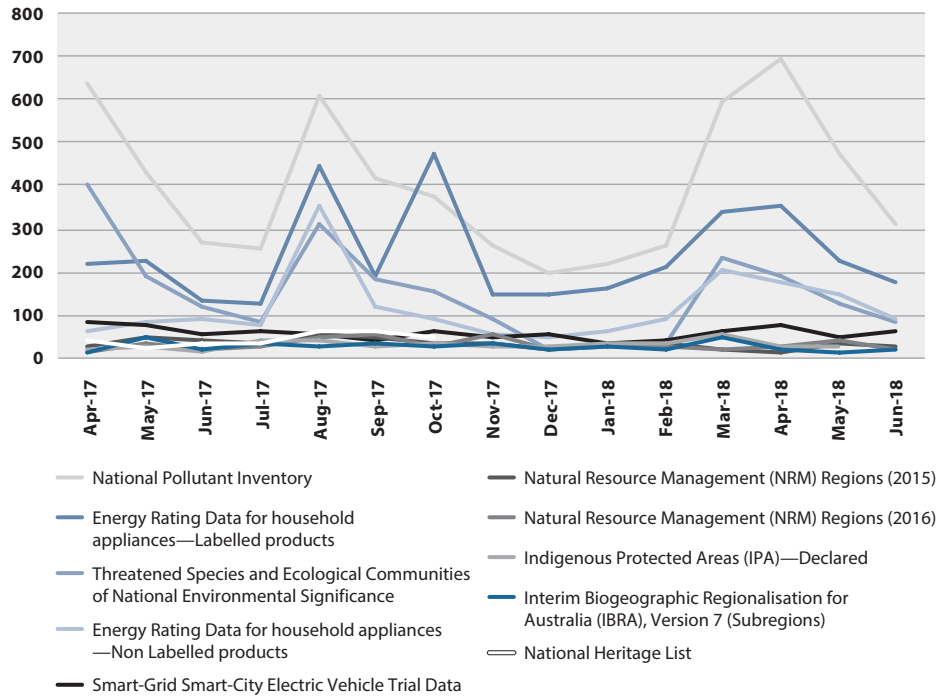
Performance criterion	Result	Sources
Data and information generated or commissioned by the Department are used by stakeholders and/or support evidence-based decision-making	<p>Achieved</p> <p>In 2017–18 the Department provided data and information for stakeholders' use and to support evidence-based decision-making on environmental health protection matters.</p> <p>The National Pollutant Inventory (NPI) provides the community, industry and governments with free information about substance emissions in Australia. It has emission estimates for 93 toxic substances and the source and location of these emissions.</p> <ul style="list-style-type: none"> • On 29 March 2018 the Department published NPI data for 2016–17 (the 19th year of NPI publication of emissions from industry). This data details emissions from over 4000 industry facilities. • NPI data was the most frequently viewed dataset published by the Department on data.gov.au. In 2017–18, 4667 views of NPI data were logged (see Figure 2.6). 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 28;</p> <p>PBS 2017–18 p. 52</p> <p>Data sources:</p> <p>NPI emissions data 2016–17</p> <p>www.npi.gov.au/npi-data/latest-data</p> <p>Hazardous waste information</p> <p>www.environment.gov.au/protection/hazardous-waste</p> <p>Continued next page ▲</p>

Performance criterion	Result	Sources
	<ul style="list-style-type: none"> In the year to 2018, 4146 facility reports were published, and 306,703 sessions were logged on the npi.gov.au website. <p>Public submissions relating to the <i>Minamata Convention on Mercury</i> are published on the Department's website</p> <p>www.environment.gov.au/protection/chemicals-management/mercury</p> <p>The Department provides information on the administration and implementation of the Rotterdam Convention and the Stockholm Convention. This is available on the conventions' websites.</p> <p>Details of hazardous waste permit applications and decisions are updated regularly on the Department's website. We report yearly on our implementation of the Basel Convention. Australia's results are published on the Basel Convention website.</p> <p>Use of departmental information on chemicals and waste is demonstrated through the regular nature of enquiries and objections received from stakeholders in relation to the published information.</p> <p><i>PFAS National Environmental Management Plan</i></p> <p>During August and September 2017 the Department worked in close collaboration with the Environment Protection Authority Victoria, which led work with all state and territory environment agencies to publicly consult in each capital city on a draft national environmental management plan to manage per- and poly-fluoroalkyl substances (PFAS).</p> <p>In February 2018, under the direction of the heads of environment protection authorities, a final National Environmental Management Plan for PFAS (PFAS NEMP) was published under the auspices of all Australian environment ministers.</p> <p>The PFAS NEMP provides an evidence-based approach to guide environmental regulators in their regulation of PFAS-contaminated sites and builds on accepted national frameworks such as the National Environment Protection (Assessment Site Contamination) Measure 1999 and the Australian and New Zealand Guidelines for Fresh and Marine Water Quality.</p> <p>The PFAS NEMP is being used by stakeholders such as environmental regulators and consultants in the preparation of risk-based, evidence-based advice on PFAS-contaminated sites.</p>	<p>Hazardous waste permit notices</p> <p>www.environment.gov.au/protection/hazardous-waste/application-and-permit-notice</p> <p>Basel Convention reporting</p> <p>www.basel.int/Countries/NationalReporting/NationalReports/BC2016Reports/tabid/6145/Default.aspx</p> <p>PFAS National Environmental Management Plan</p> <p>www.epa.vic.gov.au/PFAS_NEMP</p> <p>PFOS regulation impact statement</p> <p>www.environment.gov.au/protection/chemical-management/pfas/ris-phase-out-pfos-consultation</p>

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Performance criterion	Result	Sources
	<i>Stockholm Convention</i> The Department’s draft regulation impact statement for the perfluorooctane sulfonic acid (PFOS) listing under the Stockholm Convention brought together analysis from nine specific-purpose reports and was informed by a range of monitoring information commissioned by the Department. We have been consulting since October 2017 with a variety of stakeholders to develop a final impact statement that ensures a complete and robust decision on ratification by the Australian Government.	

Figure 2.6: Monthly views of top 10 datasets published by the Department of the Environment and Energy on data.gov.au



Purpose: Develop and implement a national response to climate change

ACTIVITY: Reducing Australia's greenhouse gas emissions

Intended result:

Shape the global response to climate change and achieve Australia's greenhouse gas emissions reduction targets through effective emissions reduction mechanisms, including the Emissions Reduction Fund, the Carbon Neutral Program and the Renewable Energy Target (RET).

Support the Australian Renewable Energy Agency (ARENA) and the Clean Energy Finance Corporation (CEFC).

Analysis against activity

The Department helps develop and implement a national response to climate change through policies and programs that reduce emissions. This includes boosting energy productivity, storing carbon in the landscape, increasing renewable energy, driving innovation, enabling voluntary action and supporting an effective international response.

Australia remains on track to meet its 2020 emissions reduction targets. Australia's emissions projections 2017 reported that Australia is on track to overachieve its 2020 target.

The Department's operating environment is affected by international treaties, negotiations and agreements, changes in technology, economic circumstances including consumer and business trends, and policies at other levels of government. Outside influences affecting our ability to achieve targets under this activity included the unprecedented level of investment in solar photovoltaic (PV) systems in 2017, with over 1 million kW of solar PV capacity installed; and the contributions of agencies to the Mission Innovation pledge, increasing investment in clean energy research and development.

The Emissions Reduction Fund has been successful in reducing emissions in regional areas. More than 80 per cent of the emissions reductions contracted through the fund occurred in the land sector. In 2017–18 the Department developed new Emissions Reduction Fund methodologies for plantation forestry, agricultural soils and savanna fire management. The Clean Energy Regulator held two Emissions Reduction Fund auctions in 2017–18, which continued to provide incentives for new practices and technologies to reduce greenhouse gas emissions.

The Australian Government's voluntary National Carbon Offset Standard helps businesses, councils, universities and other organisations reduce their emissions and get certified as carbon neutral. Thirty per cent more certifications were issued in 2017–18 than in the previous year. The Department and the Carbon Neutral Network of participating organisations recently developed a communication and marketing plan which will help drive further growth in carbon neutral certification.

The Department supported the CEFC and ARENA by contributing to their corporate governance and helping ensure their work reflects Australian Government priorities.

In 2017–18 the Government reviewed its climate change policies to ensure they remain effective in achieving Australia's 2030 target and Paris Agreement commitments. We consulted widely on this and released a final report on 19 December 2017. The review found that Australia's current set of policies, with some adjustments, provide the right approach to meet our targets and support jobs and strong economic growth.

The Department continued to shape the global response to climate change by supporting negotiations on the implementation of the Paris Agreement and building other countries' capacity to reduce emissions. We shared Australia's expertise in measurement, reporting, verification and accounting of emissions from the land sector through continued leadership of the Global Forest Observations Initiative and the International Partnership for Blue Carbon. We supported Indonesia to host the third Asia-Pacific Rainforest Summit in April 2018, where over 30 countries shared examples of their work on forest conservation and progress on implementing nationally determined contributions to the Paris Agreement to reduce emissions from forests.

Performance results

Performance criterion: Australia meets its commitments under international climate change agreements		
Target	Result	Sources
Australia is on track to meet its 2020 emissions reduction target	<p>Achieved</p> <p>The Department's latest emissions projections, published in December 2017, reported that Australia is on track to overachieve its 2020 target (5 per cent below 2000 levels) by 166 million tonnes of carbon dioxide equivalent (Mt CO₂-e). If Australia's carryover of 128 Mt CO₂-e from the first commitment period of the Kyoto Protocol is included, the overachievement is 294 Mt CO₂-e.</p> <p>In accordance with international rules, Australia assesses progress against its 2020 target using an emissions budget approach. A trajectory to achieve the emissions budget is calculated by taking a linear decrease from 2010 to 2020, beginning from the Kyoto Protocol first commitment period target level and finishing at 5 per cent below 2000 level emissions in 2020. Australia's progress is assessed as the difference in cumulative emissions between projected emissions and the target trajectory over the second commitment period of the Kyoto Protocol, 2013 to 2020 (see Figure 2.7).</p> <p>The projections were prepared on the basis of implemented and adopted policies and measures as of December 2017.</p> <p>The National Greenhouse Accounts track progress towards Australia's 2020 target. The latest accounts, the December 2017 quarterly update of Australia's national greenhouse gas inventory (incorporating March 2018 quarter emissions from the National Electricity Market) were published on 18 May 2018. They report that in the year to December 2017 national emissions were 2.4 per cent below 2000 levels and 11.7 per cent below 2005 levels.</p> <p>The quarterly update also reports that emissions per capita and emissions per dollar of real gross domestic product (the emissions intensity of the economy) were at the lowest levels in 28 years (see Figure 2.8).</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 30;</p> <p>PBS 2017–18 p. 61</p> <p>Data sources:</p> <p>Australia's emissions projections 2017</p> <p>www.environment.gov.au/climate-change/publications/emissions-projections-2017</p> <p>Quarterly update of Australia's national greenhouse gas inventory: December 2017</p> <p>www.environment.gov.au/climate-change/climate-science-data/greenhouse-gas-measurement/publications/quarterly-update-australias-national-greenhouse-gas-inventory-dec-2017</p>

Figure 2.7: Australia’s progress towards 2020 emissions reduction target

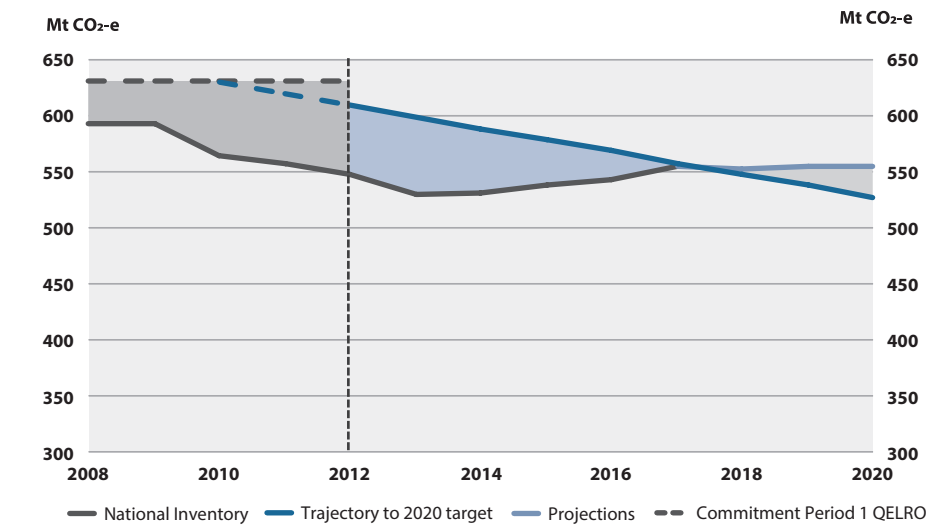
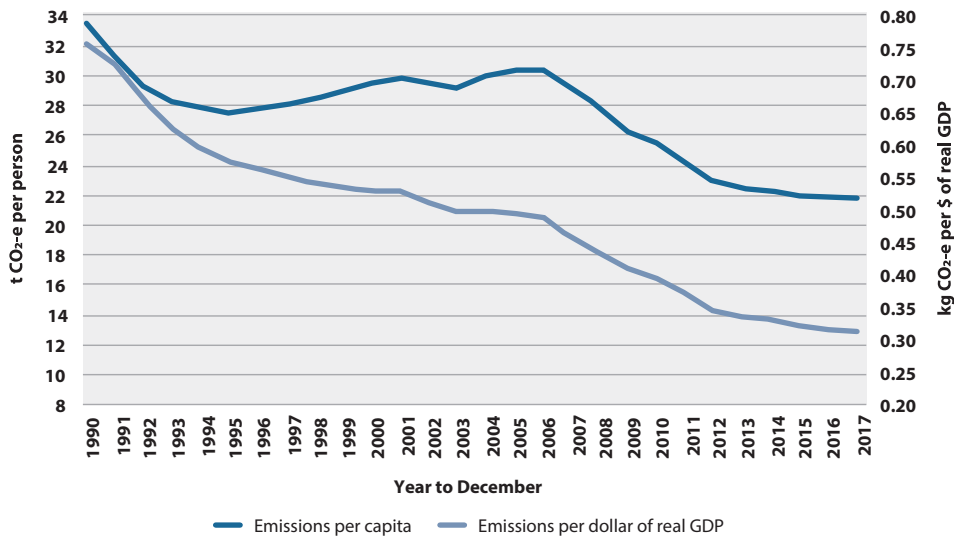


Figure 2.8: Emissions per capita and per dollar of real gross domestic product, 1990 to 2017





Close-up of the engine of a commercial passenger jet at Canberra Airport © Copyright Department of the Environment and Energy and Arthur Mostead

Limiting net growth in international aviation emissions from 2020

The Department provides the Department of Infrastructure, Regional Development and Cities with technical advice and support in their continued policy negotiations with the International Civil Aviation Organization as it seeks to deliver carbon neutral growth in international aviation from 2020.

The International Civil Aviation Organization policy for carbon neutral growth has two key components: carbon offsetting and low-carbon alternative fuels.


The Department provides advice on environmental integrity of carbon offset units and implementation of the international offsetting scheme in Australia. Our policy advice has enabled Australia's advocacy for ambitious and robust policies, which have the support of the airline industry.

The Department is supporting negotiation of the rules for use of low-carbon alternative fuels within the offsetting scheme. Throughout 2017 and 2018, we promoted rules that deliver high-integrity outcomes and are accessible for fuel consumers and producers supporting Australia's aviation industry.

In May 2018 the Department held a roundtable meeting with alternative fuel stakeholders to brief them on the progress of international negotiations and hear their feedback to inform Government work going forward. The meeting included representatives from the Department of Agriculture and Water Resources, fuel producers, grain growers (for feedstock) and fuel consumers (Qantas, Virgin and Maritime Industry of Australia Limited). The Department continues policy development and stakeholder engagement in relation to low-carbon alternative fuels.

Performance criterion (continued): Australia meets its commitments under international climate change agreements

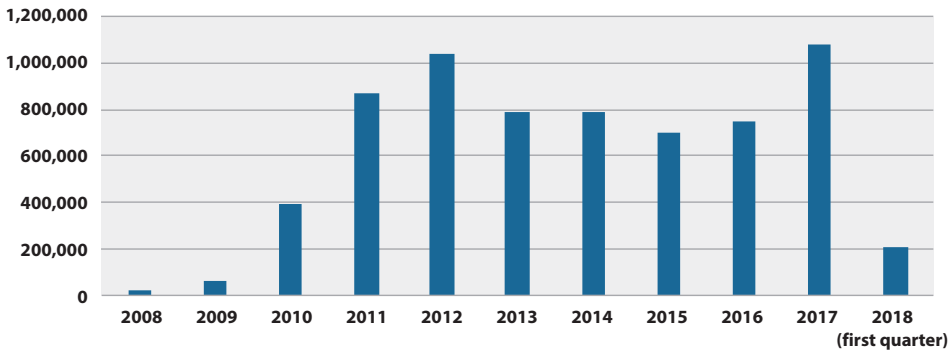
Target	Result	Sources
Electricity generation from eligible large-scale sources reaches the legislated target of 33,000 GWh in 2020 while ensuring ongoing reliability and security of our electricity systems. With support from small-scale and other renewable energy generation, such as the Small-scale Renewable Energy Scheme and the Solar Programs, this delivers 23.5 per cent from renewable sources in 2020	<p>Partly achieved</p> <p><i>Large-scale Renewable Energy Target</i></p> <p>Australia is on track to meet the legislated target of 33,000 GWh electricity generation from large-scale renewable sources.</p> <p>The Clean Energy Regulator estimates that 6400 MW of new build renewable energy needs to be committed over 2016 to 2018 and built by 2019 to meet the 2020 target. At 31 May 2018, more than 8000 MW of new projects were operating, under construction or firmly announced. This pipeline of projects is more than required to meet the target. Assuming these projects are built and obtain accreditation in 2018 or 2019, the 2020 RET will be met.</p> <p>At 20 June 2018, accredited large-scale renewable energy power stations have reported generation of about 17,264 GWh in 2017, a 7 per cent decrease on generation in 2016. Generation from renewables fell by 7 per cent in 2017 compared with 2016 levels, as a result of a decline in hydro generation above the baseline¹. However, this was offset by increases in large-scale solar generation.</p> <p><i>Small-scale Renewable Energy Scheme</i></p> <p>Unlike the Large-scale RET, the Small-scale Renewable Energy Scheme does not have specific targets. As at 31 May 2018, over 2.9 million small-scale systems were installed under the Small-scale Renewable Energy Scheme. In 2017 there was an unprecedented level of investment in solar PV systems, with over 1 million kW of solar PV capacity installed (see Figure 2.9). Investment remained strong in the first quarter of 2018.</p> <p><i>Renewable energy generation</i></p> <p>The Department estimates that renewable energy contributed about 15 per cent of total electricity generation in the 12 months to December 2017, down from 16 per cent in the previous 12 months (see Figure 2.10). Non-renewable generation increased by 1 per cent over the same period (see Figure 2.11).</p> <p><i>Solar Communities Program</i></p> <p>The \$5 million Solar Communities Program provided funding for community groups in 53 regions across Australia to install rooftop solar PV hot water and solar connected battery systems at their facility to reduce emissions, reduce electricity costs and support renewable energy.</p> <p>In consultation with the Department, the Department of Industry, Innovation and Science Business Grants Hub successfully delivered round two of the program in 2017–18.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 30;</p> <p>PBS 2017–18 p. 61</p> <p>Data sources:</p> <p>Large-scale Renewable Energy Target</p> <p>www.cleanenergyregulator.gov.au/RET/About-the-Renewable-Energy-Target/Large-scale-Renewable-Energy-Target-market-data</p> <p>Energy generation</p> <p>www.rec-registry.gov.au/rec-registry/app/public/lgc-register</p> <p>Total Small-scale Renewable Energy Scheme installations</p> <p>www.cleanenergyregulator.gov.au/RET/Forms-and-resources/Postcode-data-for-small-scale-installations</p> <p>Capacity installed</p> <p>pv-map.apvi.org.au/postcode</p> <p>Electricity generation—Australian Energy Statistics</p>

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¹ The baseline is the amount of electricity above which an accredited large-scale renewable energy power station can begin to create large-scale generation certificates.

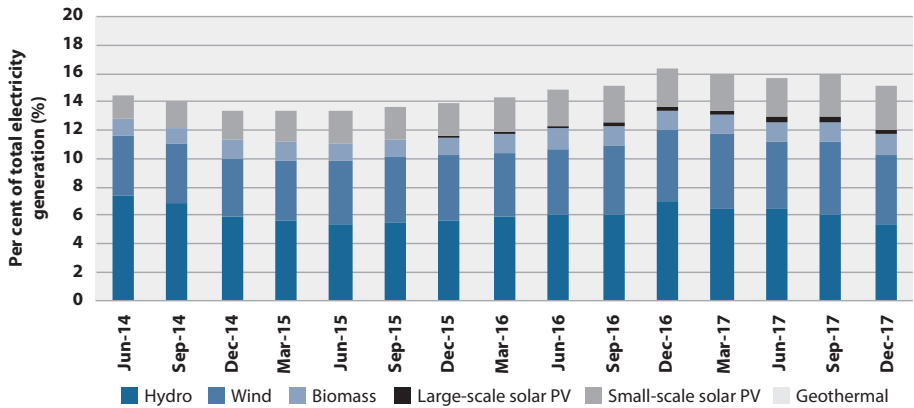
Performance criterion (continued): Australia meets its commitments under international climate change agreements		
Target	Result	Sources
	Round two provided \$1,730,584 (GST exclusive) in funding to support 167 community groups to undertake small-scale renewable energy generation and energy storage projects: 136 groups will install a solar PV system; 21 will install solar PV and battery storage systems; seven will install a solar-connected battery storage system; and three will install a solar hot water system. Installations of the 167 projects will take place in the first half of 2018–19.	www.energy.gov.au/publications/australian-energy-statistics-table-o-electricity-generation-fuel-type-2016-17-and-2017 Solar Communities Program: unpublished primary data and program delivery reports supplied by the Department of Industry, Innovation and Science Business Grants Hub

Figure 2.9: Solar PV capacity installed



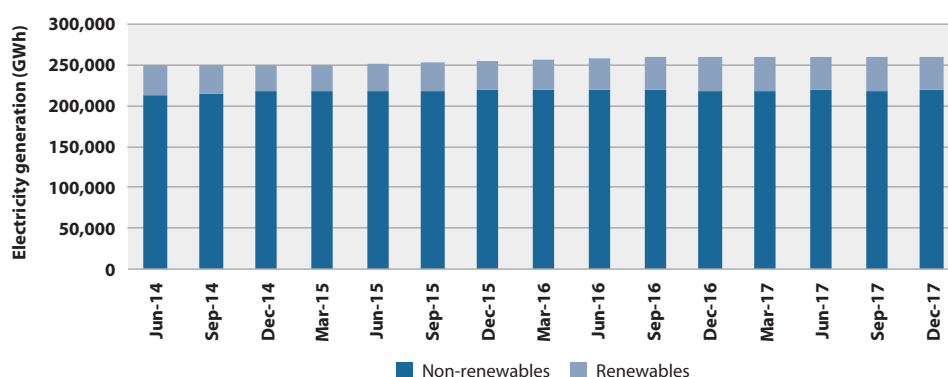
Source: Australian PV Institute postcode data. pv-map.apvi.org.au/postcode

Figure 2.10: Per cent renewable generation year to date, June 2014 – December 2017



Source: Department of the Environment and Energy, 2018.

Figure 2.11: Electricity generation year to date, June 2014 – December 2017

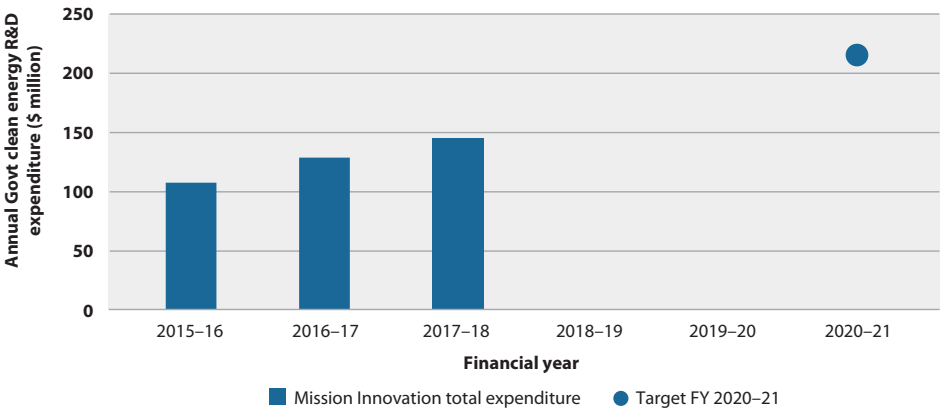


Source: Department of the Environment and Energy, 2018.

Performance criterion (*continued*): Australia meets its commitments under international climate change agreements

Target	Result	Sources
A doubling of Australian Government expenditure on clean energy research and development on 2015 levels by 2020 consistent with Australia's Mission Innovation pledge	<p>Partly achieved</p> <p>Australia is making steady progress towards achieving its Mission Innovation pledge to double clean energy research and development spending to \$216 million by 2020 (Figure 2.12).</p> <p>The Department coordinates Australia's participation in Mission Innovation, and works with other agencies responsible for research and development funding to encourage more investment in clean energy research and development.</p> <p>In 2016–17 (the latest year for which data is available), Australian public investment in clean energy research and development totalled \$129.36 million, or a 20 per cent increase on our 2015 Mission Innovation baseline.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 30;</p> <p>PBS 2017–18 p. 61</p> <p>Data sources:</p> <p>Data gathered annually by the Department and reported to the International Energy Agency</p> <p>Data on overall progress and by technology type</p> <p>www.iea.org/statistics/rdd</p> <p>Data by agency is not currently publicly available</p>

Figure 2.12: Annual clean energy research and development (R&D) expenditure



Performance criterion	Result	Sources
Support ARENA and the CEFC to increase the investment of funds into the Australian economy supporting clean energy technologies, including the number of projects progressing beyond the research and development phase of the innovation chain	<p>Achieved</p> <p><i>The Department's role</i></p> <p>The Department supported processes to have Australian Government priorities reflected in the work of the CEFC and ARENA. This included contributing to the agencies' corporate governance, requesting their advice on an early-stage proposal for a concentrating solar thermal plant in South Australia, and support the Minister in requesting both agencies to prioritise waste-to-energy projects.</p> <p>The Department provided policy advice to the Minister throughout the year on the governance and operations of ARENA and the CEFC.</p> <p>We supported the appointment of new directors to the boards of ARENA and the CEFC, bringing new expertise while maintaining continuity of knowledge.</p> <p>The Department supported ARENA by providing staff and corporate services under a service level agreement, and conducted an executive search for suitable candidates to take on the role of ARENA CEO in 2018-19.</p> <p>In 2017-18 the Department commissioned a statutory review of the CEFC, due to be finalised in 2018-19.</p> <p><i>Investment by ARENA and the CEFC</i></p> <p>ARENA supported projects to increase the supply of renewables in Australia. As at 30 June 2018, ARENA had committed \$1.189 billion to over 392 projects, contributing to projects with a total value of \$4.004 billion.</p> <p>The CEFC committed \$2.3 billion to new investments in the Australian clean energy sector in 2017-18. The CEFC's total commitments since it began investing in 2013 now stand at \$5.3 billion, contributing to a diverse range of projects with a total value of \$19 billion.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017-18 p. 30;</p> <p>PBS 2017-18 p. 63</p> <p>Data sources:</p> <p>Information supplied and tested by ARENA and CEFC</p>

ACTIVITY: Adapting to climate change

Intended result:

Provide guidance, support and information to increase the resilience of Australian Government operations and activities to climate change impacts, and assist businesses and communities to manage their climate risks.

Analysis against activity

Strong engagement and collaboration between the Department and our partner agencies is vital to improve climate change resilience and climate risk management. We worked with Australian Government agencies, the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the National Climate Change Adaptation Research Facility to improve climate science capability and help decision-makers use climate science research and information more effectively.

Our investment in these relationships allowed us to provide guidance, information and coordination to build climate resilience across the Australian Government in 2017–18.

Our climate adaption work links closely with our environmental science and research enabling activity (see pages 96–108), which improves understanding of climate change and its impacts and promotes informed decision-making.

Performance results

Performance criterion	Result	Source
The Department helps build capability of the Australian Government and others to understand and adapt to climate change	<p>Achieved</p> <p>The Department has helped to build capability of the Australian Government and others to understand and adapt to climate change through the following activities.</p> <p><i>Australian Government Disaster and Climate Resilience Reference Group</i></p> <p>The Australian Government Disaster and Climate Resilience Reference Group (the Resilience Reference Group), which the Department co-chairs with the Department of Home Affairs, met four times in 2017–18. Over this period the group:</p> <ul style="list-style-type: none"> • user tested and revised the Climate Compass • developed and piloted a climate risk masterclass to support the Climate Compass framework. Feedback from and evaluation of the pilot masterclass will inform a possible future training program • mapped disaster and climate risks in Australian Government agency policies, programs and assets. This work is continuing. <p>More information about the group and its activities, including Climate Compass, is presented in the case study below.</p> <p>The Resilience Reference Group is supported by an Officer Group on Climate and Disaster Resilience. The officer group brings together officer-level representatives of Resilience Reference Group member agencies to implement activities, support coordinated policy advice and facilitate leadership on climate and disaster risk. It met three times in 2017–18.</p>	<p>Performance measure source:</p> <p>Re-released Corporate Plan 2017–18 p. 32</p> <p>Data source:</p> <p>Meeting minutes and papers from the Resilience Reference Group, Officer Group, National Climate Science Advisory Committee, Adaptation Partnership and Adaptation Working Group</p>

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Performance criterion	Result	Source
	<p><i>National Climate Science Advisory Committee</i></p> <p>The Department manages the National Climate Science Advisory Committee jointly with the Department of Industry, Innovation and Science. The committee's role is to improve the strategic planning and national coordination of climate science. It has 12 members (including ex officio members) with expertise across climate change science and adaptation, climate modelling, Antarctic and meteorological fields.</p> <p>The committee met twice in 2017–18. It is working to develop and advise the Government on a nationally aligned and integrated approach to climate science to inform the direction and sustainability of Australia's climate science capability and research priorities. It is drafting a climate science strategy, which will be finalised in late 2018.</p> <p><i>Adaptation Working Group</i></p> <p>The Department continued to work with the states and territories through quarterly meetings of the Adaptation Working Group. The group met four times in 2017–18.</p> <p><i>Adaptation Partnership</i></p> <p>During 2017–18 the Department partnered with CSIRO and the National Climate Change Adaptation Research Facility (NCCARF) in the Adaptation Partnership, which aims to help decision-makers use climate science research and information more effectively. Activities included supporting CSIRO to continue to develop the prototype Climate Risk and Information Services Platform, and supporting NCCARF to develop and pursue a sustainable funding strategy for CoastAdapt. CoastAdapt is an online tool enabling access to the best available science and advice on coastal climate risks and regional sea-level rise projections.</p>	




Dead Red Gums where the Darling River runs into Lake Pamamaroo at Menindee in New South Wales in the drought of 2007
© Copyright Department of the Environment and Energy and Arthur Mostead

Integrating climate risk in Australian Government policies, programs and assets

The Australian Government Disaster and Climate Resilience Reference Group is working to integrate disaster and climate resilience into policies, programs and asset management.

Co-chaired by the Department of the Environment and Energy and the Department of Home Affairs, the group brings together senior officials from all Australian Government departments and four science agencies. It works as a forum to progress and coordinate whole-of-government policy on disaster and climate resilience.

Its current activities include mapping disaster and climate risks in policies, programs and assets, and developing guidance and support materials for climate risk management in the Australian Public Service (APS). It is also collaborating on cross-agency issues and activities. One of these is the National Resilience Taskforce, led by the Department of Home Affairs, which is working with state and territory governments to develop a national mitigation taskforce on nationwide reforms to reduce the impact and financial burden of disasters on the community and the economy.

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In 2017–18 the focus of the Resilience Reference Group shifted from increasing understanding of climate and disaster risk to actions to support resilience.

Activities included:

- › mapping disaster and climate risks in policies, programs and assets
- › developing guidance and support materials for climate risk management in the APS. The Department and CSIRO are finalising Climate Compass, a framework to help Australian public servants identify and manage climate risks to policies, programs and assets. Climate Compass will be finalised in 2018–19
- › collaborating on relevant cross-agencies issues, for example the national disaster mitigation framework being developed by the Department of Home Affairs.

The Resilience Reference Group had several guest presenters in 2017–18, including:

- › Sarah Barker, Special Counsel, MinterEllison
- › Dr Mark Stafford Smith, Chief Coordinating Scientist—Adaptation, CSIRO
- › Peter Harmer, Chief Executive Officer, and Jacki Johnson, Head of People, Performance and Reputation, Insurance Australia Group.

Purpose: Advance Australia's strategic, scientific and environmental interests in the Antarctic

ACTIVITY: Antarctic science, policy and presence

Intended result:

Strengthen Australia's leadership in Antarctica, including by conducting world-leading science, promoting environmental best practice, and developing economic, educational and collaborative opportunities.

Analysis against activity

The Department continues to successfully contribute to scientific research in Antarctica and the Southern Ocean that supports Australian Government policy and environmental management priorities. Three targets used to measure performance under this activity were achieved and one was partly achieved.

In 2017–18 the Department made significant progress towards achieving the staged commitments in the Australian Antarctic Strategy and 20 Year Action Plan, which sets out actions to support our national Antarctic interests. Effective inter-agency and international collaboration across logistics and science helped support achievement of intended results in Antarctica and the Southern Ocean by promoting best practice in environmental stewardship and encouraging other nations to ensure that their activities minimise impact on the Antarctic environment.

Budgetary pressures and competing priorities prevented the Heard Island and McDonald Islands management voyage. The Department is scoping options for undertaking this voyage at a later date. Operational planning continues to prioritise delivery of major projects in the Australian Antarctic Program.

Strong representation in international forums, including the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) and the Antarctic Treaty consultative meetings, ensured that Australian objectives were met and reiterated Australia's strong commitment to the Antarctic Treaty system and the Protocol on Environmental Protection to the Antarctic Treaty.

Performance results

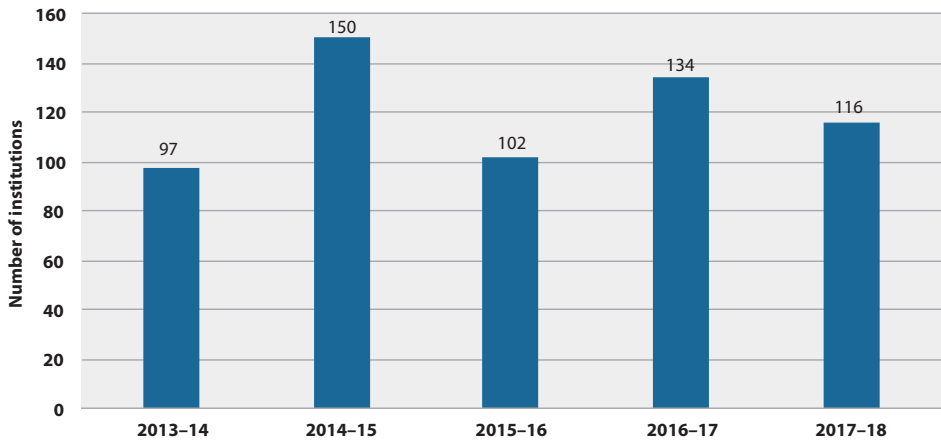
Performance criterion: Antarctica and the Southern Ocean are protected, valued and understood		
Target	Result	Sources
Australian Antarctic Program complies with relevant environmental legislation	<p>Achieved</p> <p>Australia has obligations under international agreements and national legislation to protect the Antarctic environment. These obligations are implemented through Australian laws. Activities associated with the Australian Antarctic Program must comply with relevant Australian Antarctic environmental legislation, including by obtaining relevant authorisations and permits under the <i>Antarctic Treaty (Environment Protection) Act 1980</i> and the <i>Antarctic Marine Living Resources Conservation Act 1981</i> for activities that will be carried out south of 60 degrees south or that involve marine organisms in the CCAMLR area.</p> <p>Subject to the applicable legislation, environmental approvals are granted under authorisations and/or permits, including variations to authorisations/permits. Any Australian, including any participant in the Australian Antarctic Program, who wishes to conduct an activity that would otherwise be an offence under the Acts (as prescribed in the relevant legislation) must obtain a permit. As administrators of Australia's Antarctic environmental legislation, the Department is responsible for issuing authorisations and permits and investigating possible non-compliance with environmental legislation (including conditions attached to environmental authorisations and permits issued under Australian Antarctic environmental legislation).</p> <p>In 2017–18 a total of 67 authorisations were issued: 56 for participants in the Australian Antarctic Program under the <i>Antarctic Treaty (Environment Protection) Act 1980</i>, and 11 for activities conducted outside the program. These include 11 variations to authorisations, together with two variations to an initial environmental evaluation. Seventeen permits were issued: nine under the <i>Antarctic Treaty (Environment Protection) Act 1980</i> and eight under the <i>Antarctic Marine Living Resources Conservation Act 1981</i> (including four subsequent variations).</p> <p>Where the Department became aware of possible issues of non-compliance with environmental legislation, it initiated investigations in accordance with the Australian Antarctic Division's environmental compliance framework. In 2017–18 eight non-compliance issues were investigated involving the Australian Antarctic Program and two involving non-government operators, compared with a total of nine in 2016–17. All investigations found that a breach had occurred; however, no environmental harm was identified. Administrative action was taken where appropriate. Additional educational processes have been implemented and statutory forms revised to provide greater clarity around authorisation conditions.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 34; PBS 2017–18 p. 68</p> <p>Data sources:</p> <p>Australian Antarctic Division permit register</p> <p>Register of suspected breaches of environmental legislation and copies of relevant approvals</p>

Performance criterion (continued): Antarctica and the Southern Ocean are protected, valued and understood		
Target	Result	Sources
Implementation of the Australian Antarctic Strategy and 20 Year Action Plan	<p>Partly achieved</p> <p>The Australian Antarctic Strategy and 20 Year Action Plan, released in 2016, sets out Australia's national Antarctic interests and actions to advance these interests over the next 20 years. The Australian Antarctic Division coordinates the implementation of the strategy and action plan, which is overseen by an interdepartmental committee co-led with the Department of Foreign Affairs and Trade.</p> <p>During 2017–18 the Department made significant progress towards achieving the year two commitments under the strategy and action plan, including by:</p> <ol style="list-style-type: none"> 1. Building infrastructure capability to support our science leadership in Antarctica <ul style="list-style-type: none"> • Construction of Australia's new icebreaker, the RSV <i>Nuyina</i>, named by Australian school children in a nationwide competition, started in May 2017 • In May 2018 the Government announced its intention to construct a paved runway near Davis research station in Antarctica, subject to environmental and other Government approvals • An approach to build a \$49.8 million year-round Macquarie Island research station was agreed with the Tasmanian Government • Preliminary work was completed to design and build a traverse capability, with associated ice core drilling to enable Australia's participation in the search for a million-year ice core 2. Revitalising Antarctic science <ul style="list-style-type: none"> • In August 2017, Mr Drew Clarke AO PSM FTSE undertook a review of the governance arrangements supporting the Australian Antarctic Science Program. As a result, on 21 June 2018 the Government announced the establishment of a new Australian Antarctic Science Council to revitalise science research and provide further strategic direction for the Australian Antarctic Program • The 2018–19 Budget confirmed the Government's ongoing commitment to a world-class Antarctic science program with new funding of more than \$100 million over the next 10 years delivered through two new initiatives: \$5 million per year for the Antarctic Science Collaboration Initiative, delivered by the Department of Industry, Innovation and Science; and \$8 million per year for seven years from January 2020 for the Special Research Initiative in Excellence in Antarctic Science, delivered by the Australian Research Council • On 5 June 2018 the Minister launched the independent Antarctic Science Foundation. The foundation will work with philanthropists, the private sector and the general public to raise funds to support world-class scientific research 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 34; PBS 2017–18 p. 68</p> <p>Data sources:</p> <p>Media releases 2017–18</p> <p>www.environment.gov.au/minister/frydenberg/media-releases/mr20180621.html</p> <p>www.environment.gov.au/minister/frydenberg/media-releases/mr20180605.html</p> <p>www.antarctica.gov.au/news/2018</p> <p>www.antarctica.gov.au/news/2017</p> <p>www.regjeringen.no/en/aktuelt/australia-og-norge-styrker-havsamarbeidet/id2606223</p> <p>www.pm.gov.au/media/vision-statement-australia-france-relationship-honourable-malcolm-turnbull-prime-minister</p> <p>PBS</p> <p>www.environment.gov.au/about-us/publications/budget/portfolio-budget-statements-2017-18</p> <p>Contracts</p> <p>Antarctic Modernisation Taskforce server</p>

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Performance criterion (continued): Antarctica and the Southern Ocean are protected, valued and understood		
Target	Result	Sources
	<p>3. Systematically setting in place collaborative relationships with key international partners</p> <ul style="list-style-type: none">• Australia continued to work closely with a wide range of international partners. For example, on 2 May 2018 the then Prime Minister, the Hon Malcolm Turnbull MP, and the French President, His Excellency Emmanuel Macron, renewed their commitment to the Antarctic Treaty system and welcomed continuing close Australian–French collaboration; and on 27 June 2018 the High Level Arrangement on Antarctic and Southern Ocean Cooperation between the Government of Australia and the Government of Norway was signed• Australia continued to work closely with other nations active in Antarctica, including through the Antarctic Treaty system, through bilateral arrangements with more than 10 nations, and on the ground with those active in East Antarctica. <p>Due to budgetary pressures and competing priorities the Heard Island and McDonald Islands management voyage deferred from 2016–17 did not take place. The Department is scoping options to undertake this voyage at a later date. Operational planning continues to prioritise delivery of major projects in the Australian Antarctic Program.</p> <p>Progress in achieving our national Antarctic interests and delivering on the action plan at the end of year two (2017–18) is being assessed.</p> <p>More information on the strategy and action plan is on our website.</p> <p>www.antarctica.gov.au/about-us/publications/20-year-australian-antarctic-strategic-plan</p>	
Target	Result	Source
At least 100 international institutions collaborating in the Australian Antarctic Program including collaborative agreements or logistics with three to four Antarctic programs of other nations	<p>Achieved</p> <p>The Department conducts and facilitates research in areas of Antarctic and Southern Ocean science, particularly those related to ecosystems, natural resource management and environmental protection. The research is guided by the Australian Antarctic Science Strategic Plan 2011–12 to 2020–21, which underwent a mid-term review in 2017.</p> <p>www.antarctica.gov.au/science/australian-antarctic-science-strategic-plan-201112-202021</p> <p>Australia supports Antarctic and sub-Antarctic research through collaborations with other institutions and by providing logistical support. In 2017–18 we undertook 90 science projects in the Australian Antarctic Program, involving 116 international institutions from 26 countries. Trend data (Figure 2.13) indicates that Australia continues to maintain a diverse portfolio of international collaboration.</p> <p>Logistics-sharing agreements are in place with the US, China, France, Italy, New Zealand and Norway.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 34; PBS 2017–18 p. 68</p> <p>Data source:</p> <p>Australian Antarctic online database</p>

Figure 2.13: Number of international institutions collaborating in the Australian Antarctic program over the past five financial years





View from the Basler aircraft window while conducting ICECAP survey flights in February 2017 © Copyright Lenneke Jong / Australian Antarctic Division

International Collaboration for Exploration of the Cryosphere through Aerogeophysical Profiling

The Australian Antarctic Program has been at the forefront of efforts to uncover information critical to understanding the East Antarctic ice sheet in global climate and sea level rise. Over the last decade this hidden landscape has been slowly revealed through the efforts of many nations towing and flying ice-penetrating radars across the continent.

The International Collaboration for Exploration of the Cryosphere through Aerogeophysical Profiling (ICECAP) project is providing the first detailed maps of a large portion of the interior continent and the coastal zone.

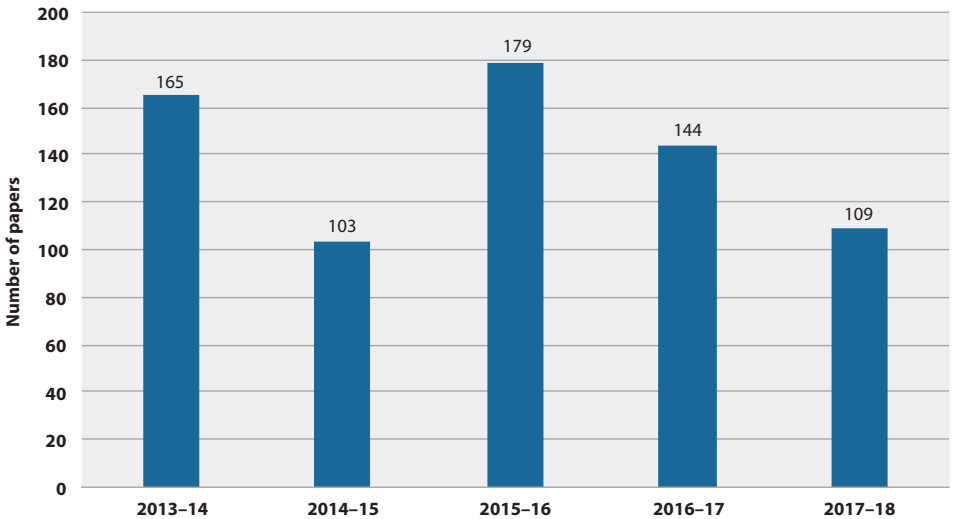
In 2017–18 it undertook 10 flights and collected 13,430 km worth of scientific data. This involved:

- › extensive bathymetric surveys between the Denman Glacier and Moscow University Ice Shelf
- › extending ice thickness, surface elevation and bathymetry maps over the Shackleton, Totten and Moscow University ice shelves
- › successfully deploying 25 Airborne eXpendable Bathymetry Temperature (AXBt) and 15 Airborne eXpendable Conductivity Temperature Depth (AXCTD) probes to measure ocean temperature, salinity profiles and water column thickness in Australian Antarctic Territory coastal waters.

The ICECAP project also informs site selection for potential ‘oldest ice’ drilling sites in Antarctica and will continue to contribute to improved predictions of how the ice sheet will change in the future.

Performance criterion: Antarctica and the Southern Ocean are protected, valued and understood		
Target	Result	Sources
At least 100 scientific publications in collaboration with the Australian Antarctic Program, consistent with the priorities set out in the Antarctic Science Strategic Plan, are published in peer-reviewed journals every year	Achieved A total of 109 publications in peer-reviewed literature were lodged for inclusion in the Australian Antarctic Division publications database for 2017–18 (Figure 2.14).	Performance measure sources: Re-released Corporate Plan 2017–18 p. 34; PBS 2017–18 p. 68 Data source: Australian Antarctic Division publications database

Figure 2.14: Number of papers published in peer-reviewed journals over the past five financial years



Purpose: Support the reliable, affordable, sustainable and secure operations of energy markets

ACTIVITY: Energy market reform and energy efficiency programs

Intended result:

Lead energy market reform to support market outcomes that are in the long-term interests of consumers.

Increase national energy productivity and energy efficiency performance.

Analysis against activity

Australia's energy markets are undergoing unprecedented change driven by technology. The Department is putting in place reforms to ensure the system continues to supply reliable, secure and affordable energy while adapting to these changes. This work requires significant collaboration with partners and stakeholders, including through the COAG Energy Council and Energy Security Board, and with other Australian Government agencies, state and territory governments and industry.

The Department is focused on implementation of reforms to drive down energy prices. Key reforms in the energy and gas markets and for governance are underway, including reforms arising from recommendations of the Independent Review into the Future Security of the National Electricity Market (the Finkel Review).

The Department has also continued work to improve energy productivity and energy efficiency performance. The *Greenhouse and Energy Minimum Standards Act 2012* (the GEMS Act) continues to increase the energy efficiency of products and appliances sold in Australia. The GEMS Act has two mechanisms: the Minimum Energy Performance Standards (MEPS), and the Energy Rating Label. It has delivered, and will continue to deliver, large energy savings for the Australian community. The Government is currently working on regulating or increasing regulation of 10 products, and has a future work program to regulate several other products as resources become available.

The Commercial Building Disclosure (CBD) Program aims to motivate the owners of office buildings to make energy efficiency improvements, by requiring them to publicly disclose energy efficiency information when space is offered for sale or lease. The expansion of the scheme on 1 July 2017 to cover smaller buildings of 1000 m² to 2000 m² resulted in a slight decline in the average energy efficiency rating of buildings. This result was expected, as smaller buildings tend to be older and less intensively managed than larger office buildings.

Performance results

Performance criterion: National energy market reforms support the long-term interests of consumers, including affordable, reliable and secure supply in gas and electricity markets		
Target	Result	Sources
Implement energy market reforms	<p>Partly achieved</p> <p>The Department has delivered a range of energy market reforms to ensure the electricity market operates in the long-term interests of consumers. Energy market reform is a long-term commitment of the Australian Government that will take some years to complete and involves significant collaboration with state and territory governments and industry. The Department's activities during 2017–18 include:</p> <ul style="list-style-type: none"> • helping to develop legislation to abolish the limited merits review (LMR) regime to lower network costs. The LMR had added \$6.5 billion to consumers' bills. A binding rate of return framework developed for network revenue determinations will provide regulatory certainty and lower costs • working with the Australian Energy Regulator (AER), the Australian Taxation Office and the Treasury to examine the consistency between networks' regulated tax allowances and tax actually paid. This culminated in the Government asking the AER to review tax allowances and propose reforms • preparing a rule change request to make the AER responsible for determining the value of customer reliability. <p>A range of reforms to retail regulations are being progressed to increase competition. The Department assisted in developing and delivering retailer commitments made at the then Prime Minister, the Hon Malcolm Turnbull MP, August 2017 roundtable with energy retailers. As a result of this process, retailers have contacted around 1.6 million customers and advised them of better deals. To date, around 270,000 fewer customers are on expired benefit deals. We also delivered seven rule change requests to support consumers and improve retail market outcomes.</p> <p>Reforms to support the take-up and integration of emerging technologies in the National Electricity Market (NEM) are being progressed. These include developing and submitting rule changes to develop a distributed energy resources register and support the timely installation of smart meters. We conducted further work to:</p> <ul style="list-style-type: none"> • support proof-of-concept trials of new technologies or business models • monitor the uptake of cost-reflective pricing. 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 36;</p> <p>PBS 2017–18 p. 75</p> <p>Data sources:</p> <p>Published outcomes</p> <p>www.coagenergycouncil.gov.au</p> <p>www.aemc.gov.au/our-work/changing-energy-rules/rule-changes</p> <p>www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications</p> <p>www.accc.gov.au/system/files/Retail%20Electricity%20Pricing%20Inquiry%E2%80%94Final%20Report%20June%202018.pdf</p>

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Performance criterion (*continued*): National energy market reforms support the long-term interests of consumers, including affordable, reliable and secure supply in gas and electricity markets

Target	Result	Sources
	<p>The Department also prepared responses to two key parliamentary reviews: the Senate Select Committee into the Resilience of Electricity Infrastructure in a Warming World and the House of Representatives Standing Committee on the Environment and Energy inquiry into modernising Australia's electricity grid.</p> <p>Progress has been made on a review of the NEM's enforcement regimes as directed by the COAG Energy Council, which includes strengthening the AER's investigative powers and introducing higher civil penalty amounts for significant breaches of the rules.</p>	
Target	Result	Sources
Implement gas market reforms	<p>Partly achieved</p> <p>A fundamental shift is underway in the eastern Australian gas market, putting pressure on the availability of gas and prices. The COAG Energy Council and the former Gas Taskforce, led by the Department, actioned a broad range of gas market reforms to improve the operation of the market.</p> <p>We achieved reforms scheduled for the 2017–18 period, including:</p> <ul style="list-style-type: none"> • the Peak Electricity Demand—Gas Supply Guarantee • information disclosure and arbitration rules for non-scheme pipelines • design of the capacity trading framework. <p>In 2017–18 we worked closely with the Department of Industry, Innovation and Science on the Australian Domestic Gas Security Mechanism and the development of heads of agreement between liquefied natural gas exporters and the then Prime Minister, the Hon Malcolm Turnbull MP, and associated gas market improvements.</p> <p>The Australian Government is considering pre-feasibility studies of the Northern Territory to Moomba pipeline.</p> <p>Ongoing work includes:</p> <ul style="list-style-type: none"> • a scoping study for the Gas Bulletin Board • a report on physical constraints on increased east coast gas supply • implementation of the capacity trading framework by 1 March 2019. 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 36;</p> <p>PBS 2017–18 p. 75</p> <p>Data sources:</p> <p>ACCC Gas Inquiry Interim Report April 2018</p> <p>www.accc.gov.au/publications/serial-publications/gas-inquiry-2017-2020/gas-inquiry-april-2018-interim-report</p> <p>AEMO 2018 Gas Statement of Opportunities</p> <p>www.aemo.com.au</p> <p>Gas Market Reform Group website</p> <p>gmrg.coagenergycouncil.gov.au</p> <p>Gas Supply Guarantee</p> <p>www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Emergency-Management/Gas-Supply-Guarantee</p> <p>Australian Domestic Gas Security Mechanism</p> <p>www.industry.gov.au/resource/UpstreamPetroleum/AustralianLiquefiedNaturalGas/Pages/Australian-Domestic-Gas-Security-Mechanism.aspx</p>

Performance criterion (continued): National energy market reforms support the long-term interests of consumers, including affordable, reliable and secure supply in gas and electricity markets

Target	Result	Sources
	<p>To date these reforms have been successful, with wholesale commodity gas prices falling from their peak in early 2017. A surplus of gas on the east coast has recently been forecast by the Australian Energy Market Operator (AEMO) for 2019. This is a significant turnaround from last year, when substantial shortfalls were forecast.</p> <p>The Department plays an important coordination role in gas policy and collaborates with agencies and market bodies to implement these reforms. Agencies involved in gas market reform include the Department of Industry, Innovation and Science, the ACCC, the AEMO, the Australian Energy Market Commission, the Treasury and the Department of the Prime Minister and Cabinet, as well as state and territory jurisdictions.</p>	
Target	Result	Sources
Implement governance reforms	<p>Partly achieved</p> <p>Energy market governance structures need to be agile and responsive as energy markets adjust to change. The Finkel Review and the 2015 Review of Governance Arrangements for Australian Energy Markets both made recommendations to enhance governance arrangements.</p> <p>In 2017–18 the COAG Energy Council established the Energy Security Board, as recommended by the Finkel Review, to provide whole-of-system oversight for energy security and reliability.</p> <p>Other Finkel Review governance recommendations have also been implemented, including:</p> <ul style="list-style-type: none"> • the Energy Security Board’s publication of the first annual Health of the NEM Report • the COAG Energy Council starting annual public reporting to COAG leaders on its priorities. <p>Work on other important Finkel Review governance recommendations is underway, including:</p> <ul style="list-style-type: none"> • developing new statements of expectation for the energy market bodies • developing a strategic energy plan to guide the operation and evolution of the NEM • developing a data strategy for the NEM. 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 36;</p> <p>PBS 2017–18 p. 75</p> <p>Data sources:</p> <p>Health of the NEM Report www.coagenergycouncil.gov.au/</p> <p>Report to COAG leaders on Finkel Review implementation www.coagenergycouncil.gov.au/</p> <p>Departmental Finkel Review tracking documents</p>



Power station near the Monduran Dam near Gin Gin in Queensland © Copyright Department of the Environment and Energy and Arthur Mostead

Supporting evidence-based decision-making through improved energy data integration

New data capabilities in the energy market are vital to improving energy affordability and reliability, to address major gaps and challenges in forecasting, infrastructure planning, innovation and policy development.

In 2015 the Government committed \$6 million to develop a pilot Energy Use Data Model platform with CSIRO, to bring together previously inaccessible data and research on how people and businesses use energy. A further \$13.4 million was committed in the 2017–18 Budget to develop the pilot platform into a full-scale system and embed the platform as a permanent market asset. This will include new governance arrangements, as a partnership between the Department, CSIRO and the AEMO.

The pilot Energy Use Data Model now draws together over 100 energy use datasets, many of which have never been possible to integrate or access before. For example, it includes 10-year load profiles for almost every electricity substation in Australia, providing readily available analysis of regions for the first time.

This 'big data' project facilitates value-added research to better understand rapid changes in how consumers are using energy and related technologies. Research outcomes to date include:

- › first-time estimates of key energy loads—air conditioning use and solar input—by substation around Australia
- › analysis of building energy use to measure real-world impacts of building codes and cost-effective building improvements
- › clustering of consumer load profiles to identify different energy use patterns associated with different household characteristics.

Over the next 12 months, priority areas of focus will include new metrics and tools to support reporting and evaluation of the energy market, visualisation tools, and integration of gas usage data and meter data.

Project outcomes are already demonstrating how we can improve load demand forecasting, assisting with the ongoing transformation of the energy market and providing insights to inform energy efficiency and productivity planning and policy.

Performance criterion: Improved national energy productivity and energy efficiency performance		
Target	Result	Sources
Increase energy productivity by 40 per cent by 2030 from 2015 level	<p>Partly achieved</p> <p>Governments have recognised that businesses and households could be getting better value from the money they spend on energy. In response, the Australian, state and territory governments agreed to a National Energy Productivity Plan (NEPP).</p> <p>The NEPP provides a framework and an initial economy-wide work plan to accelerate the delivery of a 40 per cent improvement in Australia's energy productivity by 2030. It brings together new and existing measures from across the COAG Energy Council's work program, from the Australian Government and industry.</p> <p>In its second year the 15-year NEPP work plan agreed by the COAG Energy Council in 2015 progressed well. This included:</p> <ul style="list-style-type: none"> the launch of energy.gov.au to provide an effective starting point for consumers to find information on energy better access to consumer energy data through implementation of the national Consumer Data Right in the energy sector progress on the creation of competitive modern energy markets through the Australian Government's commitment of \$13.4 million over five years in the 2017–18 Budget to build the Energy Use Data Model—a state-of-the-art energy market assessment tool that will improve energy market forecasting and planning progress on standards for buildings and appliances. <p>Supply and demand side reforms progressed included:</p> <ul style="list-style-type: none"> implementation of the Finkel recommendations funding delivered by the CEFC, ARENA and the Emissions Reduction Fund (reported against the relevant targets on pages 65–72). 	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 36; PBS 2017–18 p. 75</p> <p>Data sources:</p> <p>2017 NEPP Annual Report www.coagenergycouncil.gov.au/publications/national-energy-productivity-plan-annual-report-2017 CEFC www.cefc.com.au ARENA www.arena.gov.au ERF www.cleanenergyregulator.gov.au/ERF</p>

Performance criterion (*continued*): Improved national energy productivity and energy efficiency performance

Target	Result	Sources
Improved energy efficiency of commercial buildings	<p>Achieved</p> <p><i>Commercial Building Disclosure Program</i></p> <p>The CBD Program has been projected to deliver over \$50 million in net benefits and 17,395 TJ of energy savings over the period 2015–2019⁵. Overall participation in the program in 2017–18 was in line with expectations⁶.</p> <p>Although the average energy efficiency rating of buildings fell slightly during 2017–18, this is an expected outcome due to the expansion of the scheme on 1 July 2017 to cover smaller buildings of 1000 m² to 2000 m², which tend to be older and less intensively managed than larger office buildings⁷.</p> <p>Table 2.3 shows snapshots of the CBD Program's growth and results.</p> <p><i>National Construction Code</i></p> <p>During 2017–18 the Department supported the Australian Building Codes Board to continue progress towards revising section J of the National Construction Code (NCC), which sets out energy efficiency requirements for non-residential buildings and common areas of apartment buildings. If accepted, the recommended changes will result in a 30 per cent improvement in energy efficiency for new buildings in 2019 compared with buildings designed to the 2016 version of the NCC.</p>	<p>Performance measure source:</p> <p>Re-released Corporate Plan 2017–18 p. 36</p> <p>Data sources:</p> <p>⁵ Acil Allen, <i>Commercial Building Disclosure: program review—final report</i>, March 2015 www.cbd.gov.au/overview-of-the-program/cbd-review/cbd-program-review-final-report</p> <p>⁶ Acil Allen, <i>Improving the energy efficiency performance of small office buildings: regulation impact statement</i> www.cbd.gov.au/sites/prod.cbd/files/Regulation-Impact-Statement.pdf</p> <p>⁷ Savills/Susvic, <i>Mid-tier offices investment performance study</i> www.sustainability.vic.gov.au/About-Us/Publications/Mid-Tier-Offices-Investment-Performance-Study</p> <p>Australian Building Codes Board, NCC 2019 Energy efficiency: Commercial buildings—NCC 2016 vs NCC 2019, DTS modelling report www.abcb.gov.au/Resources/Publications/NCC-2019-Public-Comment-Draft/Energy-efficiency-of-commercial-buildings-NCC-2016-vs-NCC-2019-DTS-modelling-report</p>

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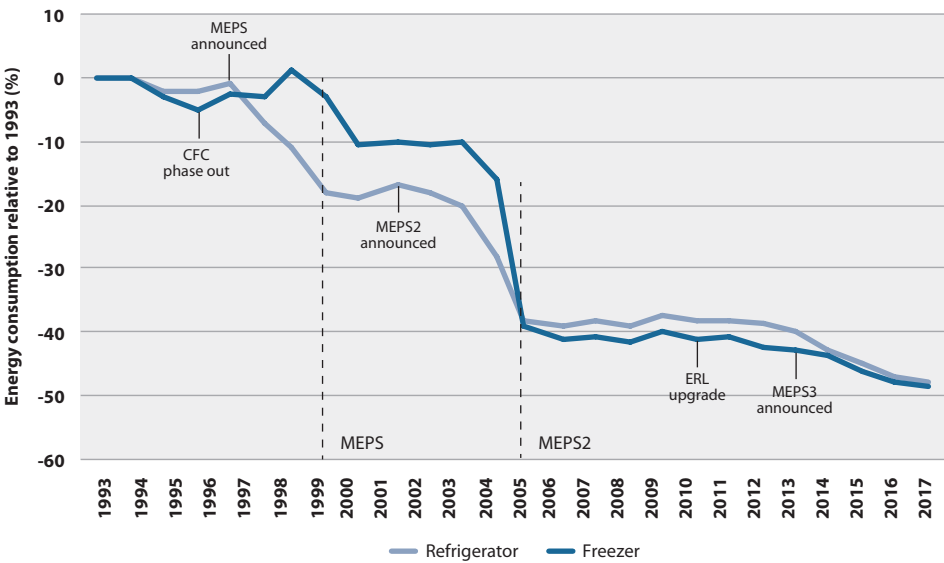
Table 2.3: Commercial Building Disclosure Program growth and results snapshots, June 2018 compared with June 2017

	20/6/2018	30/6/2017	Change
Number of commercial office buildings with a current Building Energy Efficiency Certificate	1248	950	+31%
Mean energy efficiency rating by number of buildings (National Australian Built Environment Rating System energy rating)	3.64 stars	3.71 stars	–0.05 stars
Represented office area (net lettable area)	15,259,242 m ²	13,831,980 m ²	+1,427,262 m ² (expected increase was 1,270,000 m ²)

Source: CBD downloadable dataset. cbd.gov.au/registers/cbd-downloadable-data-set

Performance criterion (<i>continued</i>): Improved national energy productivity and energy efficiency performance		
Target	Result	Sources
Improved energy efficiency of appliances and equipment sold in Australia	<p>Achieved</p> <p>The Department improved the energy efficiency of appliances and equipment sold in Australia through administration of the E3 Program and the GEMS Act.</p> <p>Energy savings achieved through the GEMS Act are calculated each year from detailed modelling using appliance sales data, efficiency data and user behaviour. In 2017–18, GEMS saved the Australian community between \$0.86 billion and \$1.64 billion.</p> <p>The figures are quoted as a range rather than a specific number because they are calculated using large statistical datasets, and any dataset has error margins. The only way to precisely estimate the savings would be to have an energy meter on every single product or home appliance in Australia.</p> <p>At 30 June 2018 a total of 22 determinations were in effect under the GEMS Act. The determinations are legislative instruments that specify GEMS requirements, including requirements for MEPS and energy rating labels for products regulated under the GEMS Act.</p> <p>The following examples illustrate the impact of specific measures.</p> <ul style="list-style-type: none"> • The Department recently ran a randomised controlled trial to measure the impact labels have on increasing the sale of more energy efficient products. The project measured a 20 per cent increase in the sale of more energy efficient products when a label was present compared to no label, with over 90 per cent confidence. • Figure 2.15 shows the consistent increase in MEPS levels for refrigerators and freezers over time and how that has reduced energy use relative to 1993. If it were not for the MEPS levels and labels, fridges may be using almost twice as much energy as they do today. 	<p>Performance measure source:</p> <p>Re-released Corporate Plan 2017–18 p. 36</p> <p>Data sources:</p> <p>Report on randomised controlled trial</p> <p>behaviouraleconomics.pmc.gov.au/projects/energy-labels-make-cents-randomised-controlled-trial-test-effect-appliance-energy-rating</p> <p>GEMS achievements report</p> <p>www.energyrating.gov.au/document/e3-achievements-report-2017-2018</p> <p>Recent report on the benefits of increased standards for refrigerators</p> <p>www.energyrating.gov.au/document/decision-ris-household-refrigerators-and-freezers-0</p>

Figure 2.15: Energy consumption of refrigerators and freezers in Australia over time



ACTIVITY: Energy security

Intended result:

Support the security of domestic and international supply chains for electricity, gas and liquid fuel.

Analysis against activity

The security of domestic supply chains for electricity, gas and liquid fuels continues to be an important focus of the National Electricity Market Emergency Management Forum, the National Gas Emergency Response Advisory Committee (NGERAC) and the National Oil Supplies Emergency Committee (NOSEC). The Department provided timely and accurate information and advice to the Government in relation to energy security through its participation in these committees. The committees successfully delivered a range of projects which analysed energy security and reliability issues or enhanced existing emergency management procedures.

The Department implemented the introduction of mandatory reporting of data on petroleum and other fuels. Mandatory reporting gives a more accurate picture of Australia’s liquid fuel security. The Department publishes data each month in the Australian Petroleum Statistics, which is used by industry and government agencies to monitor trends in petroleum supply and use in Australia.

A planned review of the *Liquid Fuel Emergency Act 1984* was deferred to enable any recommendations from the 2019 National Energy Security Assessment, announced in May 2018, to be incorporated into the review.

The Australian Government continues to implement its plan to return to compliance with the International Energy Agency (IEA) oil stockholding obligation. The Department has established a procurement framework for oil stock tickets that will allow Australia to purchase oil stock tickets from 1 October 2018 (subject to achieving value for money) and thereby contribute to an IEA collective action if required to reduce the impact of an international supply disruption.

Performance results

Performance criterion: Timely, comprehensive and accurate analysis is provided that informs government decisions in relation to energy security		
Target	Result	Sources
Implement the annual work programs of the National Gas Emergency Response Advisory Committee and the National Oil Supplies Emergency Committee, and represent the Commonwealth in the National Electricity Market Emergency Management Forum	<p>Partly achieved</p> <p>Projects in the 2017–18 work program of the NGERAC were either completed to plan or are on track for timely completion, where completion is due in 2018–19. The AEMO was engaged to deliver NGERAC activities including:</p> <ul style="list-style-type: none"> • NGERAC secretariat services, including hosting annual emergency exercises and a review of emergency processes • completion of gas contingency planning modelling for the NEM • completion of base load gas demand modelling for South Australia, Tasmania and Victoria. <p>All but one of the projects in the 2017–18 work program of NOSEC were completed to plan or are on track for timely completion, where completion is due in 2018–19, with one exception. The exception was a review of the <i>Liquid Fuel Emergency Act 1984</i>, which was postponed pending the findings of the National Energy Security Assessment due for completion in mid-2019.</p> <p>NOSEC's work in 2017–18 included implementing recommended improvements to emergency processes arising from the completion of Exercise Catalyst, a liquid fuels emergency exercise completed in June 2017. Most recommendations were acted upon in 2017–18, including establishing NOSEC capacity-building and communications subgroups, reviewing state and territory communications plans and protocols, developing an initial approach to capacity-building and hosting a capacity-building workshop.</p> <p>Some activities following on from the activities completed in 2017–18 are to be completed in 2018–19. These include updating the National Liquid Fuels Emergency Response Plan Communications Manual, researching and analysing optimal communications channels for messaging in an emergency, and NOSEC member capacity-building work. These projects are on track for delivery in 2018–19.</p> <p>The Department effectively represented the Commonwealth in the National Electricity Market Emergency Management Forum (NEMEMF), attending and contributing to meetings, exercises and briefings as requested by AEMO.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 38; PBS 2017–18 p. 76</p> <p>Data sources:</p> <p>For NOSEC and NGERAC: internal in-committee reporting on progress to implement the work programs</p> <p>For NEMEMF: AEMO's summer operations report, pp. 36–37</p>

Performance criterion: Australia progresses towards compliance with its International Energy Agency stockholding obligation		
Target	Result	Sources
Procurement framework for oil stock tickets developed for Australia to participate in an International Energy Agency collective action	<p>Achieved</p> <p>The Department has developed the procurement framework to purchase oil stock tickets. Australia's first oil ticket procurement opened on 7 June 2018. Australia will enter into contracts to purchase oil stock tickets (a type of oil reservation contract) beginning on 1 October 2018.</p> <p>Holding these oil stock tickets will allow Australia to contribute to an IEA collective action if required in the event of a declared global oil emergency. Future procurements will be held to maintain up to 400 kT of stocks over the 2018–19 and 2019–20 financial years.</p> <p>This is a trial period and does not make Australia fully compliant with our IEA stockholding obligation. The trial will inform Australia's decision on return to full compliance.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 38;</p> <p>PBS 2017–18 p. 76</p> <p>Data source:</p> <p>energy.gov.au</p> <p>www.energy.gov.au/search/node/procurement</p> <p>www.energy.gov.au/government-priorities/international-activity/oil-stock-ticketing</p>



Shell oil refinery © Copyright Department of the Environment and Energy (taken by staff)

New legislation improves Australia's petroleum data

The *Australian Petroleum Statistics* is published by the Department on a monthly basis. It provides information on production, sales, exports, imports and stocks of petroleum products and other liquid fuels. It is used extensively by industry and government agencies to monitor trends in petroleum supply and use in Australia.

Until 2018, the *Australian Petroleum Statistics* relied on voluntary reporting of information by companies. However as the petroleum market became more diverse, some new entrants opted not to report, making it more challenging to put together reliable and comprehensive statistics. In 2016 the Government decided to introduce mandatory reporting of data on petroleum and other fuels such as biofuels.

In late 2017, following a comprehensive consultative process by the Department, the Australian Parliament passed the *Petroleum and Other Fuels Reporting Bill 2017* and made the *Petroleum and Other Fuels Reporting Rules 2017*.

Businesses meeting the legislated criteria have been reporting since 1 January 2018. Early indications are that the scheme is delivering on expectations, with increased petroleum and other fuel stocks being reported. This gives a more accurate picture of Australia's liquid fuel security. Engagement with industry has increased and a range of new companies are providing data to the Department.

The increased survey coverage has contributed to higher reported petroleum stocks: in the first three months of 2018 the reported average month-end stockholding increased by 19 per cent on the same period last year.

A key goal for the Department's implementation team was to minimise the reporting burden on business. Data-sharing arrangements are now in place with four Australian Government agencies and the Western Australian Government to minimise duplicative reporting obligations on industry.

The department plans to review the first six months of operation of the scheme by the end of 2018.

CROSS CUTTING ACTIVITY: Science, information and research

Intended results:

Improve understanding of Australia's environment and inform environmental decision-making through collaborative research and enhanced discovery of, access to and use of environmental information.

Improve knowledge of, and inform decision-making on, the water-related impacts of unconventional gas and coal mining development.

Analysis against activity

Science and research is vital to informing environmental decision-making and preparing evidence-based policy. The Department administers a range of programs involved in collaborative research (all of which draw on the expertise of leading science experts). Program outputs are regularly published to help government agencies, industry and the community better understand Australia's unique environment. The Department also continues to work towards better understanding the condition of our environment and its relationship with our economy to inform decision-making through environmental-economic accounting. Across these activities our success is aided by Australian Government investment, partnerships, technical input and funding assistance provided to leading scientific groups, other government agencies and industry.

National Environmental Science Program

The National Environmental Science Program 2015–2021 (NESP) is a \$145 million investment by the Australian Government delivering collaborative, practical and applied research to inform decision-making and on-ground action. Through the NESP, six hubs are contracted to deliver this research under a tailored funding agreement which specifies that each approved project must have a research user actively engaged in the project. Hub research agendas are developed to meet identified research priorities and are updated and approved annually through research plans developed in close consultation with a broad range of stakeholders and end users, including departmental staff. All hubs are supported by a departmental hub liaison officer, who also works to enable utilisation of NESP research in evidence-based decision-making.

The NESP has a small budget each year to allow the program to be responsive to the changing needs of environmental decision-makers and fund emerging priority projects outside the hub model. These meet identified research priorities not covered by hubs. Funding is conditional on meeting mandatory end user requirements before approval and payment.

Environmental-economic accounting

Environmental assets (such as land, soil, minerals, rivers, oceans and biodiversity) underpin economic growth and our standard of living. However, the environment's contributions to our prosperity and wellbeing are often overlooked in decision-making by governments, business and the community. In response, in 2017–18 the Department developed and published *Environmental economic accounting: a common national approach—strategy and action plan*. The strategy and plan aim to deliver accurate and reliable longitudinal information to governments, communities and business so that they can make well-informed decisions through understanding the value and condition of the environment and its contribution to our quality of life.

Understanding water-related impacts of unconventional gas and large coal mines

The Department continues to support the Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development (the IESC). The committee provides scientific advice to Australian governments on water-related impacts of coal seam gas and large coal mining developments. In 2017–18, it prepared advice for nine coal resource development proposals in New South Wales and Queensland. Assistance from the Department (both secretariat and technical support) ensured this advice was made available to regulators within the statutory time frames. Publication of IESC advice ensures that the community can have confidence that regulators have access to the latest scientific information when making decisions on development proposals.

The Bioregional Assessment Program began in 2012 and was completed in 2017–18. The program assessed the potential impacts of new coal mines and coal seam gas projects on water resources and the assets that depend on them in 13 regions across Australia. Total Australian Government investment in the program was \$95.6 million. A number of benefits have already been realised from this. Australian Government and state regulators used information from bioregional assessments to inform approval decisions on coal resource development projects, the IESC drew on them in preparing its advice to regulators, water managers used them to inform investment decisions, and more than 1200 datasets have been made publicly available. Web analytics data shows that the information made available is being accessed.

The Geological and Bioregional Assessment Program, announced in May 2017, has identified three priority regions for analysis: the Cooper Basin (Queensland and South Australia), the Isa Superbasin (Queensland) and the Beetaloo Sub-basin (Northern Territory). The technical report *Rapid regional prioritisation for tight and shale gas potential of eastern and northern Australian basins* produced by Geoscience Australia provided a solid scientific basis for the initial shortlist of regions. From this, a review of jurisdictional policy and regulatory settings affecting potential unconventional gas industry development in shortlisted regions was undertaken in parallel with consultation with relevant governments and industry. The process of using technical input to shape detailed consultation enabled the program to identify priority regions to the satisfaction of stakeholders.

Australian Biological Resources Study

In 2017–18 the Department's Australian Biological Resources Study (ABRS) contributed to improved understanding of national biodiversity, through the financial support of researchers and the discovery, description and publication of species and other taxa. It plays a critical role in coordinating, collating and publishing valuable baseline data and information to fill knowledge gaps on Australian flora and fauna. The ABRS's Bush Blitz species discovery program (Australia's largest nature discovery program) is integral to this role and has been extended for a further five years.

The ABRS National Taxonomy Research Grant Program and Bush Blitz support researchers to collect biological specimens on remote field expeditions, examine new and existing collections in museums and herbaria, and undertake analytic, descriptive and revisionary taxonomic and systematics work. The funding they provide also acts as seed funding to leverage co-investment in taxonomy and systematics research and capability from the science, government and industry sectors.

In July 2017 the annual target for the number of taxa revised or newly described under the ABRS was increased from 200 to 650 in response to results achieved over the preceding decade. The Department's ongoing positive results against this target are largely due to the Bush Blitz program and to improved technology and increased access to digital data, which have modernised the fields of taxonomy and systematics.

Investment in taxonomy and systematics through the grant program and Bush Blitz emphasises the employment and training of early-career researchers. This encourages universities and collections institutions to engage PhD students, post-doctoral fellows and recently qualified scientists in projects, helping to build new capacity in an ageing research sector and create a career path for young scientists.

Performance results

Performance criterion: Data and information generated by the Department are used by stakeholders and/or support evidence-based decision-making		
Target	Result	Sources
National Environmental Science Program projects across all Hubs have at least one research user who is reporting that they have used project outputs to inform policy or management action, or are influencing public action for better health or environmental outcomes	<p>Partly achieved</p> <p>NESP funding of \$145 million over the six years from 2015 to 2021 supports six themed research hubs, along with projects to address emerging environmental research needs. Projects are generally delivered over a number of years.</p> <p>NESP is designed to deliver targeted research that is used by stakeholders as evidence to support decision-making. Ensuring that projects are designed to meet user needs sets them up from the outset to fulfil this objective. Support structures are in place to ensure that NESP research outputs are used.</p> <ul style="list-style-type: none"> 100 per cent of NESP projects are co-designed with research users to meet their information needs, and have at least one identified research end user. This is assessed in the approval of annual research plans for each hub and in each hub's annual progress report. All NESP hubs have a knowledge broker who is responsible for engaging stakeholders in the design of projects and engaging research users in using research outputs to inform environmental management action. All hubs are supported by a departmental hub liaison officer, who also works to enable the use of NESP research in evidence-based decision-making. <p>Many projects are not yet complete, so we are unable to measure research output uptake across all hubs. In 2018–19, as more projects reach completion, the Department will be able to confirm that every completed project has been used by at least one research user to inform policy or management action, or has influenced public action for better health or environmental outcomes.</p> <p>The case studies below demonstrate uptake of research in the Northern Australia Environmental Resources Hub and the Clean Air and Urban Landscapes Hub.</p>	<p>Performance measure source:</p> <p>Re-released Corporate Plan 2017–18 p. 40</p> <p>Data sources:</p> <p>2017 annual progress report documentation for the six hubs:</p> <p>Clean Air & Urban Landscapes www.nespurban.edu.au</p> <p>Marine Biodiversity www.nespmarine.edu.au</p> <p>Threatened Species Recovery www.nespthreatenedspecies.edu.au</p> <p>Earth Systems & Climate Change www.nespclimate.com.au</p> <p>Northern Australia Environmental Resources www.nespnorthern.edu.au</p> <p>Tropical Water Quality www.nesptropical.edu.au</p> <p>2018 Research Plan version 4 www.environment.gov.au/system/files/pages/2f561690-b47e-4bf2-b028-d18739b3486f/files/nesp-new-projects-dec-2017.pdf</p>



Feral pigs © Copyright Jim Mollison

Science and community collaboration achieving results in feral animal management

In partnership with local Indigenous groups, NESP researchers are finding effective monitoring and management methods to understand and address feral animal damage to Cape York Peninsula aquatic ecosystems.

Researchers are working closely with Aak Puul Ngangtam (APN, a registered charity entirely owned by traditional owners of the Southern Wik Homelands) in Cape York's Archer River Basin to help APN plan, implement, monitor and report on feral animal management activities, leading to better protection of vital environmental assets. APN is using feral pig distribution data collected by Indigenous rangers, then analysed and summarised by Northern Australia Environmental Resources Hub researchers, to develop and refine its annual feral animal program. This is leading to improved management and community outcomes.

The research supported APN's decision to focus its management efforts along coast adjacent to marine turtle nesting areas. This, and other associated changes by APN in feral animal management, has maintained a 90 per cent reduction in predation of three threatened marine turtles (Olive Ridley, Flatback and Hawksbill) in the APN management area. This massive reduction was achieved by a six-year collaborative effort, including the Nest to Ocean Turtle Protection Program, to improve feral animal management.

The NESP delivers applied research to inform decision-making and on-ground action. In this far north corner of Australia, the program is connecting scientists, policymakers, Indigenous people and communities. Hub researchers are now developing a framework to transfer the approach used with APN to other areas in northern Australia.



Street trees are an integral part of our urban forests © Copyright Department of the Environment and Energy (taken by staff)

Science for future-proofing Australia's urban forests

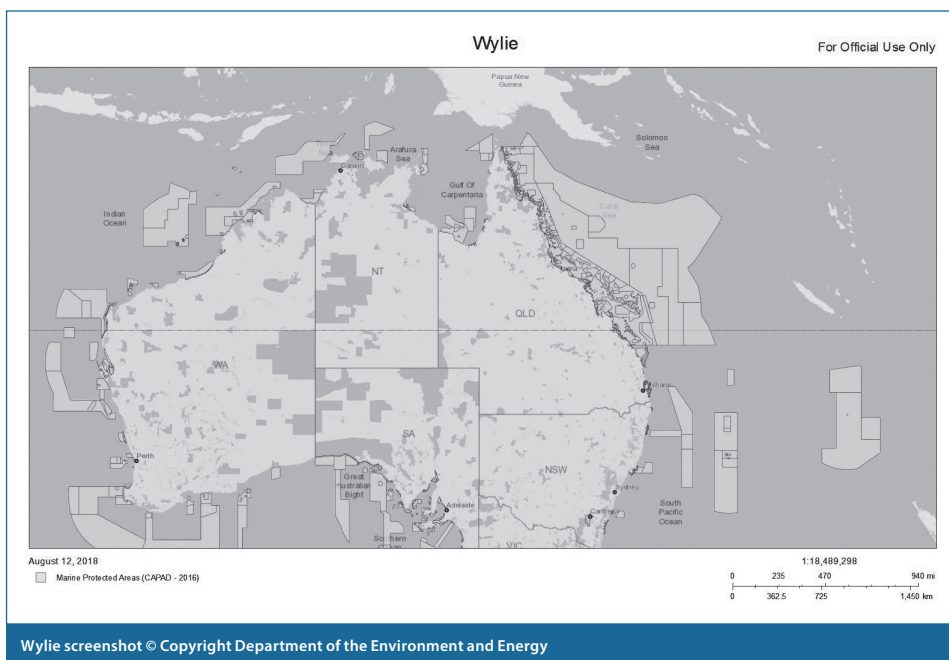
Local governments and urban forest managers now have comprehensive information to develop adaptation strategies for the long-term resilience of urban forests.

Climate projections indicate that higher temperatures due to climate change and the urban heat-island effect threaten more than one-third of urban tree species across Australia, according to a NESP study of 1.9 million trees in 29 local government areas.

Research by the Clean Air and Urban Landscapes Hub will help with the implementation of urban forest strategies already in place in 74 local government areas. It supports site selection for vulnerable species, improved tree maintenance, and selecting trees that are better adapted to future climates.

The NESP delivers collaborative, practical and applied research to inform decision-making and on-ground action. This project will help to create successful urban forests of the future that can provide a wide range of benefits for people and wildlife in cities.

Performance criterion (<i>continued</i>): Data and information generated by the Department are used by stakeholders and/or support evidence-based decision-making		
Target	Result	Sources
A national approach to environment economic accounts is developed with, and endorsed by, jurisdictions	<p>Achieved</p> <p>The Department developed <i>Environmental economic accounting: a common national approach—strategy and action plan</i> in 2017–18 in collaboration with the Australian Bureau of Statistics and a range of Australian Government and state and territory agencies.</p> <p>The strategy and action plan was endorsed by state and territory ministers in early 2018 and released at the Meeting of Environment Ministers on 27 April 2018.</p> <p>Environmental-economic accounting helps us understand the condition of our environment and its relationship with our economy. The strategy and action plan will ensure that coherent, comprehensive and integrated accounts are built and support public sector and business decision-making at all levels (farm, enterprise, region, state and national) and across all sectors.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 40;</p> <p>PBS 2017–18 p. 45</p> <p>Data sources:</p> <p>Agreed statement from the seventh Meeting of Environment Ministers (27 April 2018, Melbourne)</p> <p>www.environment.gov.au/system/files/pages/4f59b654-53aa-43df-b9d1-b21f9caa500c/files/mem7-agreed-statement.pdf</p> <p>Strategy and action plan</p> <p>www.environment.gov.au/science/environmental-economic-accounting</p>



Wylie—self-service spatial analysis for non-specialists

One of the core strengths of the Department’s Environmental Resources and Information Network is its spatial capability. A significant enhancement of this capability was demonstrated in 2017–18 by the rollout of a self-service spatial analysis and reporting tool, which has allowed Department staff to access the network’s rich spatial data without needing specialist skills.

With the permission of the Noongar people of south-west Western Australia, this tool is named Wylie, after the Aboriginal guide who accompanied explorer Edward John Eyre across the Nullarbor in the 1840s. It is intended for non-specialist data users who may have difficulty in finding and using environmental data quickly and effectively.

Wylie provides a comprehensive and integrated view of available information while removing the trial and error element of adding and removing potential data before knowing how useful it is and the need to pre-prepare the information that users might need. Users can ‘mix and match’ environmental information. For example, they can query and analyse in one spot all environmental assets against proposed EPBC referrals or heritage-listing boundaries. This positions the Department to make its data more open and discoverable, and harnesses ‘big data’ to provide new and stronger evidence to underpin public policy.

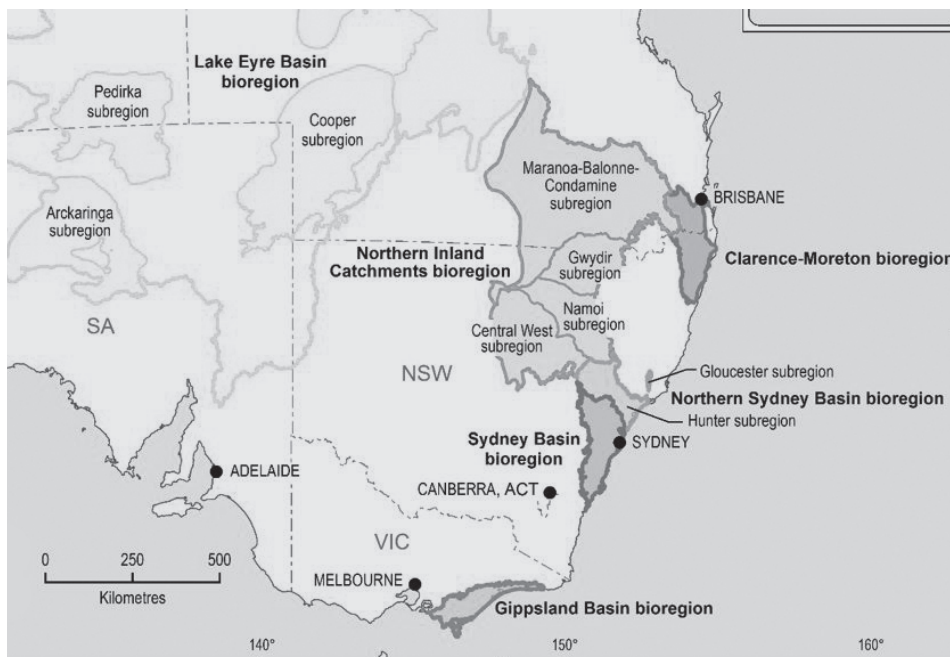
Wylie is replacing the Environment Reporting Tool and the Environmental Matters Mapping Application. It is initially directed towards environmental impact assessment projects, where location-based information is a key part of decision-making. Future plans for Wylie include making it available externally as a replacement for the Protected Matters Search Tool.

Performance criterion (*continued*): Data and information generated by the Department are used by stakeholders and/or support evidence-based decision-making

Target	Result	Sources
All advice provided to regulators by the Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development is delivered within statutory time frames and made publicly available	<p>Achieved</p> <p>The Australian Government and state government regulators refer coal seam gas and large coal mining proposals to the IESC for expert scientific advice on the potential water-related impacts of these developments. The Department provides secretariat and technical support to the IESC.</p> <p>In 2017–18 the IESC provided advice on nine coal resource development proposals in New South Wales and Queensland. The IESC's advice was provided to the regulator within two months of receiving the request for advice. All advice was published on the IESC website within 10 days of providing it to the requesting regulator.</p> <p>www.iesc.environment.gov.au/advice/scientific-advice</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 40;</p> <p>PBS 2017–18 p. 45</p> <p>Data source:</p> <p>IESC advice</p> <p>www.iesc.environment.gov.au/advice/scientific-advice</p>
Target	Result	Sources
The bioregional assessments of the potential water-related impacts of coal and coal seam gas for all 13 bioregions are completed	<p>Achieved</p> <p>The Bioregional Assessment Program concluded in 2017–18 and assessments for all 13 bioregions are complete. The program focused on analysing the impacts of coal seam gas and large coal mining developments on water resources and water-dependent assets over six bioregions.</p> <p>During the reporting period, 20 technical products, including one supporting sub-methodology, were published on the program's information portal. Over 1200 datasets related to the program are now available at data.gov.au. Datasets published by the program were downloaded 4027 times in 2017–18.</p> <p>All assessment reports (with the exception of those for the Gippsland, Galilee and Namoi regions, which will be published later in 2018) are available on the bioregional assessments website.</p> <p>www.bioregionalassessments.gov.au/bioregional-assessment-program*</p> <p>* The 13 bioregions identified in this target are sub-bioregions of the six bioregions described on the bioregional assessments website.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 40;</p> <p>PBS 2017–18 p. 45</p> <p>Data sources:</p> <p>Datasets</p> <p>www.data.gov.au/organization/bioregional-assessment-programme</p> <p>Technical products—bioregional assessments website</p> <p>www.bioregionalassessments.gov.au/bioregional-assessment-program</p>

Performance criterion (continued): Data and information generated by the Department are used by stakeholders and/or support evidence-based decision-making

Target	Result	Sources
Priority regions are identified and work is underway for new combined geological and bioregional assessments of the impacts of unconventional gas extraction, including shale and tight gas	<p>Achieved</p> <p>Three priority regions for the Geological and Bioregional Assessment Program have been identified and announced:</p> <ul style="list-style-type: none"> • Cooper Basin (Queensland and South Australia)—announced 29 November 2017 • Isa Superbasin (Queensland)—announced 18 January 2018 • Beetaloo Sub-basin (Northern Territory)—announced 27 April 2018. <p>The program's stage one report <i>Rapid regional prioritisation for tight and shale gas potential of eastern and northern Australian basins</i> sets out the prioritisation process. An initial list of 27 eastern and northern Australia basins that could contain shale and/or tight gas were shortlisted to nine basins. The remaining nine basins were assessed, ranked and consulted on with state and territory governments and industry to yield the three priority basins. The report is available on the bioregional assessments website.</p> <p>www.bioregionalassessments.gov.au</p> <p>The Department and program partners CSIRO, Geoscience Australia and the Bureau of Meteorology have begun the second stage of the program. This will bring together a baseline analysis of geological and environmental information that will inform the program's assessment of the potential impacts of shale and tight gas extraction in each of the three priority regions.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 40;</p> <p>PBS 2017–18 p. 45</p> <p>Data sources:</p> <p>Cooper media release</p> <p>www.environment.gov.au/minister/frydenberg/media-releases/mr20171129.html</p> <p>Isa media release</p> <p>www.environment.gov.au/minister/frydenberg/media-releases/mr20180118.html</p> <p>Beetaloo media release</p> <p>www.environment.gov.au/minister/frydenberg/media-releases/mr20180427.html</p> <p>Bioregional assessments website</p> <p>www.bioregionalassessments.gov.au</p>



Map showing location of bioregions © Copyright Department of the Environment and Energy

Bioregional assessments

In 2017–18 the Department and its technical partners, CSIRO, Geoscience Australia and the Bureau of Meteorology, completed the Bioregional Assessment Program, which began in 2012. Agencies of the Queensland, South Australian and Victorian governments were involved in some of the projects.

The Bioregional Assessment Program assessed the potential impacts of new coal mines and coal seam gas projects on water resources and the assets that depend on them in 13 regions across Australia (see map). Total Australian Government investment in the program was around \$95.6 million.

Information generated by the program has informed regulators' approval decisions on coal resource development projects, the IESC's advice to regulators, and water managers' investment decisions. More than 1200 datasets have been made publicly available.

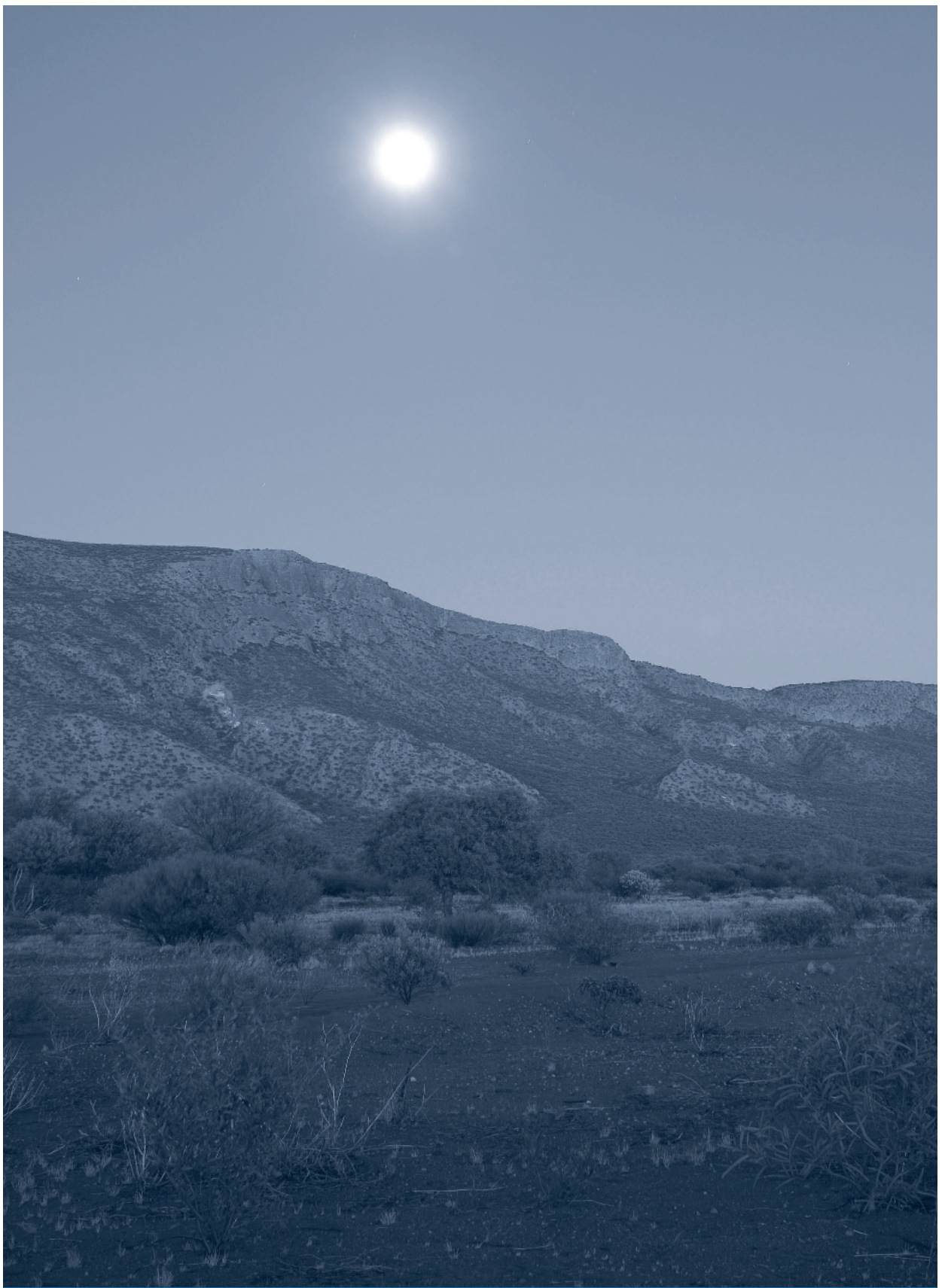
The Bioregional Assessment Program pioneered the large-scale application of new approaches to hydrological modelling in Australia. Traditional approaches produce a single 'best guess' projection of potential changes in groundwater or surface water resources and use a sensitivity analysis to represent uncertainty. The Bioregional Assessment approach uses hundreds or thousands of model runs to explore the full range of uncertainty and estimate the probability of each possible outcome. This approach is now increasingly preferred by leading modellers.

The design of the Department's new Geological and Bioregional Assessment Program draws on lessons learned from the Bioregional Assessment Program.

Performance criterion <i>(continued)</i> : Data and information generated by the Department are used by stakeholders and/or support evidence-based decision-making		
Target	Result	Sources
650 taxa revised or newly described under the Australian Biological Resources Study	<p>Achieved</p> <p>The Department's result against this target reflects our ongoing commitment to documenting and sharing knowledge of Australia's unique biodiversity. Through the ABRS, the Department funds researchers to undertake important work on the discovery and description of Australian flora and fauna.</p> <p>In 2017–18, 1236 taxa were either reported as revised or newly described as outputs of projects funded by the ABRS National Taxonomy Research Grant Program and the Bush Blitz species discovery program (administered through the ABRS).</p> <p>In July 2017, the annual target for the number of taxa revised or newly described under the ABRS was increased from 200 to 650 in response to results achieved over the preceding decade. The Department's ongoing positive results against this target are largely due to the Bush Blitz program and to improved technology and increased access to digital data, which have modernised the scientific fields of taxonomy and systematics.</p> <p>The grant funding and Bush Blitz also act as seed funding to leverage co-investment in taxonomy and systematics research and capability from the science, government and industry sectors. For example, for new National Taxonomy Research Grant Program grants approved in 2017–18, a further \$2,856,703 (136 per cent) in investment (salary or cash co-funding) was leveraged from universities, museums, herbaria and research institutions. Government and industry (BHP) provided matching investment in the \$11 million Bush Blitz program partnership (2018–2023) to support species discovery and documentation, enhance openly accessible biodiversity knowledge, and engage the community, land managers and traditional owners in education on and management of Australia's unique biodiversity.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 40; PBS 2017–18 p. 45</p> <p>Data sources:</p> <p>Australian Biological Resources Study grants master database Bush Blitz grants master database Bush Blitz expedition reports www.bushblitz.org.au/expeditions</p>

Performance criterion (*continued*): Data and information generated by the Department are used by stakeholders and/or support evidence-based decision-making

Target	Result	Sources
At least 100 researchers, including early career researchers, supported under the Australian Biological Resources Study	<p>Partly achieved</p> <p>The ABRS National Taxonomy Research Grant Program supports taxonomy and systematics researchers, including early-career researchers. This support (in the form of funding) helps to address the decline in numbers of Australian scientists who work in these fields</p> <p>As at 30 June 2018, 90 researchers, including 24 early-career researchers, are undertaking important work in taxonomy and species discovery through projects funded by the ABRS through the National Taxonomy Research Grant Program and Bush Blitz.</p> <p>In July 2017 the annual target for the number of researchers supported was increased from 64 to 100 to better match the results that have been achieved over the preceding decade and to prioritise projects that place a greater emphasis on collaboration.</p> <p>The target of 100 researchers was not reached because the 2013–2017 Bush Blitz program concluded in December 2017. The Department has since renewed its partnership with BHP and Earthwatch Australia to continue the Bush Blitz program for a further five years. This arrangement is likely to enable the ABRS to reach subsequent targets over the next few years.</p>	<p>Performance measure sources:</p> <p>Re-released Corporate Plan 2017–18 p. 40; PBS 2017–18 p. 45</p> <p>Data sources:</p> <p>Australian Biological Resources Study grants master database</p> <p>Bush Blitz grants master database</p> <p>Bush Blitz expedition reports</p> <p>www.bushblitz.org.au/expeditions</p>



Full moon over the monocline Mount Augustus in Mount Augustus National Park © Copyright Nick Rains



Management and Accountability

3

3 | Management and Accountability

Management of human resources

Workforce profile

The Department of the Environment and Energy has a diverse workforce of 2599 people carrying out activities in all states and territories, external territories and Antarctica. Of these, 1798 employees (69 per cent) are located in Canberra and 801 (31 per cent) are outside of Canberra. The majority of our people are employed at the Australian Public Service (APS) Level 6 (27 per cent) and Executive Level (EL) Band 1 (24 per cent) classifications. Of our full-time staff, 923 (49 per cent) are female and 961 (51 per cent) are male. Of our part-time staff, 72 per cent are female and 28 per cent are male.

Our workforce statistics are presented in tables 3.1–3.5. All statistics are as at 30 June 2018.

Table 3.1: Key to job classification symbols

Symbol	Job classification	Remuneration salary range per annum
SEC	Secretary of the Department of the Environment and Energy	See Remuneration Tribunal website*
SES B3	Senior Executive Service Band 3	\$291,647–\$374,616
SES B2	Senior Executive Service Band 2	\$236,532–\$280,209
COD 1	Chief of Division Grade 1	\$211,586–\$257,557
SES B1	Senior Executive Service Band 1	\$192,258–\$233,094
EL 2	Executive Level Band 2—includes Expeditioners, Expeditioner Antarctic Medical Practitioners, Head Office Antarctic Medical Practitioners, Principal Legal Officers, Principal Research Scientists, Senior Principal Research Scientists, Senior Research Scientists and Senior Public Affairs Officers	\$120,881–\$221,877
EL 1	Executive Level Band 1—includes Expeditioners, Expeditioner Antarctic Medical Practitioners, Head Office Antarctic Medical Practitioners, Public Affairs Officers, Research Scientists and Senior Legal Officers	\$102,715–\$146,115
APS 6	Australian Public Service Level 6—includes Expeditioners, Legal Officers, Public Affairs Officers and Research Scientists	\$78,511–\$93,017
APS 5	Australian Public Service Level 5—includes Expeditioners, Public Affairs Officers and Legal Officers	\$69,756–\$80,144
APS 4	Australian Public Service Level 4—includes Expeditioners, Legal Officers and Public Affairs Officers	\$63,942–\$75,092
APS 3	Australian Public Service Level 3—includes Expeditioners, Graduates and Legal Officers	\$56,717–\$66,880
APS 2	Australian Public Service Level 2—includes Expeditioners	\$52,847–\$59,564
APS 1	Australian Public Service Level 1—includes cadet recruits and school leavers	\$43,471–\$49,917

Source: Enterprise Agreement and SES Remuneration Framework.

Note: Table 3.1 does not include the Director of National Parks and the Australian Renewable Energy Agency (ARENA) Chief Executive Officer and Chief Financial Officer. These statutory appointees are reported separately in their respective annual reports.

* www.remtribunal.gov.au/offices/secretaries

Table 3.2: Job classification, gender and location

Location	Gender	Classification												Total	
		SEC	SES B3	SES B2	COD1	SES B1	EL 2	EL 1	APS 6	APS 5	APS 4	APS 3	APS 2		APS 1
ACT	Female		1	7		28	115	303	339	151	99	53		2	1098
	Male	1	3	6		32	104	213	217	62	32	26	1	3	700
Antarctica	Female						7	1				2			10
	Male								9	8	2	31			50
Indian Ocean	Female						1		1	1	2		2		7
	Male						1		2	2	3	6	3	2	19
Jervis Bay	Female						1	1	2	1	4	6		3	18
	Male							3	3	3	4	12		9	34
New South Wales	Female							1	3	1					5
	Male								3		1				4
Norfolk Island	Female									1		1			2
	Male							1			1		3	1	6
Northern Territory	Female						3	7	18	13	37	10	3	60	151
	Male					1	7	14	7	13	21	21	8	61	153
Queensland	Female							2		1					3
	Male						1	1							2
South Australia	Female								1						1
	Male								2						2
Tasmania	Female				1		14	32	42	27	16	7			139
	Male			1		2	46	39	54	24	17		1		184
Victoria	Female							2	1	1					4
	Male							3	3						6
Western Australia	Female														0
	Male														1
Total		1	4	14	1	63	300	626	705	309	239	175	21	141	2599

Table 3.3: Location and employment type

Location	Employment type	
	Non-ongoing	Ongoing
ACT	116	1682
Antarctica	60	0
Indian Ocean	8	18
Jervis Bay	27	25
New South Wales	1	8
Norfolk Island	3	5
Northern Territory	191	113
Queensland	0	5
South Australia	0	3
Tasmania	60	263
Victoria	2	8
Western Australia	0	1
Totals	468	2131

Table 3.4: Full-time employees under the *Public Service Act 1999*

	Ongoing			Non-ongoing			Total by gender		
	Female	Male	Subtotal	Female	Male	Subtotal	Female	Male	Total
Department—all other divisions	736	700	1436	58	96	154	794	796	1590
Parks Australia Division	101	134	235	28	31	59	129	165	294
Total	837	834	1671	86	127	213	923	961	1884

Note: These statistics do not include the Director of National Parks and the ARENA Chief Executive Officer and Chief Financial Officer, as they are not appointed under the *Public Service Act 1999*.

Table 3.5: Part-time employees under the *Public Service Act 1999*

	Ongoing			Non-ongoing			Total by gender		
	Female	Male	Subtotal	Female	Male	Subtotal	Female	Male	Total
Department—all other divisions	330	77	407	22	17	39	352	94	446
Parks Australia Division	45	8	53	118	98	216	163	106	269
Total	375	85	460	140	115	255	515	200	715

Note: These statistics do not include the Director of National Parks and the ARENA Chief Executive Officer and Chief Financial Officer, as they are not appointed under the *Public Service Act 1999*.

Workforce planning, staff retention and turnover

During 2017–18 our workforce planning and change management strategies have been essential to help the Department manage its workforce and prepare for the implementation of the APS transformation initiatives—in particular, the transition of grants administration to provider hubs and the shared and common service arrangements. The Department is working closely with the provider hubs to determine the impact on workforce numbers and the capabilities that will still be required in the Department following transition.

We are supporting our employees by:

- › conducting regular meetings with staff affected by change
- › providing updates for all staff through existing communication channels such as the grants management community of practice
- › using the Department’s change management framework to ensure effective coordination and communication of change.

In February 2018 the Department launched its inaugural People Strategy 2018–2022. The People Strategy outlines our four-year approach to ensuring effective delivery of the Department’s objectives by building the capability of our leaders and people. It directly links the strategic direction set out in the Corporate Plan 2017–18 to the expectations and capability of our people. We continued to improve our workforce planning capability during 2017–18 by implementing a divisional workforce planning process. The process was successful in generating discussion within divisions on their future workforce requirements. This workforce planning process and manager education will continue, with the results feeding into the Department’s strategic workforce plan, which we expect to release in 2018–19.

The Department’s retention rate for ongoing employees was 90.6 per cent compared with 84.2 per cent in 2016–17. Our overall separation rate for the financial year was 22 per cent. This figure includes non-ongoing employees primarily engaged to meet seasonal operational requirements of the Australian Antarctic Division and the Parks Australia Division; and separations initiated by the Department (dismissals and voluntary redundancies). Excluding these, the separation rate for ongoing employees was 11 per cent—an increase from 10 per cent in 2016–17.

Developing people and managing performance

The workforce planning process has given us an improved understanding of emerging capability requirements of our current and future workforce. This intelligence is providing the basis for redrafting our learning and development strategy, which will identify priorities for action over the next three years. The strategy will set out how important capability gaps will be addressed and provide actions that will allow us to improve governance and systems for managing development activities. System improvements to the Department’s e-learning platform were finalised to support completion of induction and compliance e-learning programs. The configuration changes have streamlined the deployment of the induction package to new starters. They have also enabled us to launch a program of essential e-learning courses that all employees will progressively complete.

Capability development of Senior Executive Service (SES), EL and APS staff, as identified in the Corporate Plan and the People Strategy, continues to be supported through centrally funded development activities to strengthen leadership, management and priority core skills. During 2017–18, 1160 participants attended a total of 70 centrally funded in-house training programs. Several new training programs were delivered to strengthen management and critical thinking skills of EL and APS employees. A three-day Management in Action program was delivered to three participant cohorts to build confidence and capability in new supervisors. Our Analytical and Critical Thinking, Foundation Economics and Cost–Benefit Analysis programs are designed to strengthen policy development skills. Participants rated them highly in addressing learning needs, and we will continue to deliver the programs over the coming 12 months. We started to roll out a tailored suite of Indigenous cultural awareness training programs to build a deeper understanding and appreciation of Indigenous culture and to increase the confidence of non-Indigenous employees in engaging with Aboriginal and Torres Strait Islander peoples.

The Department is progressing SES and EL leadership capabilities through the development of a leadership framework which will provide a consistent view and common language on leadership, including agreed capabilities, qualities, values and behaviours. Once finalised, the framework will inform leadership development, talent management and other people management practices. Talent management continues to be supported through the identification of a new EL 2 talent pool and evaluation of the process for the pilot EL 2 pool. Feedback from pilot participants has improved the development planning process and communication with participants and their line management. Outcomes from the pilot group have been positive in broadening the leadership experience and capability of the group.

In addition to the centrally funded training programs, employees are able to access core skills training programs aligned with the Department’s capability framework. In 2017–18 a total of 317 participants attended 23 in-house training programs on topics such as introductory economics, cost–benefit analysis, coaching and developing people, using Microsoft products, personal effectiveness, and business skills. Tertiary study is also supported for individuals seeking to gain qualifications that are relevant to the Department’s outcomes. In 2017–18, 80 employees were registered as students under our study support scheme.

In September 2017, following an extensive review of our performance management system and performance culture, we implemented a new Performance Framework. The Performance Framework was designed to improve performance outcomes for all employees through regular, quality performance conversations; an increased focus on planning; and simplification of our online performance system. Managers and employees were supported through the change with access to an in-house training program and face-to-face to meetings. As at 30 June 2018, 434 managers—including managers from our Central Office, Hobart, Darwin, Kakadu National Park, Uluru-Kata Tjuta National Park and Booderee National Park—have attended the training program. Staff were highly engaged with the new Performance Framework, with participation rates exceeding 95 per cent.

The Performance Framework also better supports managers and employees in addressing underperformance issues. An internal mentoring program was set up to guide managers who are undertaking performance improvement activities, and a coaching program was put in place to assist employees to get their performance back on track.

Employment arrangements

Secretary arrangements

The Remuneration Tribunal sets the remuneration, allowances and provisions for the Secretary of the Department in a determination made under the *Remuneration Tribunal Act 1973*.

Senior executive service employment instruments and remuneration

The Secretary determines the remuneration and conditions for SES and equivalent employees in line with Government policy and the Australian Public Service Commission Executive Remuneration Management policy.

The Secretary sets SES remuneration and conditions through individual determinations under section 24(1) of the *Public Service Act 1999*. As at 30 June 2018 there were 67 individual SES section 24(1) determinations (see Table 3.6).

The Secretary reviews salaries for individual senior executives annually following completion of the performance cycle, taking into account the work values and complexities of each role and the capabilities, contributions and performance of individuals.

Enterprise agreement

The Department's enterprise agreement came into effect on 30 November 2016. It covers 2531 employees as at 30 June 2018 (see Table 3.6).

Individual flexibility arrangements

The Department uses individual flexibility arrangements to supplement the conditions of individual employees in exceptional circumstances. These arrangements may vary the employee's work hours, overtime rates, penalty rates, allowances, remuneration and/or leave.

As at 30 June 2018 there were 51 individual flexibility arrangements in place in the Department, including in the Parks Australia Division, the Australian Antarctic Division and ARENA.

Common law agreements

As at 30 June 2018 the Department does not have any common law agreements.

Australian workplace agreements

As at 30 June 2018 the Department does not have any Australian workplace agreements.

Table 3.6: Employment arrangements as at 30 June 2018

Employment arrangements staff coverage	Employees
Enterprise agreement	
Non-SES	2531
SES	0
Individual section 24(1) determinations	
Non-SES	0
SES	67
Individual common law agreements	
Non-SES	0
SES	0
Individual flexibility arrangements	
Non-SES	51
SES and equivalents	0

Performance pay

The Department made no performance payments in 2017–18.

Non-salary benefits

Employees can access the following non-salary benefits (subject to applicable conditions):

- › a gymnasium
- › an employee assistance program
- › annual influenza immunisations
- › loan of information technology equipment for work purposes
- › loan of a mobile phone for work purposes
- › study assistance
- › work-related professional membership fees.

Employees can access salary sacrifice arrangements to lease a vehicle, to make additional superannuation contributions, to purchase a laptop, to access airline lounge memberships or for other purposes set out in the Department’s salary sacrificing policy.

Code of conduct and ethical standards

The Department is committed to the APS Values, Code of Conduct and Employment Principles and to promoting a positive workplace culture. We demonstrate this by encouraging our workforce to articulate and model appropriate behaviour and by decisively addressing incidents of workplace misconduct. The Department’s workplace behaviour and conduct framework includes code of conduct guidelines, procedures for suspected breaches of the APS Code of Conduct, workplace respect policy and the public interest disclosure process. Training and support are the preferred preventive mechanisms for behaviour management.

Diversity

The Department remains focused on developing a diverse workforce and an inclusive culture where everyone feels welcome, supported and valued for the contributions they make.

During this reporting period, an independent review of our organisational culture and inclusiveness was completed. The results of this review will inform our next iteration of diversity-related strategies, policies and action plans.

In 2017–18 a new staff-led mental health awareness network was established with the support of our executive. Senior leaders appointed to ‘champion’ roles continue to advocate cultural change and support our staff-led networks for Aboriginal and Torres Strait Islander employees, those with disability or caring responsibilities, mental health awareness, and gender equity.

We continue to support reconciliation, strengthen Indigenous cultural capability across the Department, and improve our ability to engage and work with Indigenous communities to develop culturally appropriate policies and programs.

As we have every year since 2010, we provided two Kevin McLeod awards—the Kevin McLeod Development Award and the Kevin McLeod Reconciliation Award—to advance reconciliation and support the professional development of Aboriginal and Torres Strait Islander employees. The awards are to the value of \$10,000 each. In 2017–18 the Kevin McLeod Development Award funded staff from Canberra’s Indigenous Staff Network to participate in a professional development workshop. The 2017–18 Kevin McLeod Reconciliation Award funded a project in Kakadu National Park to bring together the Daluk-Almukka Rangers, senior women Elders and youth to exchange and document traditional and scientific ways of looking after country.

We continue to support people with disability by delivering individual workplace adjustments for staff. Managers were trained to improve their disability confidence and awareness.

The Department continued its memberships with external organisations that support diversity and inclusion, including the Australian Network on Disability, Supply Nation and Jawun.

At 30 June 2018 the Department’s workforce (including Parks Australia) comprised:

- › 55 per cent women (1438 employees)
- › 9 per cent who identified as Aboriginal or Torres Strait Islander (235 employees)
- › 2.1 per cent who identified as having a disability (54 employees)
- › 7.8 per cent from a non-English-speaking background (204 employees).

Equal employment opportunity

In all employment matters, the Department is committed to eliminating discrimination against, and promoting equal opportunity for, women, Aboriginal and Torres Strait Islander people, people living with disabilities, and people from non-English speaking backgrounds, in accordance with the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*.

Our recruitment practices encourage people with disability to apply for positions in the Department. This year we implemented a new stream in our graduate program, GradAbility, for university graduates with disability. GradAbility will increase our diversity and improve our ability to solve complex problems by allowing us to draw on different perspectives. In our next graduate intake we will employ new graduates from the recruitment activities we undertook in 2017–18.

www.environment.gov.au/about-us/employment/graduate-program/gradability

In 2017–18 we offered paid internship positions to eight university students with disability through the Australian Network on Disability's Stepping Into program. Disability reporting details under the National Disability Strategy are available on the Department of Social Security website.

www.dss.gov.au

Indigenous employment remained a priority for the Department in 2017–18. Four Indigenous graduates joined us in the 2018 graduate intake, and we anticipate that six Indigenous graduates will be part of our 2019 intake. During this reporting period, we welcomed two Indigenous interns, who are working in Parks Australia during their summer university break.

We ensure there is gender balance on SES recruitment panels. Panels are required to have four people, of whom 50 per cent are women. Where possible, panels include one person external to the public sector.

Days of significance

The Department marked NAIDOC Week 2017 with an official launch and presentation of NAIDOC Week awards. To celebrate the history, culture, achievements, contributions and survival of Aboriginal and Torres Strait Islander peoples, events were held throughout the week, including traditional basket weaving classes, a talk on the importance of keeping Indigenous languages alive by Professor Jane Simpson, and participation in the annual APS NAIDOC Week touch football competition.

Staff were encouraged to take part in 2018 National Reconciliation Week events to celebrate and build on the respectful relationships shared by Aboriginal and Torres Strait Islander people and other Australians. There were Indigenous staff-led tours of Reconciliation Place in Canberra; an on-country cultural immersion tour; consultation sessions for the review of our Reconciliation Action Plan; screening of the Indigenous film *Occupation: Native*; and a talk from Mr Steven Skala AO, who helped to negotiate native title land rights after the Mabo decision.

To mark International Women's Day, representatives of the Department supported various events organised by the Institute of Public Administration Australia (ACT Division), the Australian Human Resources Institute and the United Nations Women National Committee Australia.

Changes to disability reporting

In 1994, Australian Government departments and agencies began reporting on their performance as policy advisers, purchasers, employers, regulators and providers under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. Since 2010–11, departments and agencies have no longer been required to report on these functions.

The state of the service reports and statistical bulletins are available on the Australian Public Service Commission website.

www.apsc.gov.au

The Commonwealth Disability Strategy has been superseded by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report tracks developments and evaluates progress against each of the strategy's six outcome areas and presents a picture of how people with disability are faring. The first of these progress reports is available on the Department of Social Services website.

www.dss.gov.au/disability-and-carers/programmes-services/government-international/progress-report-to-the-council-of-australian-governments-2014

Work health and safety

The Department acknowledges and is committed to fulfilling its responsibilities under the *Work Health and Safety Act 2011* (WHS Act), the *Work Health and Safety Regulations 2011* and the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act).

Health and safety initiatives and outcomes

This section reports on initiatives, outcomes and statistics for the Department. The Director of National Parks annual report covers the health and safety initiatives and outcomes specific to Parks Australia, including the Parks Australia Division.

During 2017–18 the Department:

- › conducted internal reviews of the Department's work health and safety management systems against the requirements of AS/NZS 4801. These reviews informed the development of the Department's Work Health and Safety Strategic Blueprint 2020
- › participated in two external reviews conducted by the Commonwealth regulator, Comcare, which examined:
 - the Department's compliance with the requirements of the SRC Act and associated legislation. The audit findings identified a 7 per cent performance increase (88 per cent compliance) from the previous audit conducted by Konekt Pty Ltd in 2016 (81 per cent compliance)
 - the Department's work health and safety policies and practices to ensure that its officers are able to meet and maintain their due diligence responsibilities under section 27(5) of the WHS Act. The audit findings showed a significant increase of 65.33 per cent (88 per cent compliance) from the previous audit that Comcare conducted in 2013 (22.67 per cent compliance)
- › supported training and development of the Contact Officer Network, which includes domestic and family violence officers and workplace contact officers
- › continued to promote wellbeing initiatives around mental health, including participating in Mental Health Week 2017
- › continued to provide access to employee and manager assistance programs, resilience coaching, annual influenza vaccinations, and training for health and safety representatives and first aid officers
- › developed a Psychological Health in the Workplace Strategy, which was endorsed by the departmental Health and Safety Committee. The strategy outlines initiatives designed to embed a healthy psychological culture into the Department. Work on the associated action plan continues through to 2019

- › established a work health and safety community of practice to link the Department’s safety professionals to better support safety outcomes for the Department
- › reviewed and implemented work health and safety and injury management policies and guidelines to support systematic improvement.

Statistics of notifiable incidents under the *Work Health and Safety Act 2011*

Under Schedule 2, Part 3, of the WHS Act, the Department must report details of notifiable incidents, investigations, improvement notices, prosecutions and other matters as prescribed (see Table 3.7).

Table 3.7: Incidents notified under the *Work Health and Safety Act 2011*, 2017–18

Type of incident	Canberra workplaces	Supervising Scientist Branch	Australian Antarctic Division
Deaths that required notice under section 38	0	0	0
Serious injury or illness that required notice under section 38	0	0	1
Dangerous incidents that required notification under section 38	1	1	4
Notices given to the Department under section 191 (improvement notices)	0	0	0
Notices given to the Department under section 195 (prohibition notices)	0	0	0
Notices given to the Department under section 198 (non-disturbance)	0	0	0

Investigations

There were no matters that met the reporting thresholds contained in the guidelines approved by the Joint Committee of Public Accounts and Audit for the Australian Parliament.

The formal investigation instigated by Comcare (within the Australian Antarctic Division) in 2015–16 has not yet been finalised.

Corporate governance

The Department is supported by its corporate areas in delivering its programs and services. The Policy Analysis and Implementation, Corporate Strategies and Knowledge and Technology divisions, together with the General Counsel Branch, work in partnership with line areas, bringing together skills and expertise to deliver departmental outcomes and build the Department’s capabilities.

The corporate areas oversee departmental governance and provide a broad range of services, including financial and budget management, corporate planning, human resources, knowledge management, information and communications technology, security and accommodation, communications and engagement, in-house legal assurance, best practice policy development and implementation, portfolio coordination and parliamentary liaison.

Governance framework

The Department’s governance framework promotes the principles of good governance, encouraging employees to be accountable for their actions, focus on high standards of performance, strive for excellence and ensure the efficient, effective and ethical management of resources.

Senior management committees and their roles

In 2017–18 the Secretary was supported by a number of committees, including the Executive Board, the Portfolio Audit Committee and five departmental governance committees: the Regulatory Maturity Committee, the Information and Technology Committee, the Governance and Performance Committee, the People Committee and the departmental Health and Safety Committee (see Figure 3.1). The departmental governance committees report to the Accountable Authority through the Executive Board. The Portfolio Audit Committee reports directly to the Secretary (for further information see ‘Internal audit’, page 125).

An important objective of our governance arrangements is to enable the Department’s senior executive cohort to contribute strategically to the direction and content of the Department’s corporate policies and processes. Each committee has a clear set of responsibilities for decision-making across designated areas of focus, articulated in Table 3.8.

Each committee comprises SES Band 1 and Band 2 members, an Executive Board member and an EL 2 member. The departmental Health and Safety Committee includes worker representatives at the EL and APS levels and has a worker representative as a co-deputy chair.

Figure 3.1: Key departmental governance committees in 2017–18

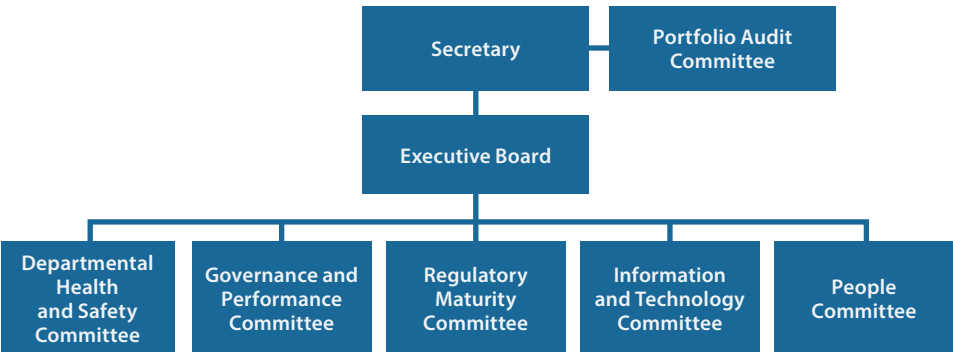


Table 3.8: Departmental committees

Committee	Purpose
Executive Board	Sets strategic direction for the Department on policy and departmental matters and monitors the Department's performance in delivering its outcomes
Portfolio Audit Committee	Provides independent assurance and assistance to the Secretary of the Department on the integrity of our financial and non-financial data and processes, risk, control, assurance and compliance frameworks
People Committee	Provides advice on priority issues relating to the capacity, capability and culture of staff
Governance and Performance Committee	Provides guidance and oversight of the systems that support and empower staff and gives assurance to the Executive Board that risk is well managed across the Department
Information and Technology Committee	Provides advice on the development and implementation of IT and information management strategies and prioritises IT and information investments to maximise the benefit of IT and information systems
Departmental Health and Safety Committee	Provides a forum for consultation and cooperation between management and workers to strategically address the health, safety and welfare of all workers and others who may be affected by work undertaken by or on behalf of the Department
Regulatory Maturity Committee	Identifies, provides advice on and promotes opportunities to improve regulatory capability and practice in the Department

Corporate planning and evaluation

In September 2017 we published the *Department of the Environment and Energy Corporate Plan 2017–18* in accordance with the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule). The plan identifies strategic priorities for 2017–18 and the activities we plan to undertake to achieve our purposes. It sets out our role, operational context, capability and risk oversight and management. In response to recommendations of the Australian National Audit Office (ANAO) report *Implementation of the Annual Performance Statement requirements 2016–17*, the Department revised its performance information, including its performance measures. We use these measures in this annual report to assess the extent to which we achieved our intended results. This information cascades through corporate, division and branch plans and into individual performance agreements. The Corporate Plan can be found on our website.

www.environment.gov.au/about-us/publications/corporate-plan-2017-18

In 2017–18 we began delivering our Evaluation Policy 2015–20 implementation plan across the department, in consultation with a visiting evaluation fellow. To establish a strategic approach to evaluations and embed evaluation in departmental systems and processes, we held a series of community of practice workshops on developing awareness of evaluative processes within the Department.

Risk management

Our best practice approach to managing risk helps us achieve our objectives. We manage risk by identifying opportunities for success, identifying threats that will hinder success and reviewing and adapting our approach. All staff in the Department play an important role in developing a risk-aware culture.

The risk management framework articulates our strategies for managing risk. It informs staff of responsibilities and expectations and helps them to identify, analyse and manage risk. The framework is supported by a central team that facilitates risk workshops and delivers advice and guidance. Following a review and update of the framework in 2016–17 the Department has focused on encouraging awareness of the framework and consistent application of it in 2018.

In 2017–18 the Department:

- › applied user-centred design principles to enhance our risk management tools, templates, and training delivery modes
- › promoted and measured uptake of the updated framework
- › advanced our enterprise risk reporting through broader internal engagement and application of lessons learned from other Australian Government agencies
- › undertook a robust identification and verification process for strategic risks
- › created a reporting structure and management plan of strategic risks for initial testing
- › drafted key risk indicators for our strategic risks.

In 2018 the Department performed well in the annual Comcover Risk Management Benchmarking Survey, which assesses the risk management capability of entities using a risk maturity model. As in the previous two years, we received an overall maturity level of 'Advanced'. This indicates a consistently high performance in foundational risk elements.

Internal audit

The internal audit program improves the operation of the Department by evaluating and improving the effectiveness of risk management, controls and governance processes within and across each division. The Department continued with the thematic approach for the selection of audit topics for the 2017–18 Internal Audit Plan to ensure it maintains a strategic focus. Management-initiated reviews have been implemented. These are conducted in response to a newly identified risk or another matter for which management requires additional assurance.

Consistent with section 45(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the Department established the Portfolio Audit Committee in 2015. The committee provides independent assurance and advice to the Department, the Director of National Parks and the Sydney Harbour Federation Trust. In 2017–18 the Department completed and tabled eight internal audit reports to the Portfolio Audit Committee. The committee met six times in total.

There was one new appointment to the committee. In July 2017, Dr Rachel Bacon replaced Ms Margaret Sewell as a departmental member. In March 2018, independent member Ms Caroline Spencer resigned from the committee. Ms Jenny Morison joined as an independent member on 1 July 2018 (see Table 3.9).

Table 3.9: Portfolio Audit Committee membership and meeting attendance, 2017–18

Member	Role	No. of committee meetings eligible to attend	No. of committee meetings attended
Geoff Knuckey	Independent Chair	6	6
Michael Roche	Independent member	6	6
Rachel Bacon	Member	6	6
Dean Knudson	Member (Deputy Chair)	6	6
Caroline Spencer	Independent Member	4	4

Fraud control and anti-corruption measures

The Department has a policy of zero tolerance towards fraudulent and corrupt activity or behaviour by our employees and external parties that receive Australian Government funds.

The Department’s Fraud Control and Anti-corruption Plan sets out the arrangements, roles and responsibilities, and obligations for the management of fraud and corruption risks in accordance with legislative requirements under the Commonwealth Fraud Control Framework 2017.

We conduct face-to-face and online training to ensure our employees are equipped to prevent, identify and report fraud and corruption. To reflect our activities, we review the plan every two years and whenever there is a change in our work. Fraud risk assessments underpin the plan.

Appendix 1 provides the Secretary’s certification that:

- › the Department has prepared fraud risk assessments and a fraud control plan
- › appropriate mechanisms which meet the Department’s specific needs are in place for preventing, deterring, detecting, dealing with, investigating, recording, and reporting incidents of fraud
- › we have taken all reasonable measures to deal appropriately with fraud relating to the Department.

Fraud risk assessment

The assessment process involves senior executives, program managers and subject-matter experts. We evaluate existing and emerging fraud risks annually to ensure appropriate controls are in place to manage those risks.

Fraud awareness

As part of our fraud awareness strategy we conduct online and face-to-face fraud awareness training. Online training tools which meet the diverse training needs of the Department are available to employees all year round. In 2017–18 we delivered 17 face-to-face awareness training sessions to employees across the Department and provided them with the tools and information for dealing with fraud and corruption risks in the Department.

Fraud investigation

Our Behaviour and Conduct Unit and Environmental Crime Section investigate allegations of fraud and criminal behaviour involving our employees and recipients of our funding. They report risks identified through investigations to the relevant departmental governance committees. If appropriate, briefs of evidence recommending prosecution are submitted to the Commonwealth Director of Public Prosecutions for consideration.

The Department conducts its investigations in line with the Australian Government Investigation Standards. All departmental investigators have at least the minimum qualifications defined in the standards.

Project management

The Department provides guidance on and support for project management to ensure that departmental projects are managed professionally. In 2017–18 we implemented a revised project management framework that enhances linkages with other internal frameworks, providing easily accessible information designed with the user in mind and reducing duplicative processes. Ongoing tailored support is provided to project managers from a central team. Together, the framework and the tailored support are enhancing productivity and performance in a wide range of settings.

Public Governance, Performance and Accountability Act compliance

Among other things, section 19(1) of the PGPA Act requires accountable authorities of Commonwealth entities to notify their responsible Minister, as soon as practicable, of any significant issue that has affected the entity. Such issues include significant non-compliance with finance law. Finance law includes the PGPA Act, the PGPA Rule and instruments made under the PGPA Act (including Accountable Authority Instructions) and appropriation Acts. During 2017–18 the Department did not identify significant breaches of the PGPA Act to report.

We achieve compliance with the Government's resource management framework through a combination of procedural and system-based controls that direct spending and resource-related decisions. Face-to-face and online training is available to all staff to support their knowledge of the requirements concerning appropriate use of public resources. Continuous internal quality assurance and monitoring activities are in place.

Central policy support

Communications and engagement

The Department's central communications and engagement teams advised staff on internal and external communication strategies, market research and campaigns, corporate branding, and communications content and products. They coordinated media and social media policy and activity for the Department and portfolio agencies, including media training, liaison, issues management, and events.

In 2017–18 the Department’s social media presence grew substantially, with our Twitter, Facebook, YouTube, Instagram and LinkedIn accounts showcasing and encouraging engagement with policies and programs across the portfolio. We continued to explore how these social media platforms can help to expand the reach of the Department’s external engagement.

Our Community Information Unit responds to requests from the public for information and feedback on our services. In 2017–18 the unit responded to 7512 email and telephone enquiries, of which:

- › 15 per cent were about grant and funding programs
- › 85 per cent were seeking general information about the Department and its programs.

International engagement activities

In 2017–18 the Department engaged in international activities which aligned with our international strategy and focused on strengthening important bilateral and regional relationships.

We pursued outcomes in international forums that support domestic priorities related to:

- › Antarctica and the Southern Ocean (pages 77–81)
- › climate change (pages 65–67)
- › energy security and investment (pages 92 and 94)
- › hazardous waste and chemicals (pages 58–60)
- › protection of the ozone layer (pages 59 and 60)
- › wetlands of international importance (pages 36 and 40)
- › whales and migratory species (page 130)
- › wildlife trade (pages 41 and 47–48)
- › World Heritage (pages 51 and 131–132).

2030 Agenda for Sustainable Development and the Sustainable Development Goals

The 2030 Agenda for Sustainable Development includes 17 Sustainable Development Goals that are designed to address current and future challenges faced by the world.

The Department is an active participant in the whole-of-government approach to the agenda and has the whole-of-government lead on five of the goals:

- › Goal 7—Affordable and Clean Energy
- › Goal 12—Responsible Production and Consumption
- › Goal 13—Climate Action
- › Goal 14—Life below Water
- › Goal 15—Life on Land.

The Department also contributes to Goal 6—Clean Water and Sanitation; Goal 11—Sustainable Cities and Communities; and Goal 17—Partnerships for the Goals.

The Department is actively integrating the goals into our policies, strategies and programs as well as our corporate documents. The Department supported the development of Australia’s first Voluntary National Review on the 2030 Agenda and is actively involved in generating

baseline data and information to track and monitor Australia's performance against the environment and energy goals. This data will be publicly available through the online national reporting platform, which the Department developed in conjunction with the Department of Foreign Affairs and Trade.

In 2017 the Department and the Australian Committee of the International Union for Conservation of Nature co-hosted a stakeholder forum on the environment and energy goals. We will use the forum's report to help inform our next steps and future planning on the goals. The report is available on our website.

www.environment.gov.au/about-us/publications/sdgs-forum-report

Further information on the Department's engagement on the agenda, including Australia's first Voluntary National Review and the national reporting platform, can be found on our website.

www.environment.gov.au/about-us/international/2030-agenda

Bilateral engagement

The Department continued to build on our already important bilateral relationships over 2017–18 to forge stronger global ties and to share information, policies and programs of mutual interest in our region and more broadly. These included transboundary issues such as marine conservation, sustainable management of marine resources, and climate change.

The Department worked bilaterally with major trading partners on energy-related issues, including market reform, investment, energy security and clean energy.

In December 2017 the Secretary attended, as a member, the annual general meeting in Beijing of the China Council for International Cooperation on Environment and Development, which is a high-level group of Chinese and international advisers to the Chinese Government.

Organisation for Economic Co-operation and Development

During 2017–18 the Department participated in strategic meetings of the Environment Policy Committee of the Organisation for Economic Co-operation and Development (OECD). The committee plays a role in identifying effective and economically efficient responses to environmental challenges such as air quality, municipal waste, water scarcity, ozone depletion, biodiversity loss, and climate change.

The OECD is conducting its third mandatory Environmental Performance Review of Australia. The Department is leading Australia's input to the review across Commonwealth, state and territory governments, as well as a variety of stakeholders, including academics, non-government organisations, industry and Indigenous representatives. The review will be published in 2019.

UN Environment

UN Environment has a central role in setting the global environment agenda. The achievements of the organisation include establishing international conventions on the ozone layer, wildlife trade, chemicals and hazardous waste. It plays a central role in climate change science and policy.

In 2017–18 the Department participated actively in the work of UN Environment and influenced global initiatives on marine plastics, waste production and human exposure to environmental contaminants.

The decision-making body of UN Environment is the United Nations Environment Assembly. The assembly meets biannually. The Department was represented at the 2017 assembly, which delivered commitments to end the pollution of air, land, waterways and oceans; and safely manage chemicals and waste. The assembly endorsed a political declaration and 13 resolutions to support these commitments, including a resolution on marine litter and microplastics co-sponsored by Australia.

United Nations Convention to Combat Desertification

Since 2000 Australia has been a signatory to the United Nations Convention to Combat Desertification (UNCCD), which has been adopted by 195 parties. The UNCCD's objective is to reverse and prevent desertification and land degradation and to mitigate the effects of drought in affected areas to support poverty reduction and environmental sustainability. The Department attended the 13th meeting of the Conference of the Parties of the UNCCD, held in Ordos, China, in September 2017. The meeting saw the negotiation and agreement of the UNCCD Strategic Framework 2018–2030, which sets out updated priorities and objectives to tackle global land degradation and desertification.

Whales and whaling

Australia maintained its strong commitment to upholding the global moratorium on commercial whaling, bringing about a permanent end to all forms of commercial and so-called 'scientific' whaling, and reforming the International Whaling Commission into a contemporary, multilateral conservation organisation.

In December 2017 the Australian Government led a joint statement with 39 other countries expressing disappointment at Japan's decision to continue whaling. The Government also made representations directly to Japan urging it cease its whaling program, and it will continue to do so.

The Department continued to progress implementation of two Australian-led resolutions adopted at the 66th commission meeting in 2016. The first resolution focused on improving the commission's ability to review and debate Japan's so-called 'scientific' whaling programs, including its program in the Southern Ocean. Australia's Whales Commissioner, as the Chair of the working group, is responsible for carrying this important work forward. The second resolution established an independent review of the commission's institutional and governance arrangements—the first in its 70-year history. The Department has been actively involved in developing a response to the review. The review will be presented at the 67th Commission meeting in September this year.

The Department also continued the mid-term review of commission's Conservation Management Plan Work Plan 2014–2020, which started in 2017. The review will identify and focus priorities for future conservation management plans and improve processes to ensure strong conservation outcomes. Australia will present the outcomes of this review and an updated work plan at the 67th commission meeting.

Marine environment

During 2017–18 the Department continued policy and programmatic support for improved management of the marine environment in the Indo-Pacific and beyond. The ‘sustainable development’ of marine and coastal areas is a key challenge to Australia’s near neighbours. Many countries have coastal communities that are both highly dependent on coastal resources for livelihoods and income and highly vulnerable to the degradation of those resources. Under the Coral Triangle Initiative, the Department supported the development of a Coral Triangle nature-based tourism brand, promoting high-quality, low-impact sustainable tourism facilities and activities in destinations such as Timor-Leste, the Solomon Islands and Papua New Guinea.

The Department was also instrumental in securing agreement by Coral Triangle countries to a regional standard for integrated, sustainable development of marine and coastal areas (the Seascapes Framework). One of the key elements of this framework is the need to respect customary practices and seek local community input into decisions on development. In Papua New Guinea, the Seascapes approach was piloted in New Britain, with a focus on the Bismarck Sea. Through 31 participatory events, 580 people from government, industry and coastal communities got together to discuss development in New Britain. Local communities were invited to discuss development of their land and resources with government and industry in a novel way. Local coastal communities had access to maps and information on population growth and climate change impacts, so they were empowered to participate in the decision-making processes around the Bismarck Sea. A report on this program, including a program evaluation and learning report, is available on the CSIRO website.

research.csiro.au/bismarcksea/resources

World Heritage

Australia has been elected to the World Heritage Committee for a four-year term from November 2017 to 2021. Australia’s candidacy for the committee promoted the credibility, conservation, capacity building and communication of World Heritage, including effective engagement of communities and Indigenous peoples. Australia is represented by a three-person team, including Mr Stephen Oxley, First Assistant Secretary, Heritage, Reef and Marine Division; Dr Anita Smith, archaeologist and cultural heritage expert; and Professor Helene Marsh, environmental research scientist and natural heritage expert.

During our term on the World Heritage Committee, Australia will advocate a technical and evidence-based approach to decision-making by the committee for a representative, balanced and credible World Heritage List.

In January 2017 the Budj Bim Cultural Landscape was added to Australia’s World Heritage Tentative List. In January 2018, a World Heritage nomination, led by the Gunditjmara traditional owners in cooperation with the Victorian and Australian governments, was submitted to the World Heritage Centre.

The Budj Bim Cultural Landscape in south-west Victoria is the first Australian place nominated exclusively for Aboriginal cultural values. The Budj Bim Cultural Landscape contains evidence of one of the world’s largest and oldest aquaculture systems, dating back about 6600 years. More information on the Budj Bim Cultural Landscape is available on the UNESCO website.

whc.unesco.org/en/tentativelists/6167

At the 41st Session of the World Heritage Committee in 2017 the committee welcomed the progress with implementation of the Reef 2050 Plan and establishment of the Reef 2050 Plan Investment Framework.

The Department continued its support of World Heritage in the Pacific region through collaboration with Papua New Guinea's Conservation Environment Protection Authority and by presenting at the Pacific World Heritage Workshop in Palau in 2017. To assist Papua New Guinea to meet its obligations under the World Heritage Convention, the Department helped to revise a World Heritage property management plan for the Kuk Early Agricultural Site. Legal protection and conservation management are requirements for a future World Heritage listing of the region. Australia continued to assist Papua New Guinea, under the Kokoda Initiative, to protect and conserve the Kokoda Track Interim Protection Zone by supporting a national legislative submission and preparing a draft management plan for the region.

Innovation and behavioural insights

The Department seeks to improve policy outcomes and build the capabilities of staff by fostering an innovative culture through leadership, recognition, rewards and staff support.

The Department supported Innovation Month 2017, hosting events on topics including technology advances, behavioural insights, agile methodologies, data analytics, facilitation techniques and human-centred design. The Department recognised and rewarded innovation with the 2017 Secretary's Award for Innovation. Winning submissions included an online, open-access database of Australia's plant biodiversity (eFlora); 'EventPoll', which was used at departmental events to encourage more interaction; and the staff-led mental health awareness network.

The Department's Behavioural Analysis Team applies innovative techniques such as behavioural insights and design methodology to provide advice to other areas of the Department and help them find solutions to challenges. We have continued to work with other behaviour change experts, such as the Behavioural Economics Team of the Australian Government and the Behavioural Insights Team to research and trial interventions—for example, to better understand consumer motivations for making environmentally friendly purchasing decisions.

Regulatory maturity

The Department's operating environment is complex and contested. We work to balance environmental, economic and social outcomes while managing uncertainty and diverse stakeholder views. We recognise that, in administering environmental and energy legislation, regulatory best practice is essential to achieving desired outcomes. The Department is committed to improving its capacity and maturity as a regulator.

Over the last 12 months the Department has undertaken foundational work for improving its regulatory maturity. This work includes the co-design of the Department's Regulatory Framework, released in October 2017, and setting out the Department's regulatory maturity principles, roles, approach and anticipated regulatory outcomes. The establishment phase of the Office of Compliance has focused on the implementation of a risk-based, intelligence-led approach to compliance and ensuring that compliance activities support the achievement of environmental outcomes. We are also taking steps to more proactively engage with

the regulated community through annual stakeholder surveys and reviews. For example, the Independent Review of Interactions between the EPBC Act and the Agriculture Sector is asked to look at practical ways to improve farmers' interactions with national environmental law whilst maintaining the high environmental standards that Australia is known for.

Assets management

Departmental activities

The Department's assets are located throughout Australia and its territories. The majority are located in the Australian Antarctic Territory, and they are managed by the Australian Antarctic Division. During 2017–18 the division managed and maintained Australia's Antarctic stations—Casey, Davis and Mawson—and a research station on sub-Antarctic Macquarie Island. The division also started work on development of a new strategic asset management framework to guide its capital renewal program for each of its stations.

Administered activities

Environmental water holdings

The Commonwealth's environmental water holdings managed by the Department are recorded on state government water registers. The water entitlements are classified as indefinite life intangible assets and are subject to annual impairment testing in accordance with Australian Accounting Standard AASB 138 Intangible Assets.

Heritage and cultural assets—Antarctic collection

Australia has a history of involvement with Antarctica spanning more than 100 years. Over that time the Department has accumulated a large collection of Antarctic heritage artefacts, artworks, images and objects. We have classified these items as heritage and cultural assets because of their heritage value, and we have adopted appropriate curatorial and preservation policies for these assets. More information about cultural heritage management in Antarctica is on our website.

www.antarctica.gov.au/environment/cultural-heritage/managing

Procurement

Purchasing

The Department undertook procurement and purchasing in 2017–18 in accordance with the principles set out in the *Commonwealth Procurement Rules*¹. Application of these rules is facilitated through the Department's Accountable Authority Instructions (Secretary's Instructions) and reinforced through other guidance materials to ensure that we:

- › undertake competitive, non-discriminatory procurement processes
- › use resources efficiently, effectively, economically and ethically
- › make decisions in an accountable and transparent manner.

Reporting

In 2017–18 the Department published on the AusTender website:

- › tender opportunities with a value of \$80,000 or more
- › details of all contracts awarded with a value of \$10,000 or more
- › a procurement plan providing details of expected procurements for 2017–18.

In accordance with the Department of Finance's Resource Management Guide 403: Meeting the Senate Order on Entity Contracts, we publish the details of all contracts entered into or active during the preceding 12 months with a value of \$100,000 or more.

Information on the value of contracts awarded is available on the AusTender website.

www.tenders.gov.au

Consultancy services

The Department engages consultants where it lacks specialist expertise or requires independent research, review or assessment. We typically engage consultants to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information or creative solutions to assist in the Department's decision-making.

Before engaging consultants we take into account the skills and resources required for the task, the skills available internally and the cost-effectiveness of engaging external expertise. We make decisions to engage consultants in accordance with the PGPA Act and related rules, including the *Commonwealth Procurement Rules*.

During 2017–18 the Department entered into 177 new consultancy contracts involving total actual expenditure of \$10.010 million (GST inclusive). In addition, 77 ongoing consultancy contracts were active, involving total actual expenditure of \$7.427 million (GST inclusive).

Information on the value of contracts and consultancies awarded is available on the AusTender website.

www.tenders.gov.au

¹ An amended version of the *Commonwealth Procurement Rules* came into effect on 1 January 2018.

Exempt contracts

There were no standing offers or contracts in excess of \$10,000 (GST inclusive) exempted from being published on AusTender under the *Freedom of Information Act 1982*.

Promoting engagement with Indigenous-owned businesses

The Department is committed to broader engagement with Indigenous-owned businesses to source goods and services across the spectrum of purchasing activities. This commitment goes beyond any specific obligation to meet procurement contract targets set out in the Commonwealth Indigenous Procurement Policy. The Department's 2017–18 financial year results against the Australian Government's Indigenous procurement target are published on the Department of the Prime Minister and Cabinet website.

www.pmc.gov.au/indigenous-affairs/economic-development/indigenous-procurement-policy-ipp

In 2017–18 we exceeded our financial year target of 84 contracts. Internal measures raise awareness of the importance of procuring from Indigenous businesses by cementing best practice into our standard procurement processes and systems.

Grant programs

GrantConnect is the new whole-of-government grants information system. GrantConnect is a central platform for publishing, applying for and reporting on Commonwealth grants. It provides a single point of discovery, efficiencies in obtaining centralised grants information, and increased transparency about and accountability for the use of public resources.

In accordance with reporting requirements set out in the *Commonwealth Grants Rules and Guidelines* (2017), information on grants the Department awarded during the period 1 July 2017 to 30 June 2018 is available on GrantConnect and on our website.

www.grants.gov.au

www.environment.gov.au/about-us/accountability-reporting/grants-listing

Information relating to planned or forecast grant opportunities is available through GrantConnect.

In support of the Australian Government's Streamlining Government Grants Administration Program, the Department is transitioning the administration of grant programs to the relevant Commonwealth grant hubs. These hubs are operated by the Department of Industry, Innovation and Science (the Business Grants Hub) and the Department of Social Services (the Community Grants Hub). The Department will retain policy ownership and overall responsibility for relevant grant programs.

Australian National Audit Office access clauses

The Department is required to report the details of any contracts that have a contract value of \$100,000 or more (inclusive of GST) where the contractual terms and conditions do not provide for the Auditor-General (through the ANAO) to have access to the contractor's premises.

The Department generally enters into contracts using a Commonwealth form of contract (the Department of Finance's Commonwealth Contracting Suite) which contains the necessary standard access clause(s). In all other cases, the Department seeks the inclusion of access clauses. Standard access clauses provide the ANAO with access to various types of information held by contractors and third-party subcontractors for the purpose of audits, including access to records, information and assets directly relevant to the contract performance. The clauses do not enable access to information that is outside the scope of the specific contract.

The Department is not aware of any contract it entered into during 2017–18 that might limit the ANAO's access for the purposes of performing an audit.

Procurement initiatives to support small business

The Australian Government is committed to its entities sourcing at least 10 per cent of their procurement, by value, from small and medium-sized enterprises. The Department supports this commitment and the strong participation of small business in the Australian Government procurement market.

Our internal procurement practices reflect the requirements outlined in the *Commonwealth Procurement Rules*, including that practices not unfairly discriminate against small and medium-sized enterprises and that they provide appropriate opportunities for these enterprises to compete. In addition to raising awareness of the importance of supporting small and medium-sized enterprises wherever possible and practicable in the procurement of goods and services for the Department, our practices include:

- › using the Commonwealth Contracting Suite for procurements valued under \$200,000
- › applying the Small Business Engagement Principles (outlined in the Government's Industry Innovation and Competitiveness Agenda), which include communicating in clear, simple language and presenting information in an accessible format
- › using electronic systems or other processes to facilitate on-time payment performance, including the use of payment cards.

Our small and medium-sized enterprise participation statistics are available on the Department of Finance website.

www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts

The Department recognises the importance of ensuring that small businesses are paid on time. The results of the 2017 survey of Australian Government payments to small business are available on the Treasury website.

www.treasury.gov.au/publication/pay-on-time-survey-performance-report/

Advertising and marketing expenditure

The Department undertook an advertising campaign around energy policy reform in 2017–18.

Further information on the energy policy reform campaign is available on our website and in reports on Australian Government advertising on the Department of Finance website.

www.environment.gov.au/about-us/publications/powering-forward-next-generation

www.finance.gov.au/advertising/Communications-casr.html

Expenditure on the energy policy reform campaign and all payments made during 2017–18 for advertising and market research that exceeded the reporting threshold of \$13,500 (GST inclusive) are presented in Table 3.10.

Table 3.10: Advertising and market research expenditure in excess of \$13,500, 2017–18 (GST inclusive)

Agency	Purpose	Expenditure (GST incl)
Advertising agencies		
TBWA Pty Ltd	Creative content for Powering Forward campaign	\$1,233,670
Market research organisations		
JWS Research	Powering Forward energy campaign market research	\$50,160
Orima Research	Powering Forward energy campaign benchmarking and evaluation research	\$177,551
Instinct and Reason	Market testing of Energy Rating icon	\$92,180
Whereto Research	Market research to inform Great Barrier Reef communications	\$280,003
The Contenders	Development of communication and marketing plan for the Carbon Neutral Program	\$157,633
Polling organisations		
Nil		
Direct mail organisations		
Nil		
Media advertising organisations		
Dentsu X	Powering Forward campaign media buy	\$7,665,112

External scrutiny

This section details significant developments in external scrutiny that the Department was subject to in 2017–18.

Courts and tribunals

Australian Conservation Foundation Inc v Minister for the Environment (QUD1017/2015 and QUD726/2016)

On 9 November 2015, the Australian Conservation Foundation applied to the Federal Court for judicial review of the decision of the former Minister on 14 October 2015 to grant an approval under the *Environment Protection and Biodiversity Conservation Act 1999* for Adani Mining Pty Ltd to undertake the Carmichael Coal Mine and Rail Infrastructure Project (EPBC 2010/5736).

On 29 August 2016, the Federal Court dismissed the Australian Conservation Foundation's application.

On 19 September 2016, the Australian Conservation Foundation applied to the Full Federal Court to appeal that decision.

The Court heard the matter on 3 March 2017 and reserved judgment.

On 25 August 2017 the Court dismissed the appeal.

Humane Society International Inc v Department of the Environment (AAT2016/5197)

On 20 October 2016, the Humane Society International applied to the Administrative Appeals Tribunal (AAT) for review of the Department's decision not to disclose documents under the *Freedom of Information Act 1982*.

Seven documents were in issue before the AAT, and three of these contained case studies that the New South Wales Office of Environment and Heritage (OEH) had provided to the Department. As the matter progressed, the Department obtained OEH's consent to release all of these documents to the applicant in full or in part.

On 28 February 2018 the AAT finalised the matter by consent.

Huon Aquaculture Group Ltd and Ors v Secretary, Department of Primary Industries, Parks, Water and Environment and Ors (TAD4/2017) and a related matter (TAD19/2017)

On 6 February 2017, Huon Aquaculture filed an application in the Federal Court against several Tasmanian agencies and the Minister (TAD4/2017). The application concerns a decision that salmon farming activities in Macquarie Harbour would not be a controlled action if they were undertaken in a particular manner.

On 6 June 2017, Huon Aquaculture filed an application for declaratory relief against Tassal Operations, Aquatas and the Director of the Tasmanian Environment Protection Authority (TAD19/2017). The Minister intervened in these proceedings.

TAD4/2017 was heard between 19 and 26 March 2018. On 6 July 2018 the Court dismissed the application.

The Court has placed TAD19/2017 on hold pending the resolution of TAD4/2017.

Jim's Insulation v Commonwealth (26/2016)

This matter in the District Court of Queensland relates to alleged unpaid Home Insulation Program payments.

The matter is yet to be listed for trial.

Roo-Roofing Pty Ltd and Matsuh Pty Ltd v Commonwealth of Australia (SCI03382/2015)

This is a class action claim in the Victorian Supreme Court resulting from early termination of the Home Insulation Program. The claims include negligence, breach of contract, negligent misrepresentation and unconscionable conduct.

The matter was heard between 23 April 2018 and 28 June 2018. The Court has reserved judgment.

Spencer v Commonwealth of Australia (NSD961/2015 and S53/2018)

On 12 June 2007, Mr Spencer, the owner of a farm in southern New South Wales, applied to the Federal Court seeking declarations that restrictions imposed on clearing vegetation on his farm (set out in the *Native Vegetation Conservation Act 1997* (NSW) and the *Native Vegetation Act 2003* (NSW)), in furtherance of agreements between New South Wales and the Commonwealth, constituted an acquisition of property from him other than on just terms.

The matter progressed through the Federal Court, Full Federal Court and High Court between 2007 and 2010, with the High Court ultimately returning the matter to the Federal Court for hearing. The Federal Court heard the matter in 2014. On 27 February 2017 the Court dismissed Mr Spencer's application. Mr Spencer was then unsuccessful in an appeal to the Full Federal Court (appeal dismissed on 15 February 2018) and an application for special leave to appeal to the High Court (application dismissed on 13 June 2018).

Triabunna Investments Pty Ltd & Ors v Minister for the Environment and Energy & Anor (TAD40/2017 and TAD12/2018)

On 7 September 2017, Triabunna Investments Pty Ltd, Spring Bay Mill Pty Ltd and Bob Brown Foundation Inc filed an application in the Federal Court challenging the validity of a decision under the *Environment Protection and Biodiversity Conservation Act 1999* that an action was not a controlled action if undertaken in a particular manner.

On 12 April 2018 the Court dismissed the application.

On 2 May 2018 the applicants filed an appeal of the decision in the Full Federal Court.

United Petroleum Pty Ltd v Minister for the Environment and Energy (VID548/2017)

On 25 May 2017, United Petroleum applied to the Federal Court challenging the validity of an infringement notice issued under the *Fuel Quality Standards Act 2000* for supplying noncompliant diesel.

On 4 October 2017 the Court dismissed the application and each party paid its own costs.

White v Minister for the Environment and Energy (2017/2502)

On 7 July 2017, Mr White filed an application for review of a letter by the Australian Heritage Council regarding the removal and preservation of dinosaur tracks on the Western Australian Kimberley Coast.

On 15 August 2017, Mr White withdrew the application.

Coronial process into the death of Mr David Wood (CD 9/16)

On 12 January 2016 the death of Helicopter Resources pilot Mr David Wood in Antarctica was referred to the Australian Capital Territory Coroner. An inquest is underway.

The matter was listed for hearing over 12 days in September, October and December 2017, and is ongoing.

Comcare v Commonwealth of Australia (CC44419–44151)

On 20 December 2017 the Department was charged in the Australian Capital Territory Magistrates Court with three work health and safety offences related to the death of Mr David Wood. Helicopter Resources is also facing charges.

The matter is ongoing.

Helicopter Resources Pty Ltd v Commonwealth of Australia & Ors (NSD629/2018)

On 24 April 2018 Helicopter Resources applied to the Federal Court seeking to prevent their chief pilot from giving evidence at the inquest in circumstances where Helicopter Resources is facing related criminal charges. On 30 April 2018 the Federal Court granted interim relief restraining the giving of evidence at the inquest by anybody from Helicopter Resources until the substantive application was determined. The inquest was adjourned pending the final outcome of the application.

The matter was heard on 29 May 2018, and the Federal Court reserved judgment. On 29 June 2018 the Federal Court dismissed the application.

Decisions by the Australian Information Commissioner

Tasmanian Special Timbers Alliance Inc and Department of the Environment and Energy [2017] AICmr 124

On 18 January 2017, Tasmanian Special Timbers Alliance Inc applied to the Department for access to various documents relating to the application, approval, rejection, withdrawal or surrender and progress reports of various grants that the Department had awarded to Environment Tasmania to enable it to restore the environment in specified regions within Tasmania.

On 6 March 2017 the Department notified the applicant of its intention to impose a charge for processing the request. On 19 April 2017 the charges imposed were reduced as a result of an internal review. The applicant subsequently sought review of that internal review decision by the Information Commissioner.

On 29 November 2017 the Information Commissioner decided to set aside the Department's decision to impose charges, waiving them in full.

Commonwealth Ombudsman

The Department received one notice of complaint from the Commonwealth Ombudsman in 2017–18. This matter is ongoing.

The Ombudsman's Office also finalised its investigation of a complaint that the Department received in 2016–17. It determined that no further investigation was warranted and subsequently closed the matter.

Auditor-General reports

The ANAO released two performance audits specific to the Department in 2017–18:

- › ANAO Report No. 32 2017–2018: Funding Models for Threatened Species Management
- › ANAO Report No. 1 2017–2018: Accounting and Reporting of Australia's Greenhouse Gas Emissions Estimates and Projections.

The ANAO also released one 'Across Entities' audit involving the Department in 2017–18: *ANAO Report No. 33 2017–2018: Implementation of the Annual Performance Statements Requirements 2016–2017*.

Parliamentary committee reports

The Department is responsible for coordinating the Government's responses to the following parliamentary committee reports tabled in 2017–18. The Department reports twice yearly to the Leaders of the Government in the Senate and the House of Representatives (through the Department of the Prime Minister and Cabinet) on all outstanding Government responses to parliamentary committee reports. The President's Report to the Senate and the Speakers' Schedule of Outstanding Government Responses are published on the Australian Parliament House website.

www.aph.gov.au

Joint Standing Committee on the National Capital and External Territories

Inquiry into Australia's Antarctic Territory

Following a referral on 23 June 2017 the Joint Standing Committee on the National Capital and External Territories conducted an inquiry into the adequacy of Australia's infrastructure assets and capability in Antarctica.

The committee tabled its report *Maintaining Australia's national interests in Antarctica* on 18 June 2018.

Senate Environment and Communications Legislation Committee

Clean Energy Finance Corporation Amendment (Carbon Capture and Storage) Bill 2017 [Provisions]

On 8 February 2018 the Senate referred the provisions of the Clean Energy Finance Corporation Amendment (Carbon Capture and Storage) Bill 2017 to the Senate Environment and Communications Legislation Committee for inquiry and report by 8 May 2018.

The Bill amends the *Clean Energy Finance Corporation Act 2012* to remove the prohibition on the Clean Energy Finance Corporation investing in carbon capture and storage technologies.

The committee tabled its report on 8 May 2018.

Competition and Consumer Amendment (Abolition of Limited Merits Review) Bill 2017

The Senate Environment and Communications Legislation Committee tabled its report *Competition and Consumer Amendment (Abolition of Limited Merits Review) Bill 2017* on 16 October 2017.

Senate Select Committee on Red Tape

Environmental assessment and approvals

The Senate Select Committee on Red Tape tabled its interim report *Effect of red tape on environmental assessment and approvals* on 18 October 2017.

Senate Environment and Communications References Committee

Waste and recycling industry in Australia

On 17 August 2017 the Senate referred the inquiry into the waste and recycling industry in Australia to the Senate Environment and Communications References Committee.

The committee tabled its report *Never waste a crisis: the waste and recycling industry in Australia* on 26 June 2018.

Protection of Aboriginal rock art of the Burrup Peninsula

On 30 November 2016 the Senate referred the inquiry into protection of Aboriginal rock art of the Burrup Peninsula to the Senate Environment and Communications References Committee.

The committee tabled its report *Protection of Aboriginal rock art of the Burrup Peninsula* on 21 March 2018.

Shark mitigation and deterrent measures

On 30 November 2016 the Senate referred the inquiry into shark mitigation and deterrent measures to the Senate Environment and Communications References Committee.

The committee tabled its report *Shark mitigation and deterrent measures* on 12 December 2017.

Current and future impacts of climate change on marine fisheries and biodiversity

On 14 September 2016 the Senate referred the inquiry into the current and future impacts of climate change on marine fisheries and biodiversity to the Senate Environment and Communications References Committee.

The committee tabled its report *In hot water: the impacts of climate change on marine fisheries and biodiversity* on 6 December 2017.

House of Representatives Standing Committee on the Environment and Energy

Powering our future: inquiry into modernising Australia's electricity grid

The House of Representatives Standing Committee on the Environment and Energy resolved to inquire into the Department's 2015–16 annual report, focusing on modernising Australia's electricity grid.

The committee tabled its report *Powering our future* on 5 February 2018.

Joint Standing Committee on Treaties

Conservation of Migratory Species—Amendments

Amendments to Appendices I and II of the *Convention on the Conservation of Migratory Species of Wild Animals* (Manila, 28 October 2017) were tabled on 29 November 2017.

The committee tabled its report on 28 March 2018.

Freedom of information

Under Part II of the *Freedom of Information Act 1982* the Department is required to publish certain information as part of the Information Publication Scheme. Our Information Publication Scheme statement can be found on our website.

www.environment.gov.au/topics/about-us/freedom-information/information-publication-scheme

The Freedom of Information Contact Officer can be contacted at:

Freedom of Information Contact Officer
General Counsel Branch
Department of the Environment and Energy
GPO Box 787
Canberra ACT 2600
Phone: (02) 6274 2098
Fax: (02) 6274 2837
Email: foi@environment.gov.au

Client services

Meeting service standards

The Department’s *Service Charter 2014–2016* sets out the standards of service clients can expect and how clients can give feedback on performance. The charter is available in hard copy—contact the Community Information Unit toll free on 1800 803 772 and online at

www.environment.gov.au/about/publications/charter.html

In 2017–18 the Department’s Client Service Officer received one formal complaint. The Department received four other items of feedback on the standard of our service delivery and five general enquiries. We received 14 messages through the Client Service inbox that were incorrectly addressed or spam.

All complaints and feedback were forwarded to the appropriate work area for noting or for action in line with the requirements of our Service Charter.

The Client Service Officer can be contacted at:

Client Service Officer
Department of the Environment and Energy
GPO Box 787
Canberra ACT 2601
Phone: 02 6274 2725
Toll free: 1800 803 772
Fax: 02 6274 1970
Email: client.service@environment.gov.au

www.environment.gov.au/about/publications/charter.html

Parliamentary services

Throughout 2017–18 the Department managed the parliamentary business of the portfolio, including parliamentary inquiries, Senate estimates hearings and Cabinet material.

During 2017–18 the portfolio prepared 1678 submissions and briefs for the Minister and Assistant Minister.

The Minister and Assistant Minister received 201,123 items of correspondence in 2017–18. Of these, 182,392 were campaign correspondence items handled centrally. The number of individual pieces of correspondence for 2017–18 is shown in Table 3.11.

**Table 3.11: Amount of ministerial correspondence over the past five years
(excluding campaign correspondence)**

Year	Number of correspondence items
2013–14	24,458
2014–15	51,493
2015–16	27,197
2016–17	32,367
2017–18	18,731

Ecologically sustainable development and environmental performance

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) requires the Department to report on:

- › how its activities accord with the principles of ecologically sustainable development. Activities include developing and implementing policies, plans, programs and legislation and the operations of the organisation
- › how its outcomes and Corporate Plan purposes, specified in relevant appropriation acts, contribute to ecologically sustainable development
- › the environmental impacts of its operations during the year and measures taken to minimise these impacts.

The Department has produced guidelines to assist Australian Government agencies in reporting on their contributions to ecologically sustainable development. The guidelines are available from our website.

www.environment.gov.au/resource/guidelines-section-516a-reporting-environment-protection-and-biodiversity-conservation-act

Application of ecologically sustainable development principles

The Department administers the EPBC Act, which promotes ecologically sustainable development through the conservation and ecologically sustainable use of natural resources. Examples of how we apply the principles are in Table 3.12.

Table 3.12: Examples of how the Department applies the principles of ecologically sustainable development

Principles	Activities
<p>Integration principle: decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equitable considerations.</p>	<ul style="list-style-type: none"> • The Threatened Species Strategy sets out the main principles for examining threatened species recovery initiatives. The strategy applies the integration principle in decision-making processes for allocating investment to achieve the greatest impact, benefiting a greater number of plants and animals. It frames a set of principles under three categories: 'science', considering conservation status; 'action', considering success and immediate and future benefits; and 'partnership', ensuring the community is engaged with results and likely to sustain them through long-term commitment of effort. These principles align with the Threatened Species Recovery Fund guidelines. • When engaging with international energy forums, the Department applies the integration principle to examine emerging issues that affect access to energy in areas suffering energy poverty. This facilitates the transition to a low-emissions energy sector by, for example, increasing use of clean energy technologies and energy-efficiency measures that alleviate energy poverty. • The Supervising Scientist Branch applies the integration principle when assessing applications for mining activities in the Alligator Rivers Region, including Kakadu National Park. This includes its assessment of the rehabilitation plan and associated activities for the Ranger uranium mine. Its assessment takes into account the various long-term and short-term considerations of both the environment and the traditional communities that have lived in the region for thousands of years. • The Department's commitment to delivering a common national approach to environmental-economic accounting is a practical demonstration of the integration principle. By combining environmental and economic information through the application of the United Nations System for Environmental-Economic Accounting framework, the Department is seeking to support decision-makers by quantifying the environment's contribution to our wellbeing. • The integration principle is reflected in Australia's implementation of the Convention on Wetlands (Ramsar Convention) Strategic Plan 2016–2024, which has targets to 'feature wetland benefits in national/local policy, strategies and plans relating to key sectors' and to 'enhance the sustainability of key sectors when they affect wetlands, contributing to biodiversity conservation and human livelihoods'. We provide wetland input and advice to research and policies relating to agriculture, resource development, forestry, cities, and climate change.
<p>Precautionary principle: if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation.</p>	<ul style="list-style-type: none"> • The precautionary principle applies to our decisions on Commonwealth environmental water use. We base these decisions on the best available information (including local knowledge). Given the highly variable operating environment, we often need to make decisions without full scientific certainty of the ecological outcomes. Importantly, adaptive management (including a long-term monitoring and evaluation program) ensures that knowledge improves over time. • The Department's Supervising Scientist Branch takes a precautionary principle approach to decisions on the Ranger uranium mine. The branch has a statutory function to develop standards for environmental protection, ensuring the prevention of harm to people and the environment surrounding the mine site, including Kakadu National Park. The standards are based on the best available science and can be adjusted as further data become available through ongoing research and advances in environmental impact assessment methods. • The precautionary principle is taken into account when deciding whether to amend the list of exempt native specimens or the list of specimens taken to be suitable for live import; or to declare a fishery or other wildlife operation to be an approved wildlife trade export program under Part 13A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>. Various pieces of state, territory and Commonwealth legislation also refer to the precautionary principle, ensuring this objective is integrated throughout Australia's management of fisheries and other wildlife industries.

Principles	Activities
<p>Intergenerational principle: the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced, for the benefit of future generations.</p>	<ul style="list-style-type: none"> • The Australian Heritage Strategy supports the long-term protection of Australia's heritage places. The strategy sets out a 10-year framework to deliver actions against three high-level outcomes: national leadership, strong partnerships and engaged communities. It delivers under the intergenerational principle by protecting Australia's heritage so that future generations can experience and enjoy it. • The Department partners with the states and territories, through the COAG Energy Council, to promote the development and adoption of appliances and products that use less energy and produce lower greenhouse gas emissions, through the activities of the Equipment Energy Efficiency (E3) Program. The E3 Program has resulted in significant energy savings and emissions reductions to date, and will continue to complement the Government's central policies for guiding Australia's transition to a low-emissions economy. • In helping to implement the Murray–Darling Basin Plan, the Commonwealth Environmental Water Office is investing in the long-term future of the Basin on a scale unprecedented in Australia's history. By recovering and efficiently using the water needed for enduring river and wetland health, it is preserving the environment of the Murray–Darling Basin for future generations. • The Department's Supervising Scientist Branch ensures that the significant cultural and environmental values of the Alligator Rivers Region remain for the benefit of future generations. It upholds the intergenerational principle through work to protect the region's people and environment, including Kakadu National Park, from the impacts of mining uranium at Ranger mine for 10,000 years. This includes research and assessment activities to inform rehabilitation work, and environmental monitoring throughout the rehabilitation process and beyond. • Every five years, the Australian Government commissions the State of the Environment Report in accordance with section 516B of the EPBC Act. The report provides an independent review of the state of the environment, including how effectively the Australian environment is being managed and what the major national environmental issues are. This longitudinal analysis of the state of Australia's environment is critical to inform management of the environment in the interests of long-term sustainable development and natural resource management. • The Australian Antarctic Strategy and 20 Year Action Plan, released in April 2016, sets out Australia's national Antarctic interests and the Government's vision for Australia's future engagement in Antarctica. Central to the strategy is Australia's commitment to the Antarctic Treaty system, which aligns with the intergenerational principle by preserving Antarctica as a place of peace and science and establishing principles for continuing effective governance of the region. The 1991 Environmental Protocol to the Antarctic Treaty creates a comprehensive environmental protection and management regime for Antarctica which includes a ban on mining and a rigorous environmental impact assessment process. • The Reef 2050 Plan is the framework for the long-term management and protection of the Great Barrier Reef. Its vision is 'to ensure the Great Barrier Reef continues to improve on its Outstanding Universal Value every decade between now and 2050 to be a natural wonder for each successive generation to come'. The Department, and many partners, contribute to its implementation through the delivery of actions and ensure it remains current through reviews and adjustment to management approaches. • Intergenerational equity is reflected in the wise use principle of the Ramsar Convention on Wetlands, which encourages maintenance of wetland values and functions while delivering services and benefits, now and into the future, for human wellbeing. The Commonwealth Environmental Water Office, as Australia's Ramsar Administrative Authority, encourages wise use in its support for Ramsar site managers and its engagement with states/territories and other agencies.

Principles	Activities
Biodiversity principle: the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making.	<ul style="list-style-type: none">• To guide biodiversity protection in the regulation of uranium mining in the Alligator Rivers Region, the Supervising Scientist Branch carries out a comprehensive environmental monitoring and research program that both determines the region's baseline biodiversity and ecological characteristics and provides a means of assessing potential impacts on these characteristics. The branch develops environmental protection standards, including site-specific water quality objectives for the Ranger uranium mine. These standards are developed using environmental data collected over the last 30 years. They aim to ensure a high level of protection of the region's biological diversity and ecological integrity.• The Department applies the biodiversity principle in its contributions to Australia's National Biodiversity Strategy and Action Plan and engagement with state and territory counterparts. This ensures that the strategy and action plan are a robust strategic framework that sets national priorities that are aligned with Australia's international obligations, including the <i>Convention on Biological Diversity</i>. Our contributions also ensure that the framework directs national efforts to achieve healthy and resilient biodiversity and provides a basis for living sustainably.• We apply the biodiversity principle in decisions relating to the delivery of Australian Government investment programs. In 2017–18 we ensured that the eligibility criteria for funding initiatives (for example, under the Improving Your Local Parks and Environment Program) remained consistent with biodiversity conservation principles, policy and targets.• One of the five criteria for assessing all Commonwealth environmental watering actions is consideration of the ecological value of the targeted asset(s).• The Ramsar Administrative Authority (the Commonwealth Environmental Water Office) encourages nomination of appropriate sites as Wetlands of International Importance. This designation provides the sites with protection under the EPBC Act. The 66th Ramsar site, the Glenelg Estuary and Discovery Bay Wetlands, Victoria, covering over 22,000 hectares—was designated on 28 February 2018. Decisions under the Act on any actions in this site must take account of and conserve the biodiversity values of the site which contribute to its ecological character.• The Ramsar Administrative Authority also promotes the maintenance and enhancement of the ecological character of Australia's listed sites by regularly receiving reports on the status of sites and encouraging the preparation of site management plans. These plans include priority management actions which will maintain and enhance the biodiversity of the Ramsar sites.

Principles	Activities
Valuation principle: improved valuation, pricing and incentive mechanisms should be promoted.	<ul style="list-style-type: none"> • The valuation principle underpins the Threatened Species Prospectus by focusing on promoting alternative funding mechanisms to support traditional sources of funding. Harnessing investment from the private sector helps increase understanding of the costs and values associated with protecting threatened species and communities. • The Commonwealth Environmental Water Office upholds the valuation principle by implementing the Commonwealth Environmental Water Trading Framework when trading water allocations. The framework includes a set of operating rules that ensure any water trades are competitive, transparent and informed by market assessment. It supports better outcomes by maximising the environmental benefit achieved by selling water allocations and reinvesting in the delivery of environmental water when required. • The valuation principle is an important aspect of the application of environmental-economic accounts under the <i>Environmental economic accounting: a common national approach—strategy and action plan</i>, leading to improved consideration of environmental assets in the economic assessment of policy alternatives. Where useful for decision-making, the environmental-economic accounting framework accommodates the valuation of ecosystems by considering their contribution to individuals (private goods) and the broader society (public goods). This requires an understanding of the level of service that such ecosystems provide to the community and the monetary value of alternative approaches for equivalent service delivery.

Contribution of outcomes to ecologically sustainable development

The Department's role is to advise on and implement environment and energy policy to support the Government in achieving a healthy environment, strong economy and thriving community.

All departmental outcomes and Corporate Plan purposes contribute to ecologically sustainable development as detailed throughout this annual report and in the annual performance statements in particular (see pages 16–108).

Operational environmental impacts and performance

The Department is committed to ensuring that its corporate operations reflect best environmental practice in a public service agency. We are dedicated to reducing the environmental implications of our operations as far as practicable in urban office environments and the remote and regional areas we are responsible for managing.

To best manage our operational environmental impact we focus on developing and implementing systems that improve the environmental performance of the agency as a whole. We value educating staff about how they can contribute to reducing the Department's environmental impacts.

Some practices we use to manage our operational environmental impact are:

- › fostering a culture of environmental responsibility in the workplace, including online guidance for staff
- › providing training for field staff, scientists and support staff in regional and remote areas regarding sound environmental practices in Antarctica, World Heritage areas, national parks and reserves
- › promoting the efficient use of energy, water, paper and other natural resources
- › preventing or minimising pollution and greenhouse gas emissions where possible
- › offering alternative waste streams to reduce the amount of waste to landfill we produce
- › developing management plans that identify and address environmental risks and opportunities for environmental improvement at all offices, field sites, laboratories and other departmental sites
- › monitoring and reporting on our environmental performance, both internally and externally.

We manage our day-to-day operational environmental performance at a local level because of the diverse nature of our operations across Australia, external territories and the Southern Ocean. Divisions and branches coordinate whole-of-department policies, initiatives and reporting where required.

The Department has an active environmental contact officer network—ECONet—in which volunteer staff members are involved in developing and implementing initiatives and practices to help improve the environmental performance of Canberra-based operations.

A supplementary report on the Department's performance against environmental indicators is available on our website.

www.environment.gov.au/about-us/accountability-reporting/environmental-performance

The Australian Antarctic Division, the Supervising Scientist Branch and office-based operations in Canberra have environmental performance committees, environmental policies and environmental performance action plans that support the management of our operational environmental impact in local areas.

Register of Environmental Organisations

The Register of Environmental Organisations is a Commonwealth tax deductibility scheme for environmental organisations under the *Income Tax Assessment Act 1997*. It allows eligible organisations to be endorsed as deductible gift recipients by the Australian Taxation Office. Donations made to organisations that are deductible gift recipients will be tax deductible for the donor.

The Act requires the Department to maintain the register and to add or remove environmental organisations and their public funds by joint direction of the Minister for the Environment and the Minister for Revenue and Financial Services. Further information is available on our website.

www.environment.gov.au/about-us/business/tax/register-environmental-organisations

During 2017–18 the then Minister, the Hon Josh Frydenberg MP, and the then Minister for Revenue and Financial Services, the Hon Kelly O'Dwyer MP, approved the entry of 28 organisations and their public funds on the register and removed 24 organisations and their public funds from the register. Thirteen organisations requested voluntary removal, 10 organisations did not submit statistical returns and one organisation became ineligible because their Australian Business Number was cancelled. As at 30 June 2018 the register contained 628 environmental organisations.

Registered environmental organisations reported receiving about \$154 million in donations in 2016–17. Information for 2017–18 is being provided to the Department by organisations.

On 5 December 2017 the Government announced changes to deductible gift recipient tax arrangements. From 1 July 2019, non-government deductible gift recipients, including those on the register, will automatically be registered as charities with the Australian Charities and Not-for-profits Commission (ACNC), and administration of the register will transfer to the ACNC. Recipients will have until 30 June 2020 to meet the ACNC's requirements in order to keep deductible gift recipient status.



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Financial Statements

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Department of the Environment and Energy

Financial Statements
for the period ended 30 June 2018



Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Minister for the Environment and the Minister for Energy

Opinion

In my opinion, the financial statements of the Department of the Environment and Energy for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Department of the Environment and Energy as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Department of the Environment and Energy, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Secretary and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Department of the Environment and Energy in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT

Key audit matter	How the audit addressed the matter
<p>Valuation of Other Provisions</p> <p><i>Refer to Note 3.4A 'Other Provisions'</i></p> <p>The Other Provisions balance includes an estimate of the future cost of the decommissioning, dismantling and expatriation to Australia of all buildings, infrastructure and associated materials from, and the cost of site rehabilitation of, Australia's Antarctic and sub-Antarctic regions. The estimate is a focus of my audit because significant management judgement is used to determine the value of the provision.</p> <p>The provision is calculated using a complex model requiring specific knowledge about the unique operations in Antarctica. The calculations are underpinned by key assumptions including, dismantling costs, makegood factors, discount rates, cost escalation factors, asset useful lives, shipping, transport and handling costs, and the timing of cash outflows. Key assumptions are subject to significant judgement and sensitivity and are disclosed in Note 3.4A.</p> <p>The balance at 30 June 2018 was \$561 million.</p>	<p>I applied the following audit procedures to address the matter:</p> <ol style="list-style-type: none"> 1. assessed the accuracy and completeness of the fixed asset data used in the model by the Department; 2. considered the competence and objectivity of management's expert and evaluated the appropriateness, rationale and consistent application of the estimation methods; 3. assessed the reasonableness of key assumptions by comparing them to industry benchmarks with appropriate adjustment for the unique environment of the Antarctic regions and considering the model's sensitivity to key inputs; 4. tested the reasonableness of useful lives of assets and the appropriateness of the application of escalation factors and discount rates; and 5. tested the calculation logic and arithmetic accuracy of the model.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Department of the Environment and Energy the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Department of the Environment and Energy's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as

fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Grant Hehir
Auditor-General
Canberra
30 August 2018

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Statement by the Secretary and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department of the Environment and Energy will be able to pay its debts as and when they fall due.

Signed 
 Finn Pratt
 Secretary
 30 August 2018

Signed 
 Linda Nitschke
 Chief Finance Officer
 30 August 2018

Statement of comprehensive income

For the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget 2017-18 \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	222,071	216,281	227,986
Suppliers	1.1B	236,059	196,103	206,289
Grants	1.1C	6,845	4,950	1,100
Payments to the Director of National Parks	1.1D	46,548	42,829	46,548
Depreciation and amortisation	3.2A	50,700	40,580	49,205
Finance costs	1.1E	14,097	11,633	17,100
Write-down and impairment of assets	1.1F	345	66	-
Foreign exchange losses		-	276	-
Other expenses	1.1G	50,149	1,386	1,856
Total expenses		626,814	514,104	550,084
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	45,326	38,081	34,348
Other revenue	1.2B	10,037	9,944	723
Total own-source revenue		55,363	48,025	35,071
Gains				
Other gains	1.2C	748	10,512	-
Total gains		748	10,512	-
Total own-source income		56,111	58,537	35,071
Net cost of services		(570,703)	(455,567)	(515,013)
Revenue from Government - departmental appropriations		454,398	410,360	441,944
Deficit		(116,305)	(45,207)	(73,069)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserve		134,788	26,960	-
Total other comprehensive income		134,788	26,960	-
Total comprehensive gain/(loss)		18,483	(18,247)	(73,069)

Accounting Policy

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Department gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts. Departmental capital budgets are accounted for as contributions by owners.

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Statement of financial position as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget 2017-18 \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	14,740	15,086	1,259
Trade and other receivables	3.1B	189,914	142,081	70,808
Total financial assets		204,654	157,167	72,067
Non-financial assets				
Buildings	3.2A	226,157	231,924	234,237
Leasehold improvements	3.2A	25,769	9,971	-
Plant and equipment	3.2A	419,737	256,029	448,078
Computer software internally developed	3.2A	8,882	13,245	20,627
Computer software purchased	3.2A	13,304	5,340	-
Inventories held for distribution - finished goods		7,793	8,899	8,777
Prepayments		6,562	5,906	4,687
Total non-financial assets		708,204	531,314	716,406
Total assets		912,858	688,481	788,473
LIABILITIES				
Payables				
Suppliers	3.3A	19,877	11,371	14,239
Grants	3.3B	21	20	1,108
Other payables	3.3C	9,416	11,788	5,659
Total payables		29,314	23,179	21,006
Provisions				
Employee provisions	6.1A	68,980	66,237	70,214
Other provisions	3.4A	561,030	534,369	595,953
Total provisions		630,010	600,606	666,167
Total liabilities		659,324	623,785	687,173
Net assets		253,534	64,696	101,300
EQUITY				
Contributed equity		624,461	454,106	611,449
Reserves		450,236	315,448	288,488
Accumulated deficit		(821,163)	(704,858)	(798,637)
Total equity		253,534	64,696	101,300

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Statement of financial position
as at 30 June 2018

Accounting Policy

Inventories

Inventories held for sale are valued at the lower of cost and net realisable value.

Inventories held for distribution are valued at cost, adjusted for any loss of service potential.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

- a) raw materials and stores – purchase cost on a first-in-first-out basis;
- b) fuel – weighted average cost; and
- c) finished goods and work-in-progress – cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

During 2018, \$11,018,000 (Note 1.1B Suppliers) of inventory held for distribution was recognised as an expense (2017: \$10,878,000).

No items of inventory were recognised at fair value less cost to sell. All inventories are expected to be distributed in the next 12 months.

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Statement of changes in equity for the period ended 30 June 2018

	2018 \$'000	2017 \$'000	Original Budget 2017-18 \$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	454,106	270,482	440,201
Transactions with owners			
Distributions to owners			
Returns of capital			
Return of prior year appropriation	(893)	-	-
Contributions by owners			
Equity injection - Appropriations	146,656	144,782	146,656
Departmental capital budget	24,592	24,937	24,592
Restructuring ¹	-	13,905	-
Total transactions with owners	170,355	183,624	171,248
Closing balance as at 30 June	624,461	454,106	611,449

RETAINED EARNINGS

Opening balance			
Balance carried forward from previous period	(704,858)	(659,651)	(725,568)
Comprehensive income			
Deficit for the period	(116,305)	(45,207)	(73,069)
Total comprehensive income	(116,305)	(45,207)	(73,069)
Total comprehensive income attributable to			
Australian Government	(116,305)	(45,207)	(73,069)
Closing balance as at 30 June	(821,163)	(704,858)	(798,637)

ASSET REVALUATION RESERVE

Opening balance			
Balance carried forward from previous period	315,448	288,488	288,488
Comprehensive income			
Other comprehensive income	134,788	26,960	-
Total comprehensive income	134,788	26,960	-
Total comprehensive income attributable to			
Australian Government	134,788	26,960	-
Closing balance as at 30 June	450,236	315,448	288,488

The above statement should be read in conjunction with the accompanying notes to the financial statements

Statement of changes in equity for the period ended 30 June 2018

	2018 \$'000	2017 \$'000	Original Budget 2017-18 \$'000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	64,696	(100,681)	3,121
Comprehensive income			
Deficit for the period	(116,305)	(45,207)	(73,069)
Other comprehensive income	134,788	26,960	-
Total comprehensive income	18,483	(18,247)	(73,069)
Total comprehensive income attributable to Australian Government	18,483	(18,247)	(73,069)
Transactions with owners			
Distributions to owners			
Returns of capital			
Return of prior year appropriation	(893)	-	-
Contributions by owners			
Equity injection - Appropriations	146,656	144,782	146,656
Departmental capital budget	24,592	24,937	24,592
Restructuring ¹	8.1A -	13,905	-
Total transactions with owners	170,355	183,624	171,248
Closing balance as at 30 June	253,534	64,696	101,300

1. The structure of the Department was changed through the Administrative Arrangements Orders (AAOs) issued on 19 July 2016 where the responsibility for Energy Policy, National Energy Market, Industrial Energy Efficiency and Energy Efficiency functions was transferred from the Department of Industry, Innovation and Science (Industry).

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) requires that distributions to owners be debited to contributed equity unless it is in the nature of a dividend. In 2018 there were no other distributions to owners (2017: None).

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Cash flow statement for the period ended 30 June 2018

	2018	2017	Original Budget 2017-18
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	540,363	510,880	542,073
Sales of goods and rendering of services	41,140	39,894	34,348
Grants	62	1,744	-
GST received	34,110	17,694	-
Other	7,020	5,059	-
Total cash received	622,695	575,271	576,421
Cash used			
Employees	232,933	226,073	227,986
Suppliers	262,246	225,743	205,566
Grants	6,844	6,038	1,100
Payments to the Director of National Parks	46,548	42,829	46,548
Section 74 receipts transferred to OPA	70,525	59,529	34,348
Other	2,593	1,391	1,856
Total cash used	621,689	561,603	517,404
Net cash from operating activities	1,006	13,668	59,017
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	312	653	-
Total cash received	312	653	-
Cash used			
Purchase of property, plant and equipment	116,324	94,486	230,265
Purchase of intangibles	9,880	7,708	-
Total cash used	126,204	102,194	230,265
Net cash used by investing activities	(125,892)	(101,541)	(230,265)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	102,640	76,171	146,656
Departmental capital budget	21,900	25,529	24,592
Total cash received	124,540	101,700	171,248
Net cash from financing activities	124,540	101,700	171,248
Net increase/(decrease) in cash held	(346)	13,827	-
Cash and cash equivalents at the beginning of the reporting period	15,086	1,259	1,259
Cash and cash equivalents at the end of the reporting period	14,740	15,086	1,259

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Administered schedule of comprehensive income for the period ended 30 June 2018

		2018	2017	Original Budget 2017-18
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Suppliers	2.1A	128,120	155,138	165,690
Grants	2.1B	717,828	315,303	291,354
Depreciation and amortisation	4.2A	13	16	12
Write-down and impairment of assets	2.1C	54,929	851	-
Payments to corporate Commonwealth entities	2.1D	209,073	192,104	259,998
Other expenses		-	-	1,308
Total expenses		1,109,963	663,412	718,362
Income				
Revenue				
Taxation revenue				
Indirect tax - excise duty		1,555	1,170	-
Other taxes	2.2A	164	187	171
Total taxation revenue		1,719	1,357	171
Non-taxation revenue				
Sale of goods and rendering of services	2.2B	6,105	795	-
Fees and fines	2.2C	21,618	17,387	20,304
Interest - State and Territory government loans		14	37	14
Dividends	2.2D	34,450	29,575	20,800
Other revenue	2.2E	601	2,883	4,319
Total non-taxation revenue		62,788	50,677	45,437
Total revenue		64,507	52,034	45,608
Gains				
Reversal of impairment losses		32,346	73,140	-
Other gains	2.2F	210,341	165,666	498,261
Total gains		242,687	238,806	498,261
Total income		307,194	290,840	543,869
Net cost of services		(802,769)	(372,572)	(174,493)
Deficit		(802,769)	(372,572)	(174,493)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus ¹		225,466	294,384	-
Total other comprehensive income		225,466	294,384	-
Total comprehensive loss		(577,303)	(78,188)	(174,493)

1. This balance represents the changes in the fair value of the Administered Investments (refer to Note 4.1D) and the results of the administered asset revaluation (refer to Note 4.2A).

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Administered schedule of assets and liabilities as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget 2017-18 \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	6,780,464	6,458,459	-
Taxation receivables	4.1B	167	-	78
Trade and other receivables	4.1C	147,354	4,952	5,355
Other investments	4.1D	11,676,789	3,735,933	3,901,158
Total financial assets		18,604,774	10,199,344	3,906,591
Non-financial assets				
Heritage and cultural	4.2A	998	1,024	1,013
Water assets	4.2A	3,337,250	3,149,492	3,814,988
Computer software - internally developed	4.2A	1	2	5
Inventories	4.2B	11,233	11,820	12,000
Prepayments		215	-	1,169
Total non-financial assets		3,349,697	3,162,338	3,829,175
Total assets administered on behalf of Government		21,954,471	13,361,682	7,735,766
LIABILITIES				
Payables				
Suppliers	4.3A	8,715	5,791	11,014
Grants	4.3B	7,150	1,597	2,375
Other Payables	4.3C	481	218	
Total payables		16,346	7,606	13,389
Total liabilities administered on behalf of Government		16,346	7,606	13,389
Net assets		21,938,125	13,354,076	7,722,377

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Administered reconciliation schedule for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Opening assets less liabilities as at 1 July		13,354,076	10,290,871
Adjustment for errors		-	-
Adjusted opening assets less liabilities		13,354,076	10,290,871
Net (cost of)/contribution by services			
Income		307,194	290,840
Expenses			
Payments to entities other than corporate Commonwealth entities		(900,890)	(471,308)
Payments to corporate Commonwealth entities		(209,073)	(192,104)
Other comprehensive income			
Revaluations transferred to reserves		225,466	294,384
Transfers (to)/from the Australian Government			
Appropriation transfers from Official Public Account			
Administered assets and liabilities appropriations		6,113,550	-
Annual appropriations			
Payments to entities other than corporate Commonwealth entities		892,580	460,846
Payments to corporate Commonwealth entities		2,449	1,840
Special Account			
Appropriation credits to special account		5,964	6,828
Special appropriations (limited)			
Payments to entities other than corporate Commonwealth entities		-	-
Payments to corporate Commonwealth entities		2,207,000	2,206,500
Special appropriations (unlimited)			
Payments to entities other than corporate Commonwealth entities		59	53
Appropriation transfers to OPA			
Transfers to OPA		(60,250)	(74,674)
Restructuring	8.1B	-	540,000
Closing assets less liabilities as at 30 June		21,938,125	13,354,076

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the Department on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Administered cash flow statement for the period ended 30 June 2018

	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES		
Cash received		
Sales of goods and rendering of services	6,157	1,077
Interest	15	38
Dividends	34,450	29,575
Indirect tax	1,406	1,170
Other taxes	174	571
Fees and fines	21,263	17,387
GST received	19,326	23,170
Other	756	2,914
Total cash received	83,547	75,902
Cash used		
Suppliers	131,080	182,121
Grants	768,983	316,081
Payments to corporate Commonwealth entities	209,073	192,104
Total cash used	1,109,136	690,306
Net cash used by operating activities	(1,025,589)	(614,404)
INVESTING ACTIVITIES		
Cash received		
Repayments of advances and loans	168	340
Total cash received	168	340
Cash used		
Corporate Commonwealth entity investments	7,813,926	1,000,619
Total cash used	7,813,926	1,000,619
Net cash used by investing activities	(7,813,758)	(1,000,279)
Net decrease in cash held	(8,839,347)	(1,614,683)
Cash and cash equivalents at the beginning of the reporting period	6,458,459	5,471,749
Cash from Official Public Account		
Appropriations	9,215,638	2,669,239
Special Account - Appropriation credits to special account	5,964	6,828
Total cash from official public account	9,221,602	2,676,067
Cash to Official Public Account		
Appropriations	(60,250)	(74,674)
Total cash to official public account	(60,250)	(74,674)
Cash and cash equivalents at the end of the reporting period	6,780,464	6,458,459

4.1A

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Notes to the financial statements

Overview

The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

New Accounting Standards

All new standards, revised standards, interpretations or amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Department's financial statements.

Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Events After the Reporting Period

There are no known events occurring after the reporting period that could impact on the financial statements.

Explanations of Major Variances to Budget

Variances to budget are considered to be 'major' where:

- (a) the variance between budget and actual is greater than +/-10% of the budget for the line item; and
- (b) the variance between budget and actual is greater than +/-2% of the relevant budget base.

The relevant budget bases are:

Departmental

- Total Expenses

Administered

- Total Expenses
- Total Income
- Total Assets
- Total Liabilities

The Original Budget reflects the balances reported in the Department's 2017-18 Portfolio Budget Statements, published in May 2017.

Variance explanations will also be provided where there have been major changes to business activities that may not be numerically material but by nature may assist users in understanding underlying business changes that may have occurred since the original budget was released.

Where a revised budget has been presented to Parliament, the Department may include explanations of major variances between the revised budget and actual amounts where they are considered relevant to an assessment of the discharge of accountability and to an analysis of the performance of the Department.

Departmental Major Budgetary Variances for 2018

Statement of Comprehensive Income

Explanations of major variances	Affected line items (and schedule)
<u>Suppliers</u> The Department received additional appropriations in the 2017-18 Portfolio Additional Estimates Statements and 2017-18 Portfolio Supplementary Additional Estimates Statements for supplier expenses for the 'Powering Forward - delivering more affordable, reliable and sustainable energy', 'Australian Domestic Gas Security Mechanism - implementation' and 'Great Barrier Reef 2050 Partnership' measures. In addition, broad increases in the costs for IT and legal services were not included in the original budget.	Suppliers expenses and Revenue from government (Statement of Comprehensive Income and Cash Flow Statement)
<u>Other Expenses</u> A revaluation was undertaken in 2017-18 on the makegood provision for the restoration of the Antarctic solid waste disposal sites. The results of this revaluation and the movement in bond rates used to calculate the present value of the provision were unknown at the time of the preparation original budget. The movement in this makegood provision is also the key driver for the variance in the Deficit for the period in the Statement of Changes in Equity.	Other expenses, Other provisions, and Deficit for the period (Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity)

Statement of Comprehensive Income (cont'd)

<p><u>Changes in asset revaluation reserve</u></p> <p>Revaluations are undertaken on a regular basis to ensure the carrying value of certain assets and liabilities are appropriate. These cannot be reliably predicted at the start of the financial year. In particular, there was a significant revaluation increase in the Department's plant and equipment asset values, due to a revised methodology for valuing the replacement cost of the Department's ice core collection. Changes in the valuation methodology for the makegood provisions for Antarctic bases and changes to the rates for makegood of the Department's leaseholds have also caused an increase to the asset revaluation reserve.</p> <p>The movement due to the revaluation of non-financial assets, and the changes in the makegood provision are also the key drivers for the variance in the Asset Revaluation Reserve – Other comprehensive income in the Statement of Changes in Equity.</p>	<p>Changes in asset revaluation reserve; Property, Plant and Equipment, and Intangibles; Other provisions; Asset Revaluation Reserve – Other comprehensive income</p> <p>(Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Financial Position)</p>
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Statement of Financial Position

Explanations of major variances	Affected line items (and schedule)
<p><u>Cash and cash equivalents</u></p> <p>The variance for this item is due to changes in the <i>Public Governance, Performance and Accountability (Financial Reporting) Rule 2015</i> (FRR) during 2016-17, which required special account balances held in the Official Public Account (OPA) to be disclosed as cash equivalents in the Statement of Financial Position, and the Cash Flow Statement. When the original budget was prepared, special account balances were not included in this line item.</p>	<p>Cash and cash equivalents</p> <p>(Statement of Financial Position)</p>
<p><u>Trade and other receivables</u></p> <p>The majority of this balance is represented by the Department's Appropriation Receivable. The variance in this line item is due to lower than originally budgeted drawdowns from the Official Public Account, in relation to a deferred milestone payment to construct the Icebreaker for the Australian Antarctic Division.</p>	<p>Trade and other receivables</p> <p>(Statement of Financial Position)</p>
<p><u>Buildings / Leasehold Improvements</u></p> <p>In the preparation of the original budget, Leasehold Improvements were included with the budgeted balance for Buildings. The variance is due to the asset revaluation undertaken in 2017-18, which had an overall effect of increasing the carrying value of assets held in these asset classes.</p>	<p>Changes in asset revaluation reserve, Buildings, Leasehold improvements, and Asset Revaluation Reserve</p> <p>(Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity)</p>
<p><u>Computer software internally developed / Computer software purchased</u></p> <p>Computer software internally developed and Computer software purchased are reported together in the same line item as 'Intangibles' in the original budget. The Department's financial statements report these items separately, with the combined actual balance not reflecting a major variance from the budget.</p>	<p>Computer software internally developed, Computer software purchased, and Asset Revaluation Reserve</p> <p>(Statement of Comprehensive Income, and Statement of Financial Position)</p>

Statement of Changes in Equity

Explanations of major variances in the Statement of Changes in Equity are provided in the related financial statement line items in the above tables.

Cash Flow Statement

Explanations of major variances	Affected line items (and schedule)
<u>GST received</u> Figures presented in the original budget do not separately report GST received or paid as an individual line item. Other line items in the original budget are grossed up with GST, so at a total level, the GST is included.	GST received (Cash Flow Statement)
<u>Suppliers</u> The variance to the original budget for cash used for payments to suppliers is caused by several factors, including the timing of supplier expenses at the commencement and end of the financial year and GST payments. In addition, expenditure and recoveries for cost recovery activities, such as those for the Natural Heritage Trust, are reported individually in the Cash Flow Statement, but the expenditure and recovery are offset in the original budget.	Suppliers (Cash Flow Statement)
<u>Section 74 receipts transferred to OPA</u> The variance is due to expenditure and recoveries for cost recovery activities, such as those for the Natural Heritage Trust, are reported individually in the Cash Flow Statement, but the expenditure and recovery are offset in the original budget.	Section 74 receipts transferred to OPA (Cash Flow Statement)
<u>Purchase of property, plant and equipment / Purchase of intangibles</u> The Purchase of intangibles is included in the original budget Cash Flow as the Purchase of property, plant and equipment line item. The variance is in relation to the deferred milestone payment for the Icebreaker.	Purchase of property, plant and equipment; Purchase of intangibles (Cash Flow Statement)
<u>Contributed equity</u> The variance is primarily due to a movement of funds between financial years for the construction of the Icebreaker.	Contributed equity (Cash Flow Statement)

Administered Major Budgetary Variances for 2018

Administered Schedule of Comprehensive Income

Explanations of major variances	Affected line items (and schedule)
<p><u>Suppliers</u></p> <p>The variance is primarily due to lower than expected costs incurred in the Environmental Water Holdings special account, as the planned acquisition of water allocations did not eventuate due to environmental conditions and fewer market opportunities. In addition, low rainfall in a number of NSW and QLD catchments across the Murray-Darling Basin reduced water delivery expenditure as the availability of water decreased. There was also lower expenditure than originally budgeted in the Greenhouse and Energy Minimum Standards program, due to fewer technical assessments for registration undertaken.</p>	<p>Suppliers expense</p> <p>(Administered Schedule of Comprehensive Income)</p>
<p><u>Grants</u></p> <p>The variance is predominantly due to the additional funding for the Great Barrier Reef 2050 Partnership Program, announced in the 2017-18 Portfolio Supplementary Additional Estimates.</p>	<p>Grants expense</p> <p>(Administered Schedule of Comprehensive Income)</p>
<p><u>Write-down and impairment of assets</u></p> <p>The variance is driven by the results of impairment testing on water assets held by the Department. It is common practice for the Department to not set a budget for potential impairment.</p>	<p>Write-down and impairment of assets</p> <p>(Administered Schedule of Comprehensive Income)</p>
<p><u>Payments to corporate Commonwealth entities</u></p> <p>The variance is due to Australian Renewable Energy Agency's grant programs, which due to their nature in dealing with emerging and developing technologies, often are subject to variations that change the timing of payments.</p>	<p>Payments to corporate Commonwealth entities</p> <p>(Administered Schedule of Comprehensive Income)</p>
<p><u>Dividends</u></p> <p>The variance relates to dividends received from the Australian Government's investment in Snowy Hydro Limited, which are calculated based on the financial results of the entity. Favourable results for Snowy Hydro Limited increased the dividends paid to shareholders, above the amount included in the original budget.</p>	<p>Dividends</p> <p>(Administered Schedule of Comprehensive Income)</p>
<p><u>Reversal of impairment losses</u></p> <p>The variance is driven by the results of impairment testing on water assets held by the Department.</p>	<p>Reversal of impairment losses</p> <p>(Administered Schedule of Comprehensive Income)</p>
<p><u>Other gains</u></p> <p>The variance is due to lower than expected water entitlements received free of charge from the Department of Agriculture and Water Resources. The transfer of water entitlements are unable to be reliably predicted due to the complex nature of managing the timing of the transfers, and the fluctuating price of water entitlements at the time of transfer or purchase.</p>	<p>Other gains</p> <p>(Administered Schedule of Comprehensive Income)</p>
<p><u>Changes in asset revaluation surplus</u></p> <p>The variance is due to the changes in the fair value of the Department's five Administered Investments. In 2017-18, this was predominantly impacted by changes in the fair value of the Australian Government's shareholding in Snowy Hydro Limited, and an increase in the fair value of the Clean Energy Finance Corporation.</p>	<p>Changes in asset revaluation surplus</p> <p>(Administered Schedule of Comprehensive Income)</p>

Administered Schedule of Assets and Liabilities

Explanations of major variances	Affected line items (and schedule)
<u>Cash and cash equivalents</u> The variance for this item is due to changes in the <i>Public Governance, Performance and Accountability (Financial Reporting) Rule 2015</i> (FRR) during 2016-17, which required special account balances held in the OPA to be disclosed as cash equivalents in the Financial Statements.	Cash and cash equivalents (Administered Schedule of Assets and Liabilities)
<u>Other investments</u> The fair value of the Department's five Administered Investments cannot be reliably predicted when the original budget was prepared.	Other investments (Administered Schedule of Assets and Liabilities)
<u>Water assets</u> The variance is due to lower than expected water entitlements received free of charge from the Department of Agriculture and Water Resources, and the impact of annual impairment testing on water entitlement assets.	Water assets (Administered Schedule of Assets and Liabilities)
<u>Suppliers Payable</u> The variance is primarily due to the completion of the Green Army program with lower than expected accrued expenditure than included in the original budget, offset by increased accrued expenditure for the National Landcare program.	Suppliers Payable (Administered Schedule of Assets and Liabilities)
<u>Grants Payable</u> The variance was primarily due to the timing of payments resulting in higher than expected accrued grants expenditure in relation to research under the National Environmental Science program – Tropical Water Quality Hub, and the Solar Communities program.	Grants Payable (Administered Schedule of Assets and Liabilities)
<u>Other Payables</u> The variance is due to unearned revenue from fees paid in relation to environmental assessments and referrals under the <i>Environment Protection and Biodiversity Conservation Act 1999</i> , which were not included in the original budget. The Other Payables balance is not material to the Administered Financial Statements.	Other Payables (Administered Schedule of Assets and Liabilities)

Notes to the financial statements

1. Departmental financial performance

This section analyses the financial performance of the Department of the Environment and Energy for the year ended 30 June 2018.

1.1. Expenses

	2018 \$'000	2017 \$'000
Note 1.1A: Employee Benefits		
Wages and salaries	169,246	169,155
Superannuation		
Defined contribution plans	18,341	18,084
Defined benefit plans	16,525	16,642
Leave and other entitlements	30,916	27,214
Separation and redundancies	1,182	2,751
Total employee benefits (gross)	236,210	233,846
Natural Heritage Trust implementation activities	(14,139)	(17,565)
Total employee benefits (net)	222,071	216,281

Accounting Policy

Employee Benefits

Accounting policies for employee related expenses is contained in Note 6. People and Relationships.

Reporting of the Natural Heritage Trust of Australia Account

The Natural Heritage Trust of Australia Account (NHT) is a special account for the purposes of the *Public Governance, Performance and Accountability Act 2013*. NHT was established by the *Natural Heritage Trust of Australia Act 1997* (NHT Act) to conserve, repair and replenish Australia's natural capital infrastructure.

Subsection 43(1) of the NHT Act requires financial statements to be prepared for NHT. Reporting by the NHT reflects the NHT as a separate reporting entity, with all transactions between the NHT and parties outside the NHT being reported. The activities of the NHT are also included in the Department's administered financial statements.

The Department draws down departmental appropriations and makes payments to suppliers and employees on behalf of NHT during the year and NHT reimburses the Department's payment at year end.

In 2017-18, the Department paid \$17,133,500 on behalf of NHT and was reimbursed accordingly. NHT's reimbursement was treated as offsets against the relevant departmental expense categories under the *Public Governance, Performance and Accountability Act 2013*.

	2018 \$'000	2017 \$'000
Note 1.1B: Suppliers		
Goods and services		
Consultants	6,462	6,332
Contractors	78,474	48,905
Travel	8,504	8,773
IT services	33,348	29,607
Inventory consumed	11,018	10,878
Property operating expense	8,737	9,176
Legal services	5,214	4,276
Learning and development	2,308	2,625
General goods and services	29,161	22,209
Total goods and services	183,226	142,781
Goods and services are made up of:		
Goods provided	18,112	18,474
Services rendered	165,114	124,307
Total goods and services	183,226	142,781
Other suppliers		
Operating lease rentals		
Minimum lease payments	52,340	50,807
Workers compensation expenses	3,487	5,742
Total other suppliers	55,827	56,549
Total suppliers (gross)	239,053	199,330
Natural Heritage Trust implementation activities ¹	(2,994)	(3,227)
Total suppliers (net)	236,059	196,103

1. Refer to the Accounting Policy in Note 1.1A on Reporting of the Natural Heritage Trust of Australia Account for details.

Leasing commitments

The Department in its capacity as a lessee has the following types of operating leases:

Nature of lease	General description of leasing arrangements
Leases for office accommodation	<ul style="list-style-type: none"> Lease payments are subject to increases in accordance with terms as negotiated under the lease. The Department's leases for office accommodation generally have options for renewal. Future options not yet exercised are not included as commitments.
Leases for transportation to and within the Antarctic Territory	<ul style="list-style-type: none"> Lease payments are subject to increases in accordance with terms as negotiated under the lease. The transportation leases generally have options for renewal. Future options not yet exercised are not included as commitments.
Leases for support facilities for Antarctic operations	<ul style="list-style-type: none"> Lease payments are subject to increases in accordance with terms as negotiated under the lease. The facility leases each have options for renewal. Future options not yet exercised are not included as commitments.

	2018 \$'000	2017 \$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	53,735	49,778
Between 1 to 5 years	127,572	144,793
More than 5 years	260,133	265,161
Total operating lease commitments	441,440	459,732

* Commitments are GST inclusive where relevant.

* Operating leases included were effectively non-cancellable.

Accounting Policy

Leases

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets. Where the lease has a market value review in a particular year, this is treated as contingent rent for straight-line and commitment purposes.

Note 1.1C: Grants

Public sector		
Australian Government entities (related parties)	1,332	655
State and Territory Governments	462	643
Private sector		
Not-for-profit organisations	853	674
For-profit organisations	1,037	599
Universities	1,480	1,299
Individuals	-	18
Overseas	1,681	1,062
Total grants	6,845	4,950

	2018	2017
	\$'000	\$'000

Note 1.1D: Payments to the Director of National Parks

Annual funding allocation ¹	46,548	42,829
Total payments to the Director of National Parks	46,548	42,829

1. Under section 514S of the *Environment Protection and Biodiversity Conservation Act 1999*, funding is allocated to the Director of National Parks by the Secretary of the Department on an annual basis for the management of Commonwealth reserves or conservation zones.

Note 1.1E: Finance Costs

Unwinding of discount rates on makegood provision	14,095	11,627
Other interest payments	2	6
Total finance costs	14,097	11,633

Note 1.1F: Write-Down and Impairment of Assets

Impairment on financial instruments ¹	13	4
Impairment of plant and equipment ²	87	62
Loss on sale of assets	245	-
Total write-down and impairment of assets	345	66

1. Refer to Note 7.2A for accounting policy on financial instruments.
2. Refer to Note 3.2 for accounting policy on buildings, plant and equipment, and intangible assets.

Note 1.1G: Other Expenses

Increase in makegood provision	47,480	-
Official development assistance	931	915
Other	1,738	471
Total other expenses	50,149	1,386

1.2. Own-Source Revenue and Gains

	2018	2017
	\$'000	\$'000
Own-Source Revenue		

Note 1.2A: Sale of Goods and Rendering of Services

Rendering of services	45,326	38,081
Total sale of goods and rendering of services	45,326	38,081

Accounting Policy**Revenue**

Revenue from the sale of goods is recognised when:

- a) the risks and rewards of ownership have been transferred to the buyer;
- b) the Department retains no managerial involvement or effective control over the goods;
- c) the revenue and transaction costs incurred can be reliably measured; and
- d) it is probable that the economic benefits associated with the transaction will flow to the Department.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- e) the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- f) the probable economic benefits associated with the transaction will flow to the Department.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method.

Note 1.2B: Other Revenue

Resources received free of charge	3,612	3,580
Grants received	62	1,744
Insurance and other recoveries	4,399	2,553
Rent contribution received	749	1,175
Workers compensation received	22	132
Repayment of prior years grant expenditure	56	199
Other	1,137	561
Total other revenue	10,037	9,944

Accounting Policy**Resources Received Free of Charge**

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

	2018	2017
	\$'000	\$'000
Gains		

Note 1.2C: Other Gains

Write-down of provisions and payables	-	19
Sale of assets	-	398
Decrease in makegood provision	-	9,652
Other	748	443
Total other gains	748	10,512

Accounting PolicyGains

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (Refer to Note 8.1).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

Notes to the financial statements

2. Income and expenses administered on behalf of Government

This section analyses activities that the Department of the Environment and Energy does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

2.1. Administered – Expenses

	2018 \$'000	2017 \$'000
Note 2.1A: Suppliers		
Goods and services supplied or rendered		
Consultants	2,180	1,778
Contractors	51,042	90,930
Travel	24	12
Legal services	721	132
Statutory fees and charges ¹	18,274	19,068
NHT implementation costs ²	28,741	28,627
General goods and services	27,138	14,591
Total goods and services supplied or rendered	128,120	155,138
Goods supplied	634	290
Services rendered	127,486	154,848
Total goods and services supplied or rendered	128,120	155,138
Total suppliers	128,120	155,138

1. Annual fees and water delivery charges associated with the management of the Commonwealth Environmental Water Holdings.
2. Represents payments to the Department of the Environment and Energy, the Department of the Prime Minister and Cabinet, the Department of Agriculture and Water Resources, the Department of Industry, Innovation and Science and the Department of Natural Resources, Mines and Energy to cover costs associated with implementing the Natural Heritage Trust of Australia's (NHT) activities.

Note 2.1B: Grants

Public sector		
Australian Government entities (related entities)	36,200	32,421
State and Territory Governments	84,049	99,719
Local Governments	6,072	7,760
Private sector		
Not-for-profit organisations	557,272	128,399
For-profit organisations	8,649	14,468
Individuals	5,339	7,265
Universities	17,141	21,437
Other	3,106	3,834
Total grants	717,828	315,303

Accounting Policy

The Department administers a number of grant programs on behalf of the Government. Grant liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. When the Government enters into an agreement to make these grants, but services have not been performed or criteria not satisfied, this is considered a commitment.

2018	2017
\$'000	\$'000

Note 2.1C: Write-Down and Impairment of Assets

Impairment on financial instruments	8	193
Impairment on water assets ¹	<u>54,921</u>	<u>658</u>
Total write-down and impairment of assets	<u>54,929</u>	<u>851</u>

1. The impairment on water assets is consistent with changes in market prices since the time of acquisition, as evidenced by State Government water trading registers and observed prices for the Australian Government acquisitions over time. Refer to Note 4.2 – Administered – Non-Financial Assets Accounting Policy for further information.

Note 2.1D: Payments to corporate Commonwealth entities

Australian Renewable Energy Agency	<u>209,073</u>	192,104
Total payments to corporate Commonwealth entities	<u>209,073</u>	<u>192,104</u>

Accounting Policy

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the relevant portfolio department. The appropriation to the Department is disclosed under Note 5 Funding – Appropriations.

2.2. Administered – Income

	2018 \$'000	2017 \$'000
Revenue		
Taxation Revenue		
<u>Note 2.2A: Other Taxes</u>		
Carbon charge ¹	-	1
Snowy Hydro Limited land tax	161	182
Other ²	3	4
Total other taxes	164	187
<p>1. Equivalent Carbon Price (ECP) collected under the <i>Ozone Protection and Synthetic Greenhouse Gas Management Act 1989</i> and associated legislative instruments. The carbon tax was abolished on 17 July 2014, with no new carbon tax liabilities imposed from 1 July 2014. The amount reported represents ECP liabilities incurred before 1 July 2014.</p> <p>2. Penalties collected on the late payment of carbon charges and excise duty under the <i>Ozone Protection and Synthetic Greenhouse Gas Management Act 1989</i> and associated legislative instruments.</p>		
Non-Taxation Revenue		
<u>Note 2.2B: Sale of Goods and Rendering of Services</u>		
Sales of goods	3,595	242
Rendering of services	2,510	553
Total sale of goods and rendering of services	6,105	795
<u>Note 2.2C: Fees and Fines</u>		
Licence fees ¹	2,328	1,287
Other fees from regulatory services	19,265	16,046
Fines ²	25	54
Total fees and fines	21,618	17,387
<p>1. Licence fees collected under the <i>Ozone Protection and Synthetic Greenhouse Gas Management Act 1989</i> and associated legislative instruments.</p> <p>2. This item includes penalties collected under the <i>Environment Protection and Biodiversity Conservation Act 1999</i>.</p>		
<u>Note 2.2D: Dividends</u>		
Snowy Hydro Limited Dividends	34,450	29,575
Total dividends	34,450	29,575
<u>Note 2.2E: Other Revenue</u>		
Resources received free of charge		
ANAO financial statements audit service	55	54
Grant repayments	365	559
Other	181	2,270
Total other revenue	601	2,883

Accounting Policy**Revenue**

All administered revenues are revenues relating to ordinary activities performed by the Department on behalf of the Australian Government. As such, administered appropriations are not revenues of the Department that oversees distribution or expenditure of the funds as directed.

Revenues are primarily generated from excise duties and licence fees prescribed by the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989* and associated legislation, other fees from regulatory services, sale of water allocation and Snowy Hydro Limited dividends.

Excise duty revenue relates to import and manufacturing excises collected under the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989* and associated legislative instruments. The levies imposed on importers, manufacturers and exporters of Synthetic Greenhouse Gases (SGG), SGG equipment or ozone depleting substance (ODS) equipment are determined by the type and quantity of those gases imported, manufactured or exported. Revenue in respect of these items is recognised on submission of the licence application or submission of licensee reports, when the quantity of the synthetic greenhouse gases imported or manufactured is able to be reliably measured.

Licences fees are comprised of application fees for licences granted under the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*.

Other fees from regulatory services include fees, wildlife protection permit and financial contributions collected under the *Environment Protection and Biodiversity Conservation Act 1999*, fees received from industry boards for Refrigeration and Air Conditioning and Fire Protection industry permits, fees collected under the Commercial Building Disclosure program and the *Greenhouse Energy Minimum Standards Act 2012*.

Revenue includes the sale of water allocations. The Commonwealth Environmental Water Holder (CEWH) has legislated responsibility under the *Water Act 2007* (Water Act) for decisions relating to Commonwealth environmental water, including the management of the portfolio so that it maximises environmental outcomes across the Murray-Darling Basin over time. Under the Water Act, the CEWH must use the proceeds from the trade to improve the capacity of the portfolio to meet the environmental objectives of the environmental watering plan.

Snowy Hydro Limited dividends relate to the Australian Government ownership of Snowy Hydro Limited. Snowy Hydro Limited pays dividends twice a year.

	2018 \$'000	2017 \$'000
Note 2.2F: Other Gains		
Assets received free of charge		
Water assets ¹	210,333	165,581
Other	8	85
Total other gains	210,341	165,666

1. Assets received free of charge is comprised of:

- \$210.333 million (2017: \$165.581 million) from water entitlements received 'free of charge' from the Department of Agriculture and Water Resources.

Notes to the financial statements

3. Departmental financial position

This section analyses the Department of the Environment and Energy assets used to generate financial performance and the operating liabilities incurred as a result. Employee-related information is disclosed in the 'People and relationships' section on page 215.

3.1. Financial Assets

	2018 \$'000	2017 \$'000
Note 3.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	1,136	1,038
Cash in special accounts	13,604	14,048
Total cash and cash equivalents	14,740	15,086
Note 3.1B: Trade and Other Receivables		
Goods and services receivable	9,591	5,998
Appropriations receivable		
Departmental appropriations	175,567	128,401
Statutory receivables	3,431	6,346
Other	1,350	1,351
Total trade and other receivables (gross)	189,939	142,096
Less impairment allowance - goods and services	(25)	(15)
Total trade and other receivables (net)	189,914	142,081

Credit terms for goods and services were within 30 days (2017: 30 days).

Reconciliation of the Impairment Allowance

Movements in relation to 2018

	Goods and services \$'000	Total \$'000
As at 1 July 2017	(15)	(15)
Increase recognised in net cost of services	(10)	(10)
Total as at 30 June 2018	(25)	(25)

Movements in relation to 2017

	Goods and services \$'000	Total \$'000
As at 1 July 2016	(55)	(55)
Amounts written off	40	40
Total as at 30 June 2017	(15)	(15)

Accounting Policy

Receivables

Trade receivables are classified as 'receivables' and recorded at face value less any impairment. Trade receivables are recognised where the Department has a legal right to receive cash. Trade receivables are derecognised upon payment.

All financial assets including accrued revenue are expected to be recovered in no more than 12 months unless otherwise specified.

Appropriation Receivable

Refer to Revenue from Government for accounting policy.

Impairment of Financial Assets

Receivables are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable.

3.2. Non-Financial Assets**Note 3.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles****Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2018**

	Buildings \$'000	Leasehold Improvements \$'000	Plant and equipment \$'000	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2017						
Gross book value	293,301	23,745	301,662	58,563	18,963	696,234
Accumulated depreciation, amortisation and impairment	(61,377)	(13,774)	(45,633)	(45,318)	(13,623)	(179,725)
Total as at 1 July 2017	231,924	9,971	256,029	13,245	5,340	516,509
Additions						
Purchase or internally developed	6,572	4,753	104,999	1,178	8,702	126,204
Revaluations and impairments recognised in other comprehensive income	8,291	16,546	77,643	-	-	102,480
Impairments recognised in net cost of services	-	-	(87)	-	-	(87)
Depreciation/amortisation	(20,707)	(5,335)	(18,379)	(5,541)	(738)	(50,700)
Other movements						
Reclassifications	77	(166)	89	-	-	-
Disposals						
From disposal of entities or operations (including restructuring)	-	-	(557)	-	-	(557)
Total as at 30 June 2018	226,157	25,769	419,737	8,882	13,304	693,849
Total as at 30 June 2018 represented by						
Gross book value	246,605	27,450	428,946	59,542	27,665	790,208
Accumulated depreciation, amortisation and impairment	(20,448)	(1,681)	(9,209)	(50,660)	(14,361)	(96,359)
Total as at 30 June 2018	226,157	25,769	419,737	8,882	13,304	693,849

Disposal of non-financial assets

No buildings are expected to be sold or disposed of within the next 12 months.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

No intangibles are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

A revaluation is conducted in accordance with the revaluation policy stated in Accounting Policy below. A full valuation was undertaken by an independent valuer in 2017-18. The Department has a policy of having non-financial assets revalued every five years unless there are significant changes in economic indicators.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

Capital commitments relate to contractual payments for new assets and assets under construction.

Commitments are GST inclusive where relevant.

2017-18 Capital Commitments	< 1 year	1 year to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Buildings	226	-	-	226
Leasehold Improvements	164	-	-	164
Plant and Equipment	167,164	92,340	-	259,504
Intangibles	518	-	-	518
Total commitments	168,072	92,340	-	260,412

2016-17 Capital Commitments	< 1 year	1 year to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Plant and Equipment	199,481	146,661	-	346,142
Intangibles	1,352	-	-	1,352
Total commitments	200,833	146,661	-	347,494

Accounting Policy**Acquisition of Assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than the following asset thresholds, which are expensed in the year of acquisition.

Asset Class	Recognition Threshold
Buildings	\$10,000
Leasehold improvements	\$50,000
Property, plant and equipment	\$7,000
Artworks	\$ Nil

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make good' provisions in property leases taken up by the Department where there exists an obligation to restore the property to its original condition and restitution obligations in the Antarctic where there exists an international obligation to clean-up abandoned work sites, buildings and infrastructure. These costs are included in the value of the Department's leasehold improvements and property, plant and equipment assets with a corresponding provision for the 'make good' recognised.

The Department's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset was restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Department using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2018	2017
Buildings	3 to 70 years	3 to 70 years
Leasehold improvements	Lease term	Lease term
Property, plant and equipment	1 to 100 years	1 to 100 years

Impairment

All assets were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Department were deprived of the asset, its value in use is taken to be its current replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

The Department's intangibles comprise purchased and internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Acquisitions of intangibles are recognised initially at cost in the statement of financial position, except for acquisitions costing less than \$10,000 which are expensed in the year of acquisition.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Department's software are 3 to 17 years (2016-17: 3 to 17 years).

All software assets were assessed for impairment at 30 June 2018.

3.3. Payables

	2018	2017
	\$'000	\$'000

Note 3.3A: Suppliers

Trade creditors and accruals	18,891	11,089
Operating lease rentals	986	282
Total suppliers	19,877	11,371

All suppliers payable are expected to be settled in no more than 12 months.

Settlement was usually made within 30 days.

Note 3.3B: Grants

Public sector		
State and Territory Governments	21	20
Total grants	21	20

Note 3.3C: Other Payables

Wages and salaries	1,463	1,488
Superannuation	250	261
Leave payable upon separation	3,046	2,229
Unearned revenue	4,476	7,766
Other	181	44
Total other payables	9,416	11,788

Accounting Policy**Financial Liabilities**

The Department classifies its financial liabilities which include supplier and other payables as 'other financial liabilities'. Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Supplier and other payables are derecognised upon payment.

3.4. Other Provisions

Note 3.4A: Reconciliation Other Provisions

	Antarctic solid waste disposal sites ¹ \$'000	Antarctic regions ² \$'000	Other localities ³ \$'000	Total \$'000
As at 1 July 2017	158,654	367,321	8,394	534,369
Additional provisions made	42,779	-	1,382	44,161
Amounts used	(2,559)	-	-	(2,559)
Amounts written-off	-	(35,596)	-	(35,596)
Change in discount rate	4,654	2,107	(201)	6,560
Unwinding of discount ⁴	4,347	9,550	198	14,095
Total as at 30 June 2018	207,875	343,382	9,773	561,030

1. The impact of the change in the valuation of the provision, and the change in the discount rate on the provision for restoration – Antarctic solid waste disposal sites was taken to the statement of comprehensive income and is reported under other expenses Note 1.1G.
2. The impact of the change in the valuation of the provision, and the change in the discount rate on the provision for restoration – Antarctic regions was taken to the asset revaluation reserve.
3. The impact of the change in the valuation of the provision, and the change in discount rate on the provision for restoration – other localities was taken to the asset revaluation reserve.
4. Unwinding of the discount associated with the provisions is recorded as Finance Costs in the Statement of Comprehensive Income.

The valuation of the provisions for restoration of the 'Antarctic regions' and 'Antarctic solid waste disposal sites' is derived from a costing model developed by an expert valuer. The valuation of the provision is revised annually for any changes in the long term cost discount rate (Refer to Accounting Policy below).

In 2017-18, to ensure the provision reflected a realistic approach to the restoration of Antarctic areas, the Department updated the costing model for the Antarctic restoration provisions, taking into consideration a range of additional factors that would affect the valuation should a restoration project in the Australian Antarctic and Sub-Antarctic territories be undertaken.

Accounting Policy

Accounting Judgements and Estimates

A provision for restoration obligations (including makegood) is recognised if, as a result of a past event, the Department has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Make good provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date, including the risks and uncertainties specific to the liabilities.

Make good provisions are discounted to present value when the time value of money is material. Increases in present value are recognised as borrowing costs. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The values for the Antarctic Solid Waste Disposal Sites, the Antarctic and Sub-Antarctic related restoration obligations and related assets have been arrived at on a best estimate basis. These values have been calculated on an individual asset basis, using a discounted cash flow methodology and therefore the value of the provisions can vary from year to year due to changes in the underlying estimated restoration costs, the assumed methodologies, estimated indexation factors, discount rates at the reporting date, and estimated cash flow timings.

Provision for Restoration Obligations - Antarctic Solid Waste Disposal Sites

Australia is a signatory to the Antarctic Treaty 1961, and Australia's environmental responsibilities under the treaty are contained in Annex III of the Madrid Protocol. The Madrid Protocol requires past and present waste disposal sites in Antarctica be cleaned up by the generators of such wastes. Australia is required to clean up the past and present solid waste disposal sites it has generated in Antarctica. The provision for the restitution of Antarctic Solid Waste Disposal Sites is the estimated future costs of this obligation and is derived from an expert valuation which provides a "best estimate" in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Accounting Policy (cont'd)Provision for Restoration Obligations - Antarctic Solid Waste Disposal Sites (cont'd)

Australia stopped disposing of its station solid waste in Antarctica in the mid 1980's, and since then all waste has either been returned to Australia for disposal or incinerated on station. A process of gradual removal is in effect. Restoration is expected to be completed by 2047.

The estimate is dependent upon four key parameters/variables: Discount rate, Cost Escalation, Base Restitution Nominal Cost Estimates and Shipping Assumptions.

	2018	2017	
Discount rate	2.80%	2.74%	Based on the government bond rate which best reflects the expected period over which restoration activities will be completed. For 2018, this rate is the 15 year Australian government bond rate as at 30 June 2018.
Cost escalation factor	3.4%	3.5%	The 2018 factor is based on the Rawlinson's Building Cost Guide. The 2017 factor was based on the long term average CPI figures and labour cost.
Nominal cost estimates	All model costs were re-assessed by an external consulting engineer as at 30 June 2018. The Department re-assesses the estimated nominal costs every five years. The next full review is due in 2022–23.		
Shipping assumptions	The shipping assumptions are based on the use of a dedicated icebreaking cargo ship for repatriation of waste contaminants to Australia. Due to the size, operational use and capacity of the selected cargo ship, which costs less per tonnage of cargo compared to other research vessels, the cargo ship costs have been adopted for the shipping in calculating the provision as at 30 June 2018. This assumption will be assessed annually to ensure the most likely scenario is adopted in the model.		

Sensitivity calculations for the Discount Rate show that for every 0.1% change in the bond rate the impact on the provision is approximately \$2.8 million (1.4%). For the Cost Escalation Factor for every 0.1% change in the factor the impact is \$2.8 million (1.4%). For every \$15 per hour change in staff costs, the impact is approximately \$3.7 million (1.8%).

Provision for Restoration Obligations – Antarctic and Sub-Antarctic Regions (makegood)

Australia is a signatory to the Antarctic Treaty 1961, and Australia's environmental responsibilities under the treaty are contained in Annex III of the Madrid Protocol. The Madrid Protocol requires past and present abandoned work sites in Antarctica to be cleaned up by the users of such sites. This provision represents the estimated future costs of making good buildings and infrastructure at Australia's Antarctic and sub-Antarctic Stations, within Australian Territories. This provision represents the estimated future costs of decommissioning, dismantling, and expatriation to Australia of all buildings, infrastructure and associated materials and the cost of site rehabilitation. This provision is made in accordance with AASB 116 *Property, Plant and Equipment*, which requires that the cost of an item of property, plant and equipment include an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired (or constructed) or as a consequence of having used the item during a particular period. This requirement in AASB 116 then requires a corresponding offsetting liability in accordance with AASB 137.

The estimate has been calculated using an expert valuer's plan to demolish, ship and dispose of each asset based on their expected end of life, while also allowing for critical life support to be maintained until the last item is removed from a site. Shipping of the demolished assets and waste has also been considered as part of the model, to ensure the fewest number of trips occur, by planning for shipping to only occur when a full cargo load of containers is available for collection from the Antarctic and Sub-Antarctic locations.

Accounting Policy (cont'd)**Provision for Restoration Obligations – Antarctic and Sub-Antarctic Regions (makegood) (cont'd)**

Buildings and infrastructure are decommissioned and replaced on an ongoing basis, infrequently, and the majority of costs will be incurred during any major Antarctic station rebuilding program. The provision is derived from an expert valuation and a costing model which provides a "best estimate" in accordance with AASB 137.

The estimate is dependent upon five key parameters/variables: Shipping Assumptions, Discount rate, Cost Escalation Factor, Asset Replacement Costs and Asset Remaining Useful Lives. The 2017 estimate included 'Makegood Factors' as a key parameter/variable, however, this is not used under the new estimate methodology used by the Department.

	2018	2017	
Shipping assumptions	For 2018, the shipping assumptions are based on the use of the dedicated icebreaking cargo ship for repatriation of demolished assets to Australia. Due to the size, operational use and capacity of the selected cargo ship, which costs less per tonnage of cargo compared to other research vessels, the cargo ship costs have been adopted for the shipping in calculating the provision as at 30 June 2018. The methodology also assumes that the cargo ship would only be commissioned in years where there is a full load of cargo available for collection at the Antarctic and Sub-Antarctic locations, which represents the current most likely scenario should a restoration activity be undertaken. This assumption will be assessed annually to ensure the most likely scenario is adopted in the model.		
Discount rate	Variable	2.6%	The discount rate is derived for each individual asset based on the expected timing of dismantling, with the closest available year of the Australian Government bond rate as at 30 June 2018 used in the calculation.
Cost escalation factor	3.4%	4.3%	The 2018 factor is based on the Rawlinson's Building Cost Guide, which was assessed as a more reliable estimate of escalating future costs for the work required for the restoration work. This is a change from the 2017 factor, which was based on the rolling average BPI for Tasmania, where building materials would be sourced from.
Asset replacement costs	These are calculated in accordance with the Department's policy in Note 3.2A. In 2017-18 an expert valuer was engaged to provide a valuation of all assets held by the Department, including those assets in the Antarctic and Sub-Antarctic region. The updated fair values and useful lives were incorporated into the model to calculate the restoration provision. The remaining useful lives are a key component of the provision model in determining the timing of the planned demolition and repatriation to Australia of each asset.		
Asset remaining useful lives			

The three most sensitive variables in the calculation of the provision value are the discount rate, the cost escalation factor and the staff costs. Sensitivity calculations for the Discount Rate show that for every 0.1% change in the bond rate the impact on the provision is approximately \$3.0 million (0.9%). For the Cost Escalation factor for every 0.1% change in the cost escalation factor the impact is \$3.0 million (0.9%). For every \$15 per hour change in staff costs, the impact is approximately \$26.8 million (7.8%).

Accounting Policy (cont'd)

Provision for Restoration Obligations – Other Localities (makegood)

This provision represents the estimated costs of making good leasehold premises occupied by the Department at the John Gorton Building, Barton ACT, 51 Allara Street, Canberra ACT, the Temperate Marine Conservation Branch in Kingston Tasmania and the Jabiru Field Station NT. The provision is derived from an expert valuation which provides a "best estimate" in accordance with AASB 137. The provision was revalued by an expert valuer in 2017-18.

Notes to the financial statements

4. Assets and liabilities administered on behalf of Government

This section analyses assets used to conduct operations and the operating liabilities incurred that the Department of the Environment and Energy does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

4.1. Administered – Financial Assets

	2018 \$'000	2017 \$'000
Note 4.1A: Cash and Cash Equivalents		
Cash in special accounts	6,780,464	6,458,459
Total cash and cash equivalents	6,780,464	6,458,459
Note 4.1B: Taxation Receivables		
Indirect tax - excise duty	168	-
Other tax - carbon tax and penalties	113	114
Total taxation receivables (gross)	281	114
Less: Impairment allowance	(114)	(114)
Total taxation receivables (net)	167	-
Note 4.1C: Trade and Other Receivables		
Goods and services receivables	2,138	1,897
Total goods and services receivables	2,138	1,897
Advances and loans		
Advances and loans - State and Territory Governments ¹	60	228
Total advances and loans	60	228
Other receivables		
Interest	-	1
Statutory receivables ²	46,884	3,229
Other ³	98,550	-
Total other receivables	145,434	3,230
Total trade and other receivables (gross)	147,632	5,355
Less impairment allowance	(278)	(403)
Total trade and other receivables (net)	147,354	4,952

Credit terms for goods and services were within 30 days (2017: 30 days).

1. Loans to State and Territory Governments were made under the *Natural Resources Management (Financial Assistance) Act 1992* for periods up to December 2018. No security is generally required. Principal is repaid in half yearly instalments over the life of the loan. Interest rates are fixed. Effective interest rates average 8.53% (2017: 8.09%). Principal and interest payments are due twice annually.
2. Statutory receivables reflects the Department's GST receivable from the Australian Taxation Office.
3. This balance reflects a receivable from Snowy Hydro Limited as a result of the purchase of the entity from the NSW and Victorian State Government's by the Australian Government in 2017-18. The receivable is expected to be settled in October 2018.

Reconciliation of the Impairment Allowance**Movements in relation to 2018**

	Goods and services \$'000	Taxation receivables \$'000	Total \$'000
As at 1 July 2017	(403)	(114)	(517)
Amounts written off	119	-	119
Amounts recovered and reversed	6	-	6
Total as at 30 June 2018	(278)	(114)	(392)

Movements in relation to 2017

	Goods and services \$'000	Taxation receivables \$'000	Total \$'000
As at 1 July 2016	(508)	(420)	(928)
Amounts written off	213	220	433
Amounts recovered and reversed	-	86	86
Increase recognised in net cost of services	(108)	-	(108)
Total as at 30 June 2017	(403)	(114)	(517)

Accounting PolicyLoans and Receivables

Where loans and receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, derecognition and amortisation are recognised through profit or loss.

	2018 \$'000	2017 \$'000
Note 4.1D: Other Investments		
Director of National Parks	260,476	244,682
Sydney Harbour Federation Trust	383,116	383,593
Australian Renewable Energy Agency	88,973	79,224
Clean Energy Finance Corporation	4,030,224	2,228,434
Snowy Hydro Ltd	6,914,000	800,000
Total other investments	11,676,789	3,735,933

All other investments are expected to be recovered in more than 12 months.

The principal activities of each of the Department's administered investments were as follows:

Director of National Parks

Assists the Minister and the Department in the management of Commonwealth reserves as outstanding natural places that enhance Australia's well-being through the protection and conservation of their natural and cultural values, supporting the aspiration of Aboriginal and Torres Strait Islander people in managing their traditional land and sea country, and offering world class natural and cultural visitor experiences.

Sydney Harbour Federation Trust

Is responsible for conserving and planning the future uses of former military bases and other Commonwealth land around Sydney Harbour.

Australian Renewable Energy Agency (ARENA)

ARENA's key objectives are to improve the competitiveness of renewable energy technologies and increase the supply of renewable energy.

Clean Energy Finance Corporation (CEFC)

The CEFC seeks to mobilise capital investment in renewable energy, low emissions technology and energy efficiency in Australia through commercial loans, equity investments and in limited circumstances, loan guarantees.

Snowy Hydro Limited

The principal activities of Snowy Hydro Limited are the collection, diversion and storage of water and the generation and transmission of electricity. The Australian Government owns 100 per cent of Snowy Hydro Limited (2017: 13 per cent) which was corporatised in 2002.

The Australian Government reached an agreement with the NSW and the Victorian State Governments to take full ownership of Snowy Hydro Limited, by purchasing their shareholdings at a negotiated equity value of \$6.914 billion. The purchase on 29 June 2018 saw the Australian Government's ownership increase from 13 per cent to 100 per cent.

Changes in asset revaluation surplus (\$226.2 million) in the Administered Schedule of Comprehensive Income is predominantly affected by movements in fair value in the Department's administered investments. In 2017-18, the balance included increases in fair value taken to the asset revaluation surplus for the CEFC (\$101.8 million) and Snowy Hydro Limited (\$99.0 million).

Accounting Policy**Administered Investments**

Administered investments in subsidiaries, joint ventures and associates are not consolidated because their consolidation is relevant only at the Whole of Government level.

Administered investments, other than those held-for-sale, are classified as available-for-sale and are measured at their fair value as at 30 June 2018.

The Australian Government completed the purchase of the shareholdings of Snowy Hydro Limited from the NSW and Victorian State Government's in 2017-18 (in 2016-17, the Australian Government held a 13 per cent minority interest in Snowy Hydro Limited). The negotiated transaction price was based on an agreed equity value of Snowy Hydro Limited of \$6.914 billion. The transaction took place on 29 June 2018, and there were no factors under AASB 139 Financial Instruments: Recognition and Measurement, which would indicate the purchase price would not be considered the fair value of the investment. The investment was assessed for impairment at 30 June 2018, with no indicators of impairment identified. Indicators considered included: external sources of information; internal sources of information; and re-performance of discounted cash flow valuations, which resulted in valuation ranges within which the purchase price was positioned. The variables which may affect SHL's value include environmental markets, electricity demand and supply, changes to the electricity industry structure, and rainfall.

For all other investments, fair value has been taken to be the Australian Government's interest in the net assets of the entity as at the end of the reporting period.

4.2. Administered – Non-Financial Assets**Note 4.2A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment, and Intangibles****Reconciliation of the opening and closing balances of property, plant and equipment for 2018**

	Heritage and cultural ¹ \$'000	Water assets \$'000	Computer software internally developed \$'000	Total \$'000
As at 1 July 2017				
Gross book value	1,060	3,203,137	2,799	3,206,996
Accumulated depreciation/amortisation and impairment	(36)	(53,645)	(2,797)	(56,478)
Total as at 1 July 2017	1,024	3,149,492	2	3,150,518
Additions				
Assets received free of charge	-	210,333	-	210,333
Revaluations and impairments recognised in other comprehensive income	(14)	-	-	(14)
Impairments recognised in net cost of services	-	(54,921)	-	(54,921)
Reversal of impairments recognised in net cost of services	-	32,346	-	32,346
Depreciation and amortisation	(12)	-	(1)	(13)
Total as at 30 June 2018	998	3,337,250	1	3,338,249
Total as at 30 June 2018 represented by				
Gross book value	998	3,413,470	2,799	3,417,267
Accumulated depreciation/amortisation and impairment	-	(76,220)	(2,798)	(79,018)
Total as at 30 June 2018	998	3,337,250	1	3,338,249

1. Property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.

Impairment of non-financial assets

Water assets were assessed for impairment at 30 June 2018, refer to Note 2.1C for further information.

Disposal of non-financial assets

No heritage and cultural assets are expected to be sold or disposed of within the next 12 months. No intangibles are expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

A revaluation was conducted in accordance with the revaluation policy stated in Accounting Policy at Note 3.2A. A full revaluation was undertaken by an independent valuer in 2017-18.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

There are no contractual commitments as at 30 June 2018 (2017: nil commitments) for the acquisition of property, plant, equipment and intangible assets.

Accounting PolicyHeritage and Cultural Assets

Australia has a long history of involvement with Antarctica spanning more than 100 years and over that time the Department has accumulated a large collection of Antarctic heritage artefacts, artworks, images, and objects.

The Department has classified these items as heritage and cultural assets due to their heritage value. The Department has adopted appropriate curatorial and preservation policies for these assets. These items have limited useful lives and are depreciated.

The Department's curatorial and preservation policies are publicly available at:

<http://www.antarctica.gov.au/environment/antarcticas-cultural-heritage/managing-cultural-heritage>

Water Entitlements

Water entitlements are carried at cost as there is no active market.

The Department manages water entitlements to achieve the Government's environmental policy objectives. Commonwealth water entitlements are held for non-commercial, long term environmental purposes, beyond the shorter term weather and accounting cycles, the benefits of which are not being captured for accounting purposes. As water entitlement holdings continue to increase, so does the strategic importance of demonstrating a robust valuation assessment.

Following the Administrative Arrangements Orders issued on 21 September 2015, the Department and the Department of Agriculture and Water Resources (Agriculture) adopted the following accounting treatment for water entitlements:

- The Department continues to report water entitlements as administered intangible assets;
- Water entitlements directly acquired by Agriculture are initially reported as an intangible addition by Agriculture;
- Water entitlements received as a result of funding provided under the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) or the National Partnership Program (NPP) State Priority Projects are initially recognised by Agriculture at fair value in accordance with the valuation methodology as agreed by the Department and Agriculture; and
- Water entitlements transferred from Agriculture to the Department are recognised as a loss by Agriculture and a gain by the Department (refer to Note 2.2F).

Water entitlements are recognised by the Department as intangible assets with indefinite useful lives under AASB 138.88. As there is currently no active market for water entitlements, AASB 13 Fair Value Measurement does not apply. Therefore, in accordance with AASB 138.108 and AASB 136.10, water entitlements as intangible assets with indefinite useful lives, the Department undertakes an annual impairment assessment.

Accounting Policy (cont'd)

The Department reviewed its annual impairment and impairment reversal model and started to use the nine-month average median price instead of monthly median price in its impairment and impairment reversal process from 2017-18. Both price options would result in the value of water entitlements being materially correct, however, a nine-month average median price provides a more indicative price that could be obtained in exchange for entitlements held. The change to the nine-month average median price in calculating impairment and impairment reversal is considered as a change in estimate under AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. Under this standard, a change in estimate is applied prospectively, and as such a restatement of the financial statements is not required.

The Department's impairment model from 2017-18 calculates the impairment in two steps:

Test 1 – determine whether the value of each water entitlement has fallen significantly by 10% or more against the nine-month average median price (where data is not available across the previous nine months, the average is calculated based on the number of months of available data);

Test 2 – determine whether there has been a prolonged nine-month decline in value against the monthly median price.

When one of the above tests is met, the entitlement is impaired to the value of the nine-month average median price for that entitlement.

Agriculture has made some changes to its Water Entitlements Valuation Policy for water entitlements acquired under infrastructure programs from 1 July 2017. The revised policy changes the method for valuing conveyance water. The change in the valuation technique for conveyance water is treated as a change in an accounting estimate under AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, and does not require retrospective application. Given the lack of market transactions for conveyance water and to ensure consistency, the Department's impairment process has been updated to include the specific valuation technique for conveyance water from 2017-18. The technique will be included until such time as it is no longer deemed relevant for conveyance water.

The annual impairment testing process also includes a review to determine if there is evidence that impairment losses previously recognised no longer exist and therefore should be reversed. When recognising the reversal, the increase in the carrying amount cannot exceed the amount of impairment recognised in that asset. From 2017-18, the Department has started to apply two threshold tests for reversal. The Department has recalculated the impairment reversal process for the past two years with the updated threshold tests, and found the difference to be immaterial.

The Department's impairment reversal from 2017-18 calculates the reversal in two steps:

Test 1 – determine whether the value of each water entitlement has increased significantly by 10% or more against the nine-month average median price (where data is not available across the previous nine months, the average is calculated based on the number of months of available data);

Test 2 – determine whether there has been a prolonged nine-month increase in value against the monthly median price.

When one of the above tests is met, the entitlement is reversed up to the original acquisition value based on the nine-month average median price for that entitlement.

	2018	2017
	\$'000	\$'000
Note 4.2B: Inventories		
Inventories held for sale - finished goods	11,233	11,820
Total inventories held for sale	11,233	11,820
Total inventories	11,233	11,820

During 2018, \$587,090 of inventory held for sale was recognised as an expense (2017: \$180,396).

No items of inventory were recognised at fair value less cost to sell.

Accounting Policy

National Halon Bank

In accordance with the Government's National Halon Management Strategy, the Government operates the National Halon Bank. Halons are fire-fighting agents whose ozone depleting potential is ten times greater than that of chlorofluorocarbons. Under State and Territory legislation, the continued use of halon in non-essential equipment has been banned.

The National Halon Bank stores decommissioned halon for destruction or reclamation, and to meet Australia's essential use needs or until an alternative is found for all current uses.

There are two categories of Halon holdings:

- Strategic reserve; and
- Deposited halon.

The halon stored in the National Halon Bank is a resource controlled by the Government and from which economic benefits are expected to flow to the Government. The current holdings of halon are recognised as inventory.

4.3. Administered – Payables

	2018	2017
	\$'000	\$'000

Note 4.3A: Suppliers

Trade creditors and accruals	8,715	5,791
Total suppliers	8,715	5,791

All suppliers are expected to be settled in no more than 12 months.

Settlement was usually made within 30 days.

Note 4.3B: Grants

Australian Government entities	380	80
State and Territory Governments	509	-
Local Governments	322	797
Not-for-profit organisations	5,707	710
For-profit organisations	212	10
Universities	20	-
Total grants	7,150	1,597

All grants are expected to be settled in no more than 12 months.

Settlement was made according to the terms and conditions of each grant. This was usually within 30 days of grant recipients meeting their performance or eligibility criteria.

Note 4.3C: Other Payables

Unearned revenue	481	218
Total other payables	481	218

Notes to the financial statements

5. Funding

This section identifies the Department of the Environment and Energy's funding structure.

5.1. Appropriations

Note 5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2018

	Annual Appropriation \$'000	Adjustments to Appropriation ¹ \$'000	Total Appropriations \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance ² \$'000
Departmental					
Ordinary annual services	455,931	60,932	516,863	(513,979)	2,884
Capital budget	24,592	-	24,592	(21,900)	2,692
Other services					
Equity injections	146,656	-	146,656	(102,640)	44,016
Total departmental	627,179	60,932	688,111	(638,519)	49,592
Administered					
Ordinary annual services					
Administered items	847,475	7	847,482	(830,711)	16,771
Administered assets and liabilities	6,113,550	-	6,113,550	(6,113,550)	-
Payments to corporate Commonwealth entities	2,073	-	2,073	(2,073)	-
Other services					
Payments to corporate Commonwealth entities	376	-	376	(376)	-
Total administered	6,963,474	7	6,963,481	(6,946,710)	16,771

1. In 2017-18, departmental appropriations included \$60,931,528 Section 74 PGPA receipts. Administered appropriations included \$6,719 Section 74 receipts.

2. In 2017-18, there were the following material variances:

- 'Ordinary annual services' – The variance represents prior year's appropriation used \$53,022,520 and available 2017/18 Appropriation \$55,906,518.
- 'Capital budget' – The variance represents prior year's appropriation used \$3,010,160 and available 2017/18 Appropriation \$5,702,129.
- 'Equity injections' – The variance represents prior year's appropriation used \$69,943,091 and available 2017/18 Appropriation \$113,959,013. This variance is a result of movement of funds relating to the Icebreaker project.
- 'Administered items' – The variance was a result of the payment of 2016-17 creditors of \$3,149,868 in 2017-18; \$5,964,427 has been quarantined for the NHT Special Account interest received, and a closing appropriation balance of \$13,956,782.

3. In 2017-18, no other entities spent money from the Consolidated Revenue Fund (CRF) on behalf of the Department.

4. Departmental and Administered Capital Budgets were appropriated through Appropriation Acts (No. 1, 3 and 5). They formed part of ordinary annual services, and were not separately identified in the Appropriation Acts.

Note 5.1A: (Cont'd) Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2017					
	Annual Appropriation ¹ \$'000	Adjustments to Appropriation ² \$'000	Total Appropriations \$'000	Appropriation applied in 2017 (current and prior years) \$'000	Variance ³ \$'000
Departmental					
Ordinary annual services	382,477	82,232	464,709	(472,535)	(7,826)
Capital budget	24,887	50	24,937	(25,529)	(592)
Other services					
Equity	144,782	-	144,782	(84,321)	60,461
Total departmental	552,146	82,282	634,428	(582,385)	52,043
Administered					
Ordinary annual services					
Administered items	458,096	2,565	460,661	(436,783)	23,878
Payments to corporate Commonwealth entities	1,221	-	1,221	(1,221)	-
Other services					
Payments to corporate Commonwealth entities	619	-	619	(619)	-
Total administered	459,936	2,565	462,501	(438,623)	23,878

- In 2016-17, administered appropriations were quarantined and withheld for the NHT Special Account's interest received (\$6,828,457) under Section 51 of the PGPA Act and \$15,851,000 was quarantined for administrative purposes.
- In 2016-17, departmental appropriations included \$55,882,186 Section 74 PGPA receipts and \$26,400,000 Section 75 transfers. Administered appropriations included \$16,565 Section 74 receipts and \$2,548,000 Section 75 transfers.
- In 2016-17, there were the following material variances:
 - 'Ordinary annual services' – The variance represents prior year's appropriation used and unspent budget during the year.
 - 'Capital budget' – The variance represents prior year's appropriation used and unspent capital budget during the year.
 - 'Equity injections' – The variance is a result of movement of funds relating to the Icebreaker project.
 - 'Administered items' – The variance was a result of the payment of 2015-16 creditors in 2016-17, \$9,784,967, and \$22,679,457 has been quarantined for administrative purposes. The closing appropriation balance was \$10,986,632.
- In 2016-17, no other entities spent money from the Consolidated Revenue Fund (CRF) on behalf of the Department.
- Departmental and Administered Capital Budgets were appropriated through Appropriation Acts (No. 1, 3 and 5). They formed part of ordinary annual services, and were not separately identified in the Appropriation Acts.

Note 5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2018 \$'000	2017 \$'000
Departmental		
<i>Appropriation Act (No. 2) 2012-13 - Non Operating - Equity Injection¹</i>	-	883
<i>Appropriation Act (No. 1) 2014-15²</i>	-	2,835
<i>Supply Act 2 (No. 2) 2016-17 - Non Operating - Equity Injection⁴</i>	-	225
<i>Appropriation Act (No. 1) 2016-17</i>	-	56,033
<i>Appropriation Act (No. 2) 2016-17 - Non Operating - Equity Injection</i>	-	69,728
<i>Appropriation Act (No. 1) 2017-18</i>	61,608	-
<i>Appropriation Act (No. 2) 2017-18 - Non Operating - Equity Injection</i>	113,959	-
<i>Cash at bank</i>	1,136	1,038
Total departmental	176,703	130,742
Administered		
<i>Appropriation Act (No. 2) 2012-13 - Administered Assets and Liabilities¹</i>	-	70,489
<i>Appropriation Act (No. 1) 2013-14¹</i>	-	636
<i>Appropriation Act (No. 2) 2013-14 - Administered Assets and Liabilities¹</i>	-	6,261
<i>Appropriation Act (No. 1) 2014-15²</i>	-	102,615
<i>Appropriation Act (No. 1) 2015-16^{3,4}</i>	192,009	192,330
<i>Appropriation Act (No. 1) 2016-17⁴</i>	-	33,425
<i>Appropriation Act (No. 3) 2016-17⁴</i>	-	129
<i>Supply Act (No. 1) 2016-17⁴</i>	-	108
<i>Appropriation Act (No. 1) 2017-18³</i>	15,992	-
<i>Appropriation Act (No. 3) 2017-18</i>	3,929	-
Total administered	211,930	405,993

1. The Appropriation Acts for 2012-13 and 2013-14 were repealed in Appropriation Bill (No. 4) 2017-18 and no longer legally available.
2. From 2014-15, each Appropriation Act includes an automatic repeal clause, whereby the Act will be extinguished as at the date specified in that Act, therefore the 2014-15 appropriations extinguished on 1 July 2017.
3. The above balances include appropriations that are temporarily quarantined, as these have not been formally reduced by law prior to 30 June 2018. Administered appropriations temporarily quarantined amounts: Appropriation Act 1 2015-16 by \$192,009,492 and Appropriation Act 1 2017-18 by \$5,964,427.
4. The below appropriations are excluded from the above for 2018 as they were withheld in accordance with Government decisions:
 - (a) Departmental Appropriations reduced under section 51: Supply Act 2 2016-17 by \$10,000.
 - (b) Administered appropriations reduced under section 51: Appropriation Act 2015-16 by \$321,000; Appropriation Act 1 2016-17 by \$30,532,982; Appropriation Act 3 2016-17 by \$91,338; Supply Act 1 2016-17 by \$108,000.

Note 5.1C: Special Appropriations Applied ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2018 \$'000	2017 \$'000
<i>Public Governance, Performance and Accountability Act 2013 s.77, Administered</i>	Refund	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	59	53
<i>Australian Renewable Energy Agency Act 2011 - s66 Appropriation - AAO 2015 Industry to ENVIRO</i>	Limited Amount	To improve the competitiveness of renewable energy technologies and increase the supply of renewable energy in Australia.	207,000	190,883
<i>Clean Energy Finance Corporation Act 2012, s.46, AAO 2015</i>	Limited Amount		2,000,000	2,000,000
Total special appropriation applied			2,207,059	2,190,936

Note 5.1D: Disclosure by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')

	Department of Agriculture and Water Resources
2018	\$'000
Total receipts	-
Total payments	-
	Department of Agriculture and Water Resources
2017	\$'000
Total receipts	-
Total payments	38,965

In 2017, the Department processed payments on behalf of the Department of Agriculture and Water Resources (DAWR) in relation to Water functions that were transferred to DAWR as a result of Administrative Arrangement Orders issued on 21 September 2015.

5.2. Special Accounts

Note 5.2A: Special Accounts

	Environmental Water Holdings Special Account ¹		National Environment Protection Council Special Account ²		Natural Heritage Trust of Australia Account ³	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	45,988	69,361	4,232	4,496	397,628	390,198
Increases						
Appropriation credited to special account	16,568	141	502	518	-	-
Amounts credited under section 6(2) of the NHT Act 1997	-	-	-	-	5,964	6,828
Amounts credited under section 23 of the NHT Act 1997	-	-	-	-	237,516	222,335
Costs recovered	-	-	-	-	-	-
Other receipts	2,878	-	2,084	406	112	285
Restructuring	-	-	-	-	-	-
Total increases	19,446	141	2,586	924	243,592	229,448
Available for payments	65,434	69,502	6,818	5,420	641,220	619,646
Decreases						
Administered						
Payments made - suppliers	(25,933)	(23,222)	(871)	(1,105)	(43,501)	(40,158)
Payments made - grants	(350)	(292)	(231)	(83)	(178,333)	(181,860)
Payments made - other	-	-	-	-	-	-
Total administered	(26,283)	(23,514)	(1,102)	(1,188)	(221,834)	(222,018)
Total decreases	(26,283)	(23,514)	(1,102)	(1,188)	(221,834)	(222,018)
Total balance carried to the next period	39,151	45,988	5,716	4,232	419,386	397,628
Balance represented by:						
Cash held in the Official Public Account	39,151	45,988	5,716	4,232	419,386	397,628
Total balance carried to the next period	39,151	45,988	5,716	4,232	419,386	397,628

Note 5.2A: (Cont'd) Special Accounts

	Ozone Protection and SGG Account ⁴		Reef Trust Special Account 2014 ⁵	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period				
Increases	24,865	23,679	6,747	5,009
Appropriation credited to special account	-	-	485,636	34,038
Costs recovered	15,095	9,717	-	-
Other receipts	1,409	1,256	1,346	5,584
Restructuring	-	-	-	-
Restructuring	-	-	-	-
Total Increases	16,504	10,973	486,982	39,622
Available for payments	41,369	34,652	493,729	44,631
Decreases				
Administered				
Payments made - suppliers	(10,037)	(9,787)	(4,785)	(2,681)
Payments made - grants	-	-	(483,065)	(35,203)
Payments made - asset acquisitions	-	-	-	-
Payments made - other	-	-	-	-
Restructuring	-	-	-	-
Total administered	(10,037)	(9,787)	(487,850)	(37,884)
Total decreases	(10,037)	(9,787)	(487,850)	(37,884)
Total balance carried to the next period	31,332	24,865	5,879	6,747
Balance represented by:				
Cash held in the Official Public Account	31,332	24,865	5,879	6,747
Total balance carried to the next period	31,332	24,865	5,879	6,747

Note 5.2A: (Cont'd) Special Accounts

	Clean Energy Finance Corporation ^a		Services for Other Entities and Trust Monies ^a	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	5,979,000	4,979,000	389	1,143
Increases				
Appropriation credited to special account	2,000,000	2,000,000	-	-
Costs recovered	-	-	-	-
Other receipts	-	-	-	-
Return of capital	-	-	-	-
Restructuring	-	-	-	-
Total increases	2,000,000	2,000,000	-	-
Available for payments	7,979,000	6,979,000	389	1,143
Decreases				
Administered				
Payments made - suppliers	-	-	-	(34)
Payments made - grants	(1,700,000)	(1,000,000)	(24)	-
Payments made - asset acquisitions	-	-	-	-
Payments made - other	-	-	-	-
Restructuring	-	-	-	(720)
Total administered	(1,700,000)	(1,000,000)	(24)	(754)
Total decreases	(1,700,000)	(1,000,000)	(24)	(754)
Total balance carried to the next period	6,279,000	5,979,000	365	389
Balance represented by:				
Cash held in the Official Public Account	6,279,000	5,979,000	365	389
Total balance carried to the next period	6,279,000	5,979,000	365	389

Note 5.2A: (Cont'd) Special Accounts

	Energy Special Account ^a	
	2018	2017
	\$'000	\$'000
Balance brought forward from previous period	14,048	-
Increases		
Appropriation credited to special account	-	-
Internal Transfer	1,345	-
Costs recovered	-	-
Other receipts	9,494	3,645
Return of capital	-	-
Restructuring	-	14,663
Total increases	10,839	18,308
Available for payments	24,887	18,308
Decreases		
Departmental		
Payments made - suppliers	(10,563)	(3,705)
Payments made - grants	(720)	(555)
Payments made - asset acquisitions	-	-
Payments made - other	-	-
Restructuring	-	-
Total departmental	(11,283)	(4,260)
Total decreases	(11,283)	(4,260)
Total balance carried to the next period	13,604	14,048
Balance represented by:		
Cash held in the Official Public Account	13,604	14,048
Total balance carried to the next period	13,604	14,048

1. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80

Establishing Instrument: *Water Act 2007*; section 111

Purpose: Amounts standing to the credit of the account may be debited for:

- (a) the payment or discharge of the costs, expenses and other obligations incurred by the Commonwealth Environmental Water Holder in the performance of the functions of the Commonwealth Environmental Water Holder (including doing any of the things referred to in subsection 105(2)); and
- (b) meeting the expenses of administering the Account.

The expenses of administering the Account do not include the cost of salaries of the Commonwealth Environmental Water Holder or the staff referred to in section 116.

This account is non-interest bearing.

2. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80

Establishing Instrument: *National Environment Protection Council Act 1994*; section 53

Purpose: The purposes of the Account are as follows:

- (a) paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the functions of:
 - (i) the Council; or
 - (ii) the NEPC Committee; or
 - (iii) any other committee established under section 33;
- (b) either:
 - (i) paying grants for amounts consistent with the aim of people enjoying the benefit of equivalent protection from air, water or soil pollution and from noise, wherever they live in Australia; or
 - (ii) paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in undertaking projects with that aim;
 whether or not the grants or projects relate to a national environment protection measure or proposed

- national environment protection measure;
- (c) paying any remuneration and allowances payable to any person under this Act;
- (d) meeting the expenses of administering the Account;
- (e) paying amounts that are required or permitted to be repaid under this Act;
- (f) paying for activities that are incidental to the purposes mentioned in paragraphs (a) to (e).

This account is interest bearing.

3. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80

Establishing Instrument: *Natural Heritage Trust of Australia Act 1997* (NHT Act) section 4

Purpose: Section 8 of the NHT Act sets out the purposes of the account as follows:

- (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 (as defined by section 15 of the Act);
- (g) supporting sustainable agriculture (as defined by section 16 of the Act);
- (h) natural resources management (as defined by section 17 of the Act);
- (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; and
- (k) an accounting transfer purpose (as defined by section 18 of the Act).

This account earns interest at the rate of interest earned by the Commonwealth as at the end of the financial year on deposits held with the Reserve Bank of Australia.

In accordance with section 42 of the NHT Act, the Department has ensured that the balance of the account has not fallen below the base amount.

4. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80

Establishing Instrument: *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*, section 65B

Purpose: The following are the purposes of the account:

- (a) paying or reimbursing the Commonwealth's costs associated with the administration of this Act and the regulations;
- (b) paying or reimbursing the Commonwealth's costs associated with furthering the following programs (including providing information about those programs):
 - (i) ODS phase out programs;
 - (ii) emission minimisation programs for ODSs and SGGs
- (c) paying or reimbursing the Commonwealth's costs associated with the management of the National Halon Bank;
- (ca) paying or reimbursing the Commonwealth's costs associated with research relating to:
 - (i) substances that deplete ozone in the atmosphere; or
 - (ii) synthetic greenhouse gases; and
- (d) refunding any amounts credited to the Account in error.

This account is non-interest bearing.

5. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78

Establishing Instrument: PGPA Act (Reef Trust Special Account 2014) Determination 01

Purpose: The purposes for which amounts are allowed to be debited from the special account are:

- (a) to make payments for projects to improve water quality and the coastal habitat in the Great Barrier Reef World Heritage Area;
- (b) to make payments for projects to address threats to the environment of the Great Barrier Reef World

Heritage Area;

- (c) to make payment for projects to protect, repair or mitigate damage to Great Barrier Reef World Heritage Area;
- (d) to reduce the balance of the special account without making a real or notional payment; or
- (e) to repay amounts received by the Commonwealth and credited to the special account where an Act or other law requires or permits the amounts to be repaid.

This account is non-interest bearing.

6. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80

Establishing Instrument: *Clean Energy Finance Corporation Act 2012, section 45*

Purpose: The purposes of the account, for which amounts may be debited from the account, are to:

- a) make payments to the Corporation, so long as the payments are authorised by the nominated Minister under subsection 49(1); and
- b) make payments to ARENA, so long as payments are authorised by the nominated Minister under subsection 51(1).

This account is non-interest bearing.

7. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78

Establishing Instrument: *Financial Management and Accountability Determination 2010/02 – Services for Other Entities and Trust Moneys – Department of the Environment, Water, Heritage and the Arts Special Account Establishment 2010*

Purpose: The purposes of the account, for which amounts may be debited from the account, are to:

- (a) disburse amounts held on trust or otherwise for the benefit of a person other than the Commonwealth;
- (b) disburse amounts in connection with services performed on behalf of other governments and bodies that are not FMA Act agencies;
- (c) repay amounts where an Act or other law requires or permits the repayment of an amount received; and
- (d) reduce the balance of the Special Account (and, therefore, the available appropriation for the Account) without making a real or notional payment.

This account is non-interest bearing.

8. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 78

Establishing Instrument: *PGPA Act (Energy Special Account 2015-Establishment) Determination 2015/07*

Purpose: Amounts standing to the credit of the account may be debited for any of the following purposes:

- (a) conducting activities that contribute to policy development in the energy and resources sectors, including, but not limited to:
 - (i) energy market reform;
 - (ii) energy efficiency;
 - (iii) energy security;
 - (iv) renewable and distributed energy generation;
 - (v) resource exploration and development;
 - (vi) petroleum (oil and gas);
 - (vii) clean energy technology;
 - (viii) land access;
 - (ix) mining and minerals;
 - (x) other forms of resource extraction;
- (b) to repay amounts where an Act or other law requires or permits the repayment of an amount received;
- (c) to repay to any person any amount received from that person for a purpose of the *Energy Special Account* and which is no longer required for that purpose;
- (d) to disburse or repay amounts for the purposes of the National Partnership Agreement on Energy Efficiency;
- (e) activities that are incidental to the purpose mentioned in paragraph (a) and (d);

- (f) to reduce the balance of the special account (and, therefore, the available appropriation for the special account) without making a real or notional payment;
- (g) to repay amounts where an Act or other law requires or permits the repayment of an amount received.

This account is non-interest bearing.

The Department has a BAF (Building Australia Fund) Energy Portfolio Special Account. This account was established under section 75 of the *Nation-building Funds Act 2008*. For the year ended 30 June 2018 the account had a nil balance and no transactions (2017: nil). The purpose of the BAF Energy Portfolio Special Account is to make payments in relation to the creation or development of energy infrastructure, so long as the payments are specified under subsection 77(2).

5.3. Regulatory Charging Summary

	2018 \$'000	2017 \$'000
Amounts applied		
Departmental		
Annual appropriations	7,723	6,237
Administered		
Annual appropriations	2,514	1,831
Total amounts applied	10,237	8,068
Expenses		
Departmental	7,612	6,420
Administered	13,851	11,349
Total expenses	21,463	17,769
External Revenue		
Departmental	160	182
Administered	21,859	16,168
Total external revenue	22,019	16,350
Amounts written off		
Administered	-	4
Total amounts written off	-	4

Regulatory charging activities:

Application fees to vary fuel standards
 Hazardous waste permits
 Ozone Protection and Synthetic Greenhouse Gas Management Program
 Sea Dumping Permit Applications
 Wildlife Trade Permits
 Environmental Assessments under the *Environment Protection and Biodiversity Conservation Act 1999*
 Greenhouse and Energy Minimum Standards
 Commercial Building Disclosure
 Non-road Spark Ignition Engines and Equipment (NRSIEE)
 Voluntary Product Stewardship Accreditation – nil return

Documentation (Cost Recovery Implementation Statements) for the above activities is available at:
<http://www.environment.gov.au/about-us/accountability-reporting/cost-recovery>

Notes to the financial statements

6. People and relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

6.1. Employee Provisions

	2018 \$'000	2017 \$'000
Note 6.1A: Employee Provisions		
Leave	68,787	66,237
Separations and redundancies	193	-
Total employee provisions	68,980	66,237

Accounting Policy

Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Department's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2018. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Department recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The Department's employees are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance's administered schedules and notes.

The Department makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Department accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

6.2. Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Department has determined the key management personnel to be the Minister, the Assistant Minister, the Secretary, the Deputy Secretaries, the Chief Operating Officer and the First Assistant Secretary of Policy Analysis and Implementation Division. Key management personnel remuneration is reported in the table below:

	2018 \$'000	2017 \$'000
Short-term employee benefits	2,395	1,932
Post-employment benefits	430	348
Other long-term employee benefits	416	139
Total key management personnel remuneration expenses¹	3,241	2,419

The total number of key management personnel who are included in the above table is 9 (2017: 8). Key management personnel expenses reflect normal operational requirements, acting periods and personnel movements into and out of the Department including resignations and retirements. The increased expenditure in 2018 reflects an additional recognised staff member in this disclosure, and longer periods of service recognised for other key management personnel compared to the prior year.

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister and Assistant Minister. The Portfolio Minister and Assistant Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Department.

6.3. Related Party Disclosures

Related party relationships:

The Department is an Australian Government controlled entity. Related parties to the Department are Key Management Personnel including the Portfolio Minister, the Assistant Minister, the Secretary, the Deputy Secretaries, the Chief Operating Officer, the First Assistant Secretary of Policy Analysis and Implementation Division and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no (2017: nil) related party transactions to be separately disclosed.

Notes to the financial statements

7. Managing uncertainties

This section analyses how the Department of the Environment and Energy manages financial risks within its operating environment.

7.1. Contingent Assets and Liabilities

7.1A: Departmental - Contingent Assets and Liabilities

	Claims for damages or costs	
	2018	2017
	\$'000	\$'000
Contingent assets		
Balance from previous period	6,053	7,081
New contingent assets recognised	1,300	1,563
Re-measurement	(426)	229
Assets realised	(4,193)	(2,820)
Total contingent assets	2,734	6,053
Contingent liabilities		
Balance from previous period	659	741
Liabilities realised	(659)	(82)
Total contingent liabilities	-	659
Net contingent assets	2,734	5,394

Quantifiable Contingencies

In 2017-18, total contingent assets were \$2,734,035. This amount relates to two matters outlined below with two matters closed during the financial year.

Insurance recoveries

The Schedule of Contingencies contains \$2,505,941 (2017: \$5,733,667) of contingent assets in respect to claims for damages or costs. The amount represents losses arising from events insured by the Australian Antarctic Division and insurance claims, which are still pending as at 30 June 2018.

Seafish Tasmania Pelagic Pty Ltd v Burke, Minister for the Sustainability, Environment, Water, Population and Communities

On 21 February 2014, the Federal Court dismissed an appeal by Seafish Tasmania Pelagic Pty Ltd (Seafish Tasmania) against various decisions of the former Minister for Sustainability, Environment, Water, Population and Communities (the Minister for the Environment) and the Minister for Agriculture, Fisheries and Forestry. The Department is expecting to receive the remaining portion of the costs associated with the appeal of approximately \$228,024 (2017: \$298,094).

Tarkine National Coalition v Minister for the Environment

Tarkine National Coalition Inc made a claim against the Minister for the Environment and on 15 May 2014 which was dismissed. Tarkine National Coalition Inc was ordered to pay costs. The Department received \$10,000 in legal costs during 2017-18 (2017: \$10,000).

Save Beeliar Wetlands (Inc) v Commissioner of Main Roads & Ors (No 2)

Save Beeliar Wetlands Inc made a claim against the Minister for the Environment and the Federal Court judicial review found in favour of the Minister for the Environment. The Department received \$11,750 (2017: \$11,750) in legal costs.

In 2016-17, the Schedule of Contingencies contained \$659,270 of contingent liabilities in respect to claims for damages or costs. The amount represented costs associated with the destruction of organochlorine pesticides collected and stored under the National Collection, Storage and Destruction Scheme for Unwanted Chemicals. This amount was paid in 2017-18, and no further liabilities are payable.

7.1A: (Cont'd) Departmental - Contingent Assets and Liabilities

Unquantifiable Contingencies

At 30 June 2018 the Department had a number of legal claims for damages/costs. The Department is expecting to succeed in claims against a variety of parties, although the cases are continuing. It is not possible to estimate the amounts of any eventual recoveries in relation to these claims.

At 30 June 2018 the Department was party to a number of legal cases which upon completion may result in the Department being required to pay damages or costs. It is not possible to estimate the amounts of any eventual payments that may be required in relation to these cases.

Accounting Policy

Contingent Assets and Contingent Liabilities

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measure. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

7.1B: Administered – Contingent Assets and Liabilities

	Indemnities	
	2018	2017
	\$'000	\$'000
Contingent liabilities		
Balance from previous period	100,000	100,000
New contingent liabilities recognised	-	-
Total contingent liabilities	100,000	100,000
Net contingent liabilities	(100,000)	(100,000)

Quantifiable Administered Contingencies

The above table contains \$100,000,000 of contingent liabilities in respect to indemnities (2017: \$100,000,000). The Australian Government has provided indemnities to directors and company officers of Low Carbon Australia Limited (LCAL). A total of seven indemnity deeds have been executed. Each indemnity covers liability incurred by a director or officer arising from the implementation of the merger of LCAL with the Clean Energy Finance Corporation. An aggregate cap of \$100 million to cover all claims has been established, and the indemnities will operate for seven years from execution (to 2020).

Unquantifiable Administered Contingencies

The Australian Government has responsibility for the *Liquid Fuel Emergency Act 1984* (the Act). In addition, the Australian Government and State and Territory governments have entered into an inter-governmental agreement in relation to a national liquid fuel emergency (IGA 2006). Under the IGA, the Australian Government agrees to consult IGA parties on a likely shortage and, if necessary after those consultations, to advise the Governor-General to declare a national emergency under the Act.

The IGA also contains three areas where the Australian Government may incur expenses in the unlikely event of a national liquid fuel emergency. These relate to the direct costs of managing a liquid fuel emergency and include the possibility of the Australian Government reimbursing the State and Territory governments for costs arising from their responses, and potential compensation for industry arising from Australian Government directions under the Act.

Whilst under ownership, the Australian, New South Wales and Victorian governments had indemnified Snowy Hydro Limited for liabilities arising from water releases in the Snowy River below Jindabyne Dam, where these releases are in accordance with the water licence and related regulatory arrangements agreed between the three governments. The indemnity applies to liabilities for which a claim is notified within 20 years from 28 June 2002.

From 29 June 2018, Snowy Hydro Limited is a wholly owned Commonwealth company. With the transfer of NSW and Victorian shares to the Commonwealth, the Commonwealth is liable for the indemnity. However, NSW must pay 100 per cent of the amount claimable where the liability as a result of the Snowy Water Licence being inconsistent with the Snowy Water Inquiry Outcomes Implementation Deed (2002), or with a direction from NSW that is inconsistent with principles for managing water releases from Jindabyne Dam, as agreed by the Australian, NSW and Victorian Governments.

Accounting PolicyIndemnities

The maximum amounts payable under the indemnities given is disclosed above. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and no recognition of any liability was therefore required.

7.2. Financial Instruments

	2018	2017
	\$'000	\$'000
Note 7.2A: Categories of Financial Instruments		
Financial Assets		
Receivables		
Cash on hand or on deposit	14,740	15,086
Goods and services receivables	9,566	5,983
Other receivables	1,350	1,351
Total loans and receivables	25,656	22,420
Total financial assets	25,656	22,420
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers payable	18,891	11,089
Grants payable	21	20
Total financial liabilities measured at amortised cost	18,912	11,109
Total financial liabilities	18,912	11,109

Accounting Policy**Financial Assets**

The Department classifies its departmental financial assets depending on their nature and purpose. The departmental financial assets are recognised and derecognised upon 'trade date'.

All departmental financial assets are classified as 'loans and receivables' as they have fixed or determinable payments that are not quoted in an active market.

Departmental receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Future cash flows for departmental receivables, which are almost all short term in nature, are recognised at their nominal amounts.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial Liabilities

Departmental financial liabilities are classified as 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'.

Suppliers and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

Note 7.2B: Net Gains or Losses on Financial Assets

Receivables		
Impairment	(13)	(4)
Net losses on loans and receivables	(13)	(4)
Net losses on financial assets	(13)	(4)

Note 7.2C: Net Gains or Losses on Financial Liabilities

Financial liabilities measured at amortised cost		
Write-down of provisions and payables	-	19
Net gains on financial liabilities measured at amortised cost	-	19
Net gains on financial liabilities	-	19

7.3. Administered – Financial Instruments

	2018 \$'000	2017 \$'000
Note 7.3A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash in special accounts	6,780,464	6,458,459
Goods and services receivables	1,860	1,494
Advances and loans	60	228
Other receivables	98,550	-
Total loans and receivables	6,880,934	6,460,181
Available-for-sale financial assets		
Administered investments available for sale	11,676,789	3,735,933
Total available-for-sale financial assets	11,676,789	3,735,933
Total financial assets	18,557,723	10,196,114
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	8,715	5,791
Grants payable	7,150	1,597
Total financial liabilities measured at amortised cost	15,865	7,388
Total financial liabilities	15,865	7,388

Accounting Policy**Financial Assets**

The Department classifies its administered financial assets depending on their nature and purpose. The administered financial assets are recognised and derecognised upon 'trade date'.

All administered financial assets are classified as 'loans and receivables' and 'available-for-sale financial assets'.

Loans and Receivable

Loans and receivables have fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Future cash flows for administered receivables, which are almost all short term in nature, are recognised at their nominal amounts.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available for sale financial assets are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in reserves (equity) with the exception of impairment losses. Where the asset is disposed of or is determined to be impaired, part (or all) of the cumulative gain or loss previously recognised in the reserve is included in surplus and deficit for the period.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost – allowances are made when collectability of the debt is no longer probable. The loss is recognised in the Statement of Comprehensive Income.

Available-for-sale financial assets – if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the Statement of Comprehensive Income.

Financial Liabilities

Administered financial liabilities are classified as 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

Note 7.3B: Net Gains or Losses on Financial Assets**Loans and receivables**

Interest revenue	14	37
Impairment	(8)	(193)
Gains on disposal	8	-
Net gain/(losses) on loans and receivables	14	(156)

Available-for-sale financial assets

Snowy Hydro Limited Dividends	34,450	29,575
Net gain on available-for-sale financial assets	34,450	29,575
Net gain on financial assets	34,464	29,419

Note 7.3C: Net Gains or Losses on Financial Liabilities

There were no net gains/(losses) recorded for financial liabilities in 2018 (2017: Nil).

7.4. Fair Value Measurement

Accounting Policy

A revaluation is conducted in accordance with the revaluation policy stated in Note 3.2A. A full valuation was undertaken by an independent valuer in 2017-18. The Department has a policy of having non-financial assets revalued every five years unless there are significant changes in economic indicators. The Department assessed fair value of non-financial assets as at 30 June 2018 by considering economic indicators and concluded that there was no significant change in the fair value.

Note 7.4A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2018 \$'000	2017 \$'000
Non-financial assets		
Buildings	226,157	231,924
Leasehold improvements	25,769	9,971
Plant and equipment	419,737	256,029
Total non-financial assets	671,663	497,924
Total fair value measurements of assets in the statement of financial position	671,663	497,924

Fair value measurements

The highest and best use of all non-financial assets are the same as their current use.

7.5. Administered – Fair Value Measurement**Accounting Policy**

For Accounting Policy, refer to Note 4.1D: Other Investments and Note 4.2: Administered Non-Financial Assets.

Note 7.5A: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2018	2017
	\$'000	\$'000
Financial assets		
Other investments	11,676,789	3,735,933
Total financial assets	11,676,789	3,735,933
Non-financial assets		
Heritage and cultural	998	1,024
Total non-financial assets	998	1,024
Total fair value measurements of assets in the administered schedule of assets and liabilities	11,677,787	3,736,957

Fair value measurements

The highest and best use of all non-financial assets are the same as their current use.

Notes to the financial statements

8. Other information

This section provides other disclosures relevant to the Department of the Environment and Energy's financial information for the year.

8.1. Restructuring

Note 8.1A: Departmental Restructuring

	2018	2017
		Energy Policy, National Energy Market, Industrial Energy Efficiency and Energy Efficiency Functions Industry ¹
	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets recognised		
Cash in special accounts	-	14,663
Intangibles	-	492
Trade receivables (Net)	-	74
Appropriation receivable	-	8,150
Total assets recognised	-	23,379
Liabilities recognised		
Employee provisions	-	8,150
Unearned revenue	-	1,057
Payables	-	267
Total liabilities recognised	-	9,474
Net assets recognised	-	13,905
Income assumed		
Recognised by the receiving entity	-	41,078
Recognised by the losing entity	-	5,191
Total income assumed	-	46,269
Expenses assumed		
Recognised by the receiving entity	-	42,678
Recognised by the losing entity	-	5,210
Total expenses assumed	-	47,888

1. The energy policy, national energy market, industrial energy efficiency and energy efficiency functions were assumed from the Department of Industry, Innovation and Science (Industry) in accordance with Administrative Arrangements Order (AAO) issued on 19 July 2016.

Note 8.1B: Administered Restructuring

	2018	2017
		Energy Policy, National Energy Market, Industrial Energy Efficiency and Energy Efficiency Functions Industry ¹
	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets recognised		
Cash in special accounts	-	-
Other investments	-	540,000
Total assets recognised	-	540,000
Liabilities recognised		
Suppliers	-	-
Other payables	-	-
Total liabilities recognised	-	-
Net assets recognised²	-	540,000
Income assumed		
Recognised by the receiving entity	-	31,553
Recognised by the losing entity	-	550
Total income assumed	-	32,103
Expenses assumed		
Recognised by the receiving entity	-	3,324
Recognised by the losing entity	-	129
Total expenses assumed	-	3,453
FUNCTIONS RELINQUISHED		
Assets relinquished		
Cash in special accounts	-	-
Trade and other receivables	-	-
Other investments	-	-
Land	-	-
Property, plant and equipment	-	-
Total assets relinquished	-	-
Liabilities relinquished		
Suppliers	-	-
Total liabilities relinquished	-	-
Net assets relinquished	-	-

1. The energy policy, national energy market, industrial energy efficiency and energy efficiency functions were assumed from the Department of Industry and Science (Industry) in accordance with Administrative Arrangements Order (AAO) issued on 19 July 2016.
2. The net assets assumed from all entities during 2017 were \$540,000,000.
3. In respect of functions assumed, the net book values of assets and liabilities were transferred to the Department for no consideration.

Natural Heritage Trust of Australia

Financial Statements

for the period ended 30 June 2018



INDEPENDENT AUDITOR'S REPORT

To the Minister for the Environment

Opinion

In my opinion, the financial statements of the Natural Heritage Trust of Australia for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Natural Heritage Trust of Australia as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Natural Heritage Trust of Australia, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the Secretary and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Natural Heritage Trust of Australia in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Secretary's Responsibility for the Financial Statements

The Secretary of the Department of the Environment and Energy is responsible under the *Natural Heritage Trust of Australia Act 1997* for the preparation and fair presentation of annual financial statements that comply with the written guidelines issued by the Finance Minister, being the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* which incorporates the Australian Accounting Standards – Reduced Disclosure Requirements. The Secretary of the Department of the Environment and Energy is also responsible for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary of the Department of the Environment and Energy is responsible for assessing the Natural Heritage Trust of Australia's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Secretary is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary of the Department of the Environment and Energy;
- conclude on the appropriateness of the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Clea Lewis

Delegate of the Auditor-General

Canberra

30 August 2018

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5. Other Information	
5.1. Budgetary Reports and Explanations of Major Variances.....	

Statement by the Secretary and Chief Finance Officer

Subsection 43(3) of the *Natural Heritage Trust of Australia Act 1997* requires that the financial statements of the Natural Heritage Trust of Australia Account (the Trust) comply with written guidelines issued by the Minister for Finance, being the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*.

In our opinion, the attached financial statements for the year ended 30 June 2018 are based on properly maintained financial records and:

- comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- present fairly the Trust's financial position, financial performance and cash flows.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

Signed.....

Finn Pratt
Secretary

30 August 2018

Signed.....

Linda Nitschke
Chief Finance Officer

30 August 2018

Statement of comprehensive income for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
NET COST OF SERVICES			
Expenses			
Suppliers	1.1A	45,603	40,502
Grants	1.1B	179,117	181,335
Write-Down and Impairment of Assets		-	109
Total expenses		224,720	221,946
Own-source Income			
Own-source revenue			
Interest - amounts credited to special account		6,291	5,964
Other Revenue	1.2A	338	546
Total own-source revenue		6,629	6,510
Gains			
Other gains		8	-
Total gains		8	-
Total own-source income		6,637	6,510
Net cost of services		218,083	215,436
Revenue from Government - amounts credited to special account		237,516	222,335
Surplus		19,433	6,899

Accounting Policy

Interest Revenue

Under subsection 6(2) of the *Natural Heritage Trust of Australia Act 1997*, the Trust is entitled to receive interest income equal to the fixed-income percentage of the uninvested amount standing to the credit of the Trust's Special Account as at the end of the financial year. The fixed-income percentage is the percentage equal to the rate of interest earned by the Commonwealth as at the end of the financial year on deposits held with the Reserve Bank of Australia.

The funds held in the Official Public Account constitute 'uninvested funds' and as such are subject to the interest income provision. The interest is also applicable to all funds held in the Trust's bank account excluding unrepresented cheques, together with cash on hand and unbanked money.

Interest revenue is recognised using the effective interest method as set out in *AASB139 Financial Instruments: Recognition and Measurement*.

Revenue from Government

Under subsection 23 of the *Natural Heritage Trust of Australia Act 1997*, if another Act appropriates an amount from the Consolidated Revenue Fund for credit to the Trust's Special Account, the amount is to be credited to the Special Account. Amounts appropriated for credit to the Trust's Special Account for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Trust gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Statement of financial position

as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Financial assets			
Cash in special accounts		419,386	397,628
Trade and Other Receivables	2.1A	7,388	7,070
Total financial assets		426,774	404,698
Non-financial assets			
Prepayments		180	-
Total non-financial assets		180	-
Total assets		426,954	404,698
LIABILITIES			
Payables			
Suppliers	2.2A	2,543	418
Grants	2.2B	1,164	377
Other payables - GST payable to the OPA		1,079	1,168
Total payables		4,786	1,963
Total liabilities		4,786	1,963
Net assets		422,168	402,735
EQUITY			
Retained surplus		422,168	402,735
Total equity		422,168	402,735

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Statement of changes in equity for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period		402,735	395,836
Adjusted opening balance		402,735	395,836
Comprehensive income			
Surplus for the period		19,433	6,899
Total comprehensive income		19,433	6,899
Closing balance as at 30 June		422,168	402,735

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Cash flow statement

for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		245,855	230,576
Interest equivalent receipts		5,964	6,828
GST received		8,316	7,580
Other		-	325
Total cash received		260,135	245,309
Cash used			
Suppliers		44,901	48,125
Grants		184,988	181,863
GST paid		8,316	7,580
Section 74 receipts transferred to OPA		112	310
Other		60	-
Total cash used		238,377	237,878
Net cash from operating activities		21,758	7,431
Net increase in cash held		21,758	7,431
Cash and cash equivalents at the beginning of the reporting period		397,628	390,197
Cash and cash equivalents at the end of the reporting period		419,386	397,628

The above statement should be read in conjunction with the accompanying notes to the financial statements.

Notes to the financial statements

Overview

Objectives of the Natural Heritage Trust of Australia

The Natural Heritage Trust of Australia Account (the Trust, NHT) is a special account for the purposes of section 80 of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*. The Trust was established by the *Natural Heritage Trust of Australia Act 1997 (NHT Act)* to conserve, repair and replenish Australia's natural capital infrastructure. The Trust's objectives are:

- Biodiversity Conservation – through protecting and restoring Australia's terrestrial, freshwater, estuarine and marine ecosystems and habitat for native plants and animals.
- Sustainable Use of Natural Resources – through using and managing Australia's land, water and marine resources in ways that maintain and improve the productivity and profitability of resource-based industries.
- Community Capacity-Building and Institutional Change – supporting individuals, landholders, industry and communities with skills, knowledge, information and institutional frameworks to promote biodiversity conservation and sustainable resource use and management.

The continued existence of the Trust in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the Trust's administration and programs.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by clause 1(b) of section 43 of the *Natural Heritage Trust of Australia Act 1997*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)* for reporting periods ending on or after 1 July 2015; and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

New Accounting Standards

All new standards, revised standards, interpretations or amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Trust's financial statements.

Taxation

The Trust is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Events After the Reporting Period

There are no known events occurring after the reporting period that could impact on the financial statements.

Notes to the financial statements

1. Financial performance

This section analyses the financial performance of the Natural Heritage Trust of Australia for the year ended 30 June 2018.

1.1. Expenses

	2018 \$'000	2017 \$'000
Note 1.1A: Suppliers		
Goods and services supplied or rendered		
Consultants	587	439
Contractors	14,113	11,072
General goods and services	1,488	110
Implementation costs ¹	28,868	28,857
Legal services	547	24
Total goods and services supplied or rendered	45,603	40,502
 Goods supplied	 4	 53
Services rendered	45,599	40,449
Total goods and services supplied or rendered	45,603	40,502
Total suppliers	45,603	40,502

1. Represents funding provided to the Department of the Environment and Energy, the Department of the Prime Minister and Cabinet, the Department of Agriculture and Water Resources, the Department of Industry, Innovation and Science and the Department of Natural Resources, Mines and Energy to cover costs associated with implementing the Trust's activities.

Note 1.1B: Grants

Australian Government entities (related parties)	24,337	18,034
State and Territory Governments	79,688	80,935
Local Governments	1,491	3,904
Non-profit organisations	70,469	72,295
Profit making entities	2,509	5,957
Individuals	62	85
Universities	165	125
Other	396	-
Total grants	179,117	181,335

Accounting Policy

Grants

The Australian Government National Landcare Program funds a range of activities to help drive sustainable agriculture as well as supporting the protection, conservation and rehabilitation of Australia's natural environment. The majority of these funds are provided through the Trust.

1.2. Own-Source Revenue and gains

	2018	2017
	\$'000	\$'000

Own-Source Revenue

Note 1.2A: Other Revenue

Resources received free of charge	182	285
Repayments of prior years grants expenditure	156	261
Total other revenue	338	546

Accounting Policy

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Notes to the financial statements

2. Financial position

This section analyses the assets and the operating liabilities of the Natural Heritage Trust of Australia.

2.1. Financial Assets

	2018 \$'000	2017 \$'000
Note 2.1A: Trade and Other Receivables		
Appropriations receivables		
Interest equivalency payment receivable	6,291	5,964
Total appropriations receivables	6,291	5,964
Other receivables		
GST receivable from the Australian Taxation Office	1,030	1,088
Other	169	190
Total other receivables	1,199	1,278
Total trade and other receivables (gross)	7,490	7,242
Less impairment allowance	(102)	(172)
Total trade and other receivables (net)	7,388	7,070

Credit terms for other receivables were within 30 days (2017: 30 days).

Accounting Policy

Receivables

Trade and other receivables are classified as 'receivables' and recorded at face value less any impairment. Trade and other receivables are recognised where the Trust has a legal right to receive cash. Trade and other receivables are derecognised upon payment.

All financial assets are expected to be recovered in no more than 12 months unless otherwise specified.

Reconciliation of the Impairment Allowance

Other receivables		
Opening balance	172	64
Amounts written off	(64)	-
Amounts recovered and reversed	(6)	-
Increase recognised in net cost of services	-	108
Closing balance	102	172

Accounting Policy

Impairment of Financial Assets

Receivables are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable.

Fair Value Measurement

The Trust's financial assets and liabilities are measured at nominal amounts or amortised cost. Hence, no fair value measurement disclosures are required.

2.2. Payables

	2018	2017
	\$'000	\$'000

Note 2.2A: Suppliers

Trade creditors and accruals	2,543	418
Total suppliers	2,543	418

All suppliers are expected to be settled in no more than 12 months. Settlement was usually made within 30 days.

Note 2.2B: Grants

Australian Government entities (related parties)	180	-
State and Territory Governments	65	-
Non-profit organisations	822	377
Profit making entities	97	-
Total grants	1,164	377

All grants are expected to be settled in no more than 12 months. Settlement was made according to the terms and conditions of each grant. This was usually within 30 days of grant recipients meeting their performance or eligibility criteria.

Notes to the financial statements

3. Funding

This section identifies the funding structure of the Natural Heritage Trust of Australia.

3.1. Special Accounts

	NHT Account ¹	
	2018	2017
	\$'000	\$'000
Balance brought forward from previous period	397,628	390,197
Increases:		
Amounts credited under section 6(2) of the NHT Act 1997	5,964	6,828
Amounts credited under section 23 of the NHT Act 1997	237,516	222,335
Other receipts	112	285
Total increases	243,592	229,448
Available for payments	641,220	619,645
Decreases:		
Payments made - suppliers	(43,501)	(40,157)
Payments made - grants	(178,333)	(181,860)
Total decreases	(221,834)	(222,017)
Total balance carried to the next period	419,386	397,628
Balance represented by:		
Cash held in the Official Public Account	419,386	397,628
Total balance carried to the next period	419,386	397,628

1. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Natural Heritage Trust of Australia Act 1997*(NHT Act) section 4.

Purpose: Section 8 of the NHT Act sets out the purposes of the account as follows:

- (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 (as defined by section 15 of the Act);
- (g) supporting sustainable agriculture (as defined by section 16 of the Act);
- (h) natural resources management (as defined by section 17 of the Act);
- (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; and
- (k) an accounting transfer purpose (as defined by section 18 of the Act).

In accordance with section 42 of the NHT Act, the Trust has ensured that the balance of the account has not fallen below the base amount of \$300 million.

Notes to the financial statements

4. Managing uncertainties

This section analyses how the Natural Heritage Trust of Australia manages financial risks within its operating environment.

4.1. Contingent Assets and Liabilities

The Trust was not aware of any contingent assets or liabilities as at the signing date that would require disclosure in the financial statements (2017: Nil).

4.2. Financial Instruments

	2018	2017
	\$'000	\$'000
Note 4.2A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash in special accounts	419,386	397,628
Other receivables	67	18
Total loans and receivables	419,453	397,646
Total financial assets	419,453	397,646
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	2,543	418
Grant payables	1,164	377
Total financial liabilities measured at amortised cost	3,707	795
Total financial liabilities	3,707	795

The fair values of the financial assets and liabilities approximate their carrying amounts.

Accounting Policy

Financial Assets

The Trust classifies its financial assets depending on their nature and purpose. The financial assets are recognised and derecognised upon 'trade date'.

All financial assets are classified as 'loans and receivables' as they have fixed or determinable payments that are not quoted in an active market.

Receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Future cash flows for receivables, which are almost all short term in nature, are recognised at their nominal amounts.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial Liabilities

The Trust's financial liabilities are classified as 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial liabilities are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

4.2. Financial Instruments

	2018	2017
	\$'000	\$'000
Note 4.2B: Net Gains or Losses on Financial Assets		
Loans and receivables		
Gains on disposal	8	-
Impairment	-	109
Net gains on loans and receivables	<u>8</u>	<u>109</u>
Net gains on financial assets	<u>8</u>	<u>109</u>

5. Other information**5.1. Budgetary Reports and Explanations of Major Variances**

The requirements of AASB 1055 *Budgetary Reporting* do not apply to the Trust as the Trust does not present budgeted financial statements to Parliament.



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Appendices

Appendix 1: Statement of certification with PGPA Rule section 10 (Fraud systems)



Australian Government

Department of the Environment and Energy

CERTIFICATION OF DEPARTMENTAL FRAUD CONTROL ARRANGEMENTS

I, Finn Pratt, in accordance with section 10 of the *Public Governance, Performance and Accountability Rule 2014* and the *Commonwealth Fraud Control Policy*, certify that the Department of the Environment and Energy has taken all reasonable measures to prevent, detect and deal with fraud relating to the Department. The Department has:

- a) Prepared fraud risk assessments;
- b) A current fraud control and anti-corruption plan, compliant with *Commonwealth Fraud Control Guidelines*;
- c) Appropriate mechanism for preventing fraud, including:
 - i. Officials are made aware of what constitutes fraud and corruption;
 - ii. Taking steps to minimise the risk of fraud and corruption in Departmental activities;
- d) Appropriate mechanisms for detecting incidents of fraud or suspected fraud, including a process to report confidentially;
- e) Appropriate mechanisms for investigating fraud or suspected fraud, consistent with the *Australian Government Investigation Standards (AGIS)*; and
- f) Appropriate mechanisms for recording and reporting incidents of fraud or suspected fraud.

Finn Pratt AO PSM
Secretary

24 August 2018

Appendix 2: Entity Resource Statement 2017–18

	Actual available appropriation for 2017–18 \$'000	Payments made 2017–18 \$'000	Balance remaining 2017–18 \$'000
	(a)	(b)	(a) – (b)
Ordinary annual services¹			
Departmental appropriation			
Departmental appropriation ²	550,940	489,331	61,609
Payments to the Director of the National Parks ³	46,548	46,548	–
Total	597,488	535,879	61,609
Administered expenses			
Outcome 1–Clean Land	827,320	813,475	
Outcome 2–Clean Air	3,678	1,530	
Outcome 4–Energy	16,477	12,548	
Total	847,475	827,553	
Total ordinary annual services	A 1,444,963	1,363,432	
Other services⁴			
Departmental non-operating⁴			
Equity injections	216,599	102,640	113,959
Total	216,599	102,640	113,959
Administered non-operating⁴			
Administered assets and liabilities	6,113,550	6,113,550	–
Total	6,113,550	6,113,550	
Total other services	B 6,330,149	6,216,190	
Total available annual appropriations and payments	7,775,112	7,579,622	
Special appropriations			
Special appropriations limited by criteria/ entitlement			
Public Governance, Performance and Accountability Act 2013–s77		59	

		Actual available appropriation for 2017–18 \$'000	Payments made 2017–18 \$'000	Balance remaining 2017–18 \$'000
		(a)	(b)	(a) – (b)
Special appropriations limited by amount				
Clean Energy Finance Corporation Act 2012–s46			2,000,000	
Australian Renewable Energy Agency Act 2011–s66			207,000	
Total special appropriations	C		2,207,059	
Special accounts⁵				
Opening balance		6,472,511		
Appropriation receipts ⁵		2,747,531		
Non-appropriation receipts to special accounts		32,417		
Payments made			2,458,391	
Total special account	D	9,252,459	2,458,391	6,794,068
Total resourcing and payments (A+B+C+D)		17,027,571	12,245,072	
Less appropriations drawn from annual or special appropriations above and credited to special accounts and/or CAC Act bodies through annual appropriations		(2,747,531)		
		(46,548)		
Total net resourcing and payments for ENVIRO		14,233,492	12,245,072	

1. Appropriation Bills (Nos 1, 3 and 5) 2017–18, prior year departmental appropriation and section 74 relevant agency receipts.

2. Includes an amount of \$28.539 million in 2017–18 for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.

3. As per the *Environment Protection and Biodiversity Conservation Act 1999* section 514S, the Department is directly appropriated the Director of National Parks's (DNP) appropriations, which is then allocated to the DNP by the Secretary.

4. Appropriation Bills (Nos 2, 4 and 6) 2017–18.

5. Does not include 'Special Public Money' held in the Services for Other Entities and Trust Moneys special accounts (SOETM), as it does not constitute funds available to the Department for operations.

Appendix 3: Expenses for outcomes

Expenses for Outcome 1			
Outcome 1: Conserve, protect and sustainably manage Australia's biodiversity, ecosystems, environment and heritage through research, information management, supporting natural resource management, establishing and managing Commonwealth protected areas, and reducing and regulating the use of pollutants and hazardous substances.	Budget* 2017–18 \$'000	Actual expenses 2017–18 \$'000	Variation 2017–18 \$'000
	(a)	(b)	(a) – (b)
Program 1.1: Sustainable Management of Natural Resources and the Environment			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	43,430	42,466	964
Special accounts ¹	295,385	712,442	(417,057)
Departmental expenses			
Departmental appropriation ²	25,804	30,125	(4,321)
Payments to corporate entities	46,548	46,548	–
Expenses not requiring appropriation in the Budget year	8,610	2,924	5,686
Total for Program 1.1	419,777	834,505	(414,728)
Program 1.2: Environmental Information and Research			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	28,585	28,340	245
Departmental expenses			
Departmental appropriation ²	32,681	31,184	1,497
Expenses not requiring appropriation in the Budget year	39	1,495	(1,456)
Total for Program 1.2	61,305	61,019	286
Program 1.3: Commonwealth Environmental Water			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	1,900	1,900	–
Special accounts ¹	44,561	25,327	19,234
Expenses not requiring appropriation in the Budget year ³	–	54,920	(54,920)
Departmental expenses			
Departmental appropriation ²	17,686	16,505	1,181
Expenses not requiring appropriation in the Budget year	42	603	(561)
Total for Program 1.3	64,189	99,255	(35,066)

Expenses for Outcome 1			
Outcome 1: Conserve, protect and sustainably manage Australia's biodiversity, ecosystems, environment and heritage through research, information management, supporting natural resource management, establishing and managing Commonwealth protected areas, and reducing and regulating the use of pollutants and hazardous substances.	Budget* 2017–18 \$'000	Actual expenses 2017–18 \$'000	Variation 2017–18 \$'000
	(a)	(b)	(a) – (b)
Program 1.4: Conservation of Australia's Heritage and Environment			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	6,655	4,829	1,826
Departmental expenses			
Departmental appropriation ²	28,885	29,936	(1,051)
Expenses not requiring appropriation in the Budget year	2,248	5,024	(2,776)
Total for Program 1.4	37,788	39,789	(2,001)
Program 1.5: Environmental Regulation			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	259	106	153
Departmental expenses			
Departmental appropriation ²	49,487	52,638	(3,151)
Expenses not requiring appropriation in the Budget year	850	2,759	(1,909)
Total for Program 1.5	50,596	55,503	(4,907)
Program 1.6: Management of Hazardous Wastes, Substances and Pollutants			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	305	305	–
Special accounts	15,628	13,925	1,703
Expenses not requiring appropriation in the Budget year	–	10	(10)
Departmental expenses			
Departmental appropriation ²	46,379	43,683	2,696
Expenses not requiring appropriation in the Budget year	443	1,233	(790)
Total for Program 1.6	62,755	59,156	3,599
Outcome 1 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	81,134	77,946	3,188

Expenses for Outcome 1			
Outcome 1: Conserve, protect and sustainably manage Australia's biodiversity, ecosystems, environment and heritage through research, information management, supporting natural resource management, establishing and managing Commonwealth protected areas, and reducing and regulating the use of pollutants and hazardous substances.	Budget* 2017–18 \$'000	Actual expenses 2017–18 \$'000	Variation 2017–18 \$'000
	(a)	(b)	(a) – (b)
Special accounts ¹	355,574	751,694	(396,120)
Expenses not requiring appropriation in the Budget year ³	–	54,930	(54,930)
Departmental expenses			
Departmental appropriation ²	200,922	204,071	(3,149)
Payments to corporate entities	46,548	46,548	–
Expenses not requiring appropriation in the Budget year	12,232	14,038	(1,806)
Total expenses for Outcome 1	696,410	1,149,227	(452,817)
	2016–17	2017–18	
Average staffing level (number)	1,089	1,027	

* Full year budget, including any subsequent adjustment made to the 2017–18 Budget at Additional Estimates.

1. The variance is predominantly due to the additional funding for the Great Barrier Reef 2050 Partnership Program, announced in the 2017–18 Portfolio Supplementary Additional Estimates.
2. Departmental Appropriation combines ordinary annual services (Appropriation Acts Nos 1, 3 and 5) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.
3. The variance is driven by the results of impairment testing on water assets held by the Department.

Expenses for Outcome 2			
Outcome 2: Reduce Australia's greenhouse gas emissions, adapt to the impacts of climate change, contribute to effective global action on climate change, and support technological innovation in clean and renewable energy, through developing and implementing a national response to climate change.	Budget* 2017–18 \$'000	Actual expenses 2017–18 \$'000	Variation 2017–18 \$'000
	(a)	(b)	(a) – (b)
Program 2.1: Reducing Australia's Greenhouse Gas Emissions			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	3,678	3,270	408
Departmental expenses			
Departmental appropriation ¹	41,504	46,349	(4,845)
Expenses not requiring appropriation in the Budget year	5,433	5,173	260
Total for Program 2.1	50,615	54,792	(4,177)
Program 2.2: Adapting to Climate Change			
Departmental expenses			
Departmental appropriation ¹	2,849	245	2,604
Expenses not requiring appropriation in the Budget year	5	–	5
Total for Program 2.2	2,854	245	2,609
Program 2.3: Renewable Energy Technology Development			
Administered expenses			
Payments to corporate entities ²	367,308	209,073	158,235
Departmental expenses			
Departmental appropriation ¹	6,640	7,108	(468)
Total for Program 2.3	373,948	216,181	157,767
Outcome 2 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	3,678	3,270	408
Payments to corporate entities ²	367,308	209,073	158,235
Departmental expenses			
Departmental appropriation ¹	50,993	53,702	(2,709)
Expenses not requiring appropriation in the Budget year	5,438	5,173	265
Total expenses for Outcome 2	427,417	271,218	156,199
	2016–17	2017–18	
Average staffing level (number)	278	253	

* Full year budget, including any subsequent adjustment made to the 2017–18 Budget at Additional Estimates.

1. Departmental Appropriation combines ordinary annual services (Appropriation Acts Nos 1, 3 and 5) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.
2. The variance relates to the nature of projects under the Australian Renewable Energy Agency's grant program, which deal with emerging and developing technologies and are often subject to variations that change the timing of payments.

Expenses for Outcome 3			
Outcome 3: Advance Australia's strategic, scientific, environmental and economic interests in the Antarctic region by protecting, administering and researching the region.	Budget* 2017–18 \$'000	Actual expenses 2017–18 \$'000	Variation 2017–18 \$'000
	(a)	(b)	(a) – (b)
Program 3.1: Antarctica: Science, Policy and Presence			
Administered expenses			
Expenses not requiring appropriation in the Budget year	12	12	–
Departmental expenses			
Departmental appropriation ¹	120,932	128,145	(7,213)
Expenses not requiring appropriation in the Budget year ²	56,028	98,625	(42,597)
Total for Program 3.1	176,972	226,782	(49,810)
Outcome 3 Totals by appropriation type			
Administered expenses			
Expenses not requiring appropriation in the Budget year	12	12	–
Departmental expenses			
Departmental appropriation ¹	120,932	128,145	(7,213)
Expenses not requiring appropriation in the Budget year ²	56,028	98,625	(42,597)
Total expenses for Outcome 3	176,972	226,782	(49,810)
	2016–17	2017–18	
Average staffing level (number)	387	389	

* Full year budget, including any subsequent adjustment made to the 2017–18 Budget at Additional Estimates.

1. Departmental Appropriation combines ordinary annual services (Appropriation Acts Nos 1, 3 and 5) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.
2. The variance is primarily due to a revaluation of the Department's make-good provisions for the restoration of the Antarctic solid waste disposal sites undertaken in 2017–18.

Expenses for Outcome 4			
Outcome 4: Support the reliable, sustainable and secure operations of energy markets through improving Australia's energy efficiency, performance and productivity for the community.	Budget* 2017–18 \$'000	Actual expenses 2017–18 \$'000	Variation 2017–18 \$'000
	(a)	(b)	(a) – (b)
Program 4.1: Energy			
Administered expenses			
Ordinary annual services (Appropriation Acts Nos 1 and 3)	16,477	13,038	3,439
Departmental expenses			
Departmental appropriation ¹	59,691	63,223	(3,532)
Special account	17,598	11,439	6,159
Expenses not requiring appropriation in the Budget year	94	1,850	(1,756)
Total for Program 4.1	93,860	89,550	4,310
Outcome 4 Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Acts Nos 1 and 3)	16,477	13,038	3,439
Departmental expenses			
Departmental appropriation ¹	59,691	63,223	(3,532)
Special account	17,598	11,439	6,159
Expenses not requiring appropriation in the Budget year	94	1,850	(1,756)
Total expenses for Outcome 4	93,860	89,550	4,310
	2016–17	2017–18	
Average staffing level (number)	198	245	

* Full year budget, including any subsequent adjustment made to the 2017–18 Budget at Additional Estimates.

1. Departmental Appropriation combines ordinary annual services (Appropriation Acts Nos 1, 3 and 5) and retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*.

Appendix 4: Operation of the *Environment Protection and Biodiversity Conservation Act 1999*

Section 516 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) requires the Minister to prepare an annual report on the operation of the EPBC Act and for the Minister to lay a copy of this report before the Parliament. This section meets this reporting requirement for 2017–18.

Operation

Environmental referrals, assessments and approvals

Matters of national environmental significance and other nationally protected matters

The EPBC Act provides a legal framework to protect and manage nationally and internationally important flora, fauna, ecological communities and heritage places—defined in the Act as matters of national environmental significance. There are nine matters of national environmental significance.

Under the EPBC Act, actions that are likely to have a significant impact on a nationally protected matter require assessment and approval from the Minister (or their delegate).

When an action is referred for consideration under the EPBC Act, the Department considers whether the action is likely to have a significant impact on a nationally protected matter based on the information the proponent provides in their referral documentation. The Minister (or their delegate) will then decide within 20 business days whether the action requires further assessment and approval under the EPBC Act—this is the ‘referral decision’.

The Department publishes all referrals, and other relevant statutory documents associated with a proposed action on its website.

www.environment.gov.au/epbc/public-notice

Further information on EPBC Act referrals, approvals, assessments and matters of national environmental significance is provided in tables 4A.1–4A.5 in Appendix 4A.

Actions by the Australian Government and actions on Commonwealth land

The EPBC Act regulates actions that have a significant impact on the environment where the actions affect, or are taken on, Commonwealth land or are carried out by an Australian Government agency, including the disposal of Commonwealth land.

In 2017–18, the Minister did not make any determinations for projects on Commonwealth land.

We received 13 requests for advice from the Department of Infrastructure and Regional Development and Airservices Australia in relation to proposals involving Commonwealth airports. The Minister's delegate determined that advice was not required for four of the proposals and was required for eight of the proposals. One proposal is still pending decision. Of the eight proposals requiring advice, in one case advice was provided; in the other cases the provision of advice is pending.

Strategic assessments

Strategic assessments under Part 10 of the EPBC Act can deliver greater economic certainty, regulatory efficiencies for business and improved ecological outcomes compared with project-by-project approvals.

Actions covered by a strategic assessment approval and taken in accordance with the endorsed plan do not require any further assessment or approval from the Commonwealth.

See Part 2, Annual performance statements, 'Regulating to protect our environment and heritage', pages 41–57.

Antarctic Treaty environment protection

The EPBC Act exempts certain actions from requiring permits if a permit for that action has been issued under the *Antarctic Treaty (Environment Protection) Act 1980* (ATEP Act). The EPBC Act states that, where an action is taken in accordance with a permit issued under the ATEP Act and the permit is in force, certain actions involving listed threatened species and ecological communities, migratory species and listed marine species are not offences. Five of the permits that the Department issued under the ATEP Act in 2017–18 granted such exemptions.

Access to biological resources and benefit sharing

Part 8A of the *Environment Protection and Biodiversity Conservation Regulations 2000* (EPBC Regulations) controls access to biological resources in Commonwealth areas for the purposes of research on and development of genetic resources and biochemical compounds.

Under Part 8A of the EPBC Regulations, the Department issued 47 permits for access to biological resources in Commonwealth areas in 2017–18.

Cetacean permits

In the Australian Whale Sanctuary (all Commonwealth waters from the three nautical mile state waters limit out to the boundary of Australia's Exclusive Economic Zone), a permit under the EPBC Act is required to take, keep, move or interfere with (harass, chase, herd, tag, mark or brand) a cetacean or to possess or treat (divide or cut up, or extract any product from) a cetacean. Australian residents must also obtain a permit to carry out such activities in waters

beyond the sanctuary—that is, in international or foreign waters. In 2017–18, Australia granted 11 cetacean permits and varied the conditions of four existing cetacean permits (see Table 4A.6 in Appendix 4A).

www.environment.gov.au/marine/marine-species/cetaceans/australian-whale-sanctuary

Protection of species and ecological communities

Species and ecological community listing assessment outcomes

The Minister may list threatened fauna and flora in six categories defined by the EPBC Act: extinct, extinct in the wild, critically endangered, endangered, vulnerable, and conservation-dependent. Species listed as extinct in the wild, critically endangered, endangered or vulnerable are matters of national environmental significance. The Threatened Species Scientific Committee advises the Minister on these listings.

In 2017–18, the Minister made listing decisions on assessments for 89 species. There were 63 new species listings, 15 transfers to different threat categories, and five species removed from the list. Three species were reassessed and retained in the same category in the list. Three species were assessed to be ineligible for listing. The listings are detailed in tables 4A.7 and 4A.8 in Appendix 4A. Sixty-eight of the listing decisions aligned the Commonwealth threat status of species with states and territories, using assessments provided through the common assessment method—a national environmental regulatory reform that enables consistent assessment of threatened species across Australia.

At the time of listing, information was published in approved conservation advices on the conservation status and distribution of each threatened species, the main factors that led to its eligibility for listing, and priority conservation and research actions needed to support recovery. For species removed from the list or assessed to be ineligible for listing, listing advices were prepared explaining the outcome and published.

Ecological communities can be listed as critically endangered, endangered or vulnerable. Those listed as critically endangered and endangered are matters of national environmental significance. Listing ecological communities helps to protect vital species habitat and ecosystem functions.

The Minister made a listing decision to add one new ecological community:

- › Coastal Swamp Oak (*Casuarina glauca*) Forest of New South Wales and South East Queensland ecological community (endangered).

Conservation advices and recovery plans

The EPBC Act provides for making or adopting recovery plans and approved conservation advices for listed threatened species and ecological communities.

Approved conservation advices provide guidance on recovery and threat abatement activities, including research priorities to support the recovery of listed species or ecological communities. The Minister or his delegate approved 151 conservation advices for species and seven conservation advices for ecological communities in 2017–18.

Recovery plans set out the research and management actions needed to stop the decline and support the recovery of listed threatened species or threatened ecological communities. The Minister approved four recovery plans covering 39 species (see tables 4A.9 and 4A.10 in Appendix 4A).

We published guidelines that provide information to help with regulatory decision-making about listed species and guides to help land managers, environment professionals and the general public to identify, assess and manage ecological communities. These publications are listed in Appendix 4B and are available on the Species Profile and Threats database.

www.environment.gov.au/cgi-bin/sprat/public/sprat.pl

Wildlife conservation plans

Wildlife conservation plans set out the research and management actions necessary to support survival of one or more migratory, marine, conservation-dependent or cetacean species listed under the EPBC Act that, while not considered threatened, would benefit from a nationally coordinated approach to conservation. No wildlife conservation plans were made in 2017–18.

Key threatening processes and threat abatement plans

The EPBC Act provides for the listing of key threatening processes. A threatening process is one that threatens or may threaten the survival, abundance or evolutionary development of a native species or ecological community (Table 4A.11 in Appendix 4A details all listed threatening processes). The Threatened Species Scientific Committee advises the Minister on the listing of key threatening processes and on whether a threat abatement plan or other action is needed to abate these processes.

The Minister made a threat abatement plan for the impacts of marine debris on the vertebrate wildlife of Australia's coasts and oceans in June 2018.

The Department did not release any draft plans for comment. Threat abatement plans are published on our website.

www.environment.gov.au/biodiversity/threatened/threat-abatement-plans

During 2017–18, threat abatement plans were added to the list of legislative instruments that are not subject to sunseting under the *Legislation Act 2003* through amendment of the *Legislation (Exemptions and Other Matters) Regulation 2015*.

International wildlife trade and management

Trade in Australian native species and species listed under the *Convention on International Trade in Endangered Species of Wild Fauna and Flora* (CITES) is regulated in accordance with Part 13A of the EPBC Act.

Under the EPBC Act, the Department can grant approvals to export specimens derived from regulated native species or species listed under CITES or to import regulated live animals.

In 2017–18, the Department approved:

- › 14 artificial propagation programs, including for orchids
- › two aquaculture programs, including for lungfish

- › seven wildlife trade management plans (for kangaroos, crocodiles and native plants)
- › six captive breeding programs (for non-native birds, crocodiles and butterflies)
- › 12 wildlife trade operations (non-fisheries), including for kangaroos, lungfish and native plants.

We completed 74 assessments for international transfers of a wide range of live animals to zoos and aquaria, and ensured that the facilities were suitable to house the animals from a welfare perspective. The animal transfers included an Asian Elephant, a Southern White Rhinoceros and some wombats. The Department entered into 15 new agreements with overseas institutions that prescribed the care requirements for iconic native species held by the institutions.

Import of wildlife products

Permits are required for most types of wildlife trade into and out of Australia. Where products from CITES-listed species are imported into Australia without the required permits, the products may be seized (see Table 4A.12 in Appendix 4A). The most common items seized were traditional medicines that were suspected to include extracts of protected animal or plant products.

In 2017–18, Australia issued 22 per cent more permits for the import of wildlife than for the previous year. Of the total 1942 permits issued, 1921 were for CITES-listed wildlife; and 21 were for non-CITES-listed live animals, of which 13 were for testing. The testing permits were issued for importing insects for trials of biological controls of invasive species.

Most of the increase in import permits issued was for CITES-listed wildlife. Species most often covered by import permits include American Alligator, pythons, monitors, and crocodiles. Almost all permits for these species were associated with fashion items such as handbags, shoes, watchstraps and belts. The top 10 species covered by wildlife import permits account for 96 per cent of all such permits issued (see Table 4A.13 in Appendix 4A).

Live imports

The live import list comprises species and specimens that may be imported live into Australia. A person cannot legally import live specimens of a species that is not listed on the live import list, even if it has previously been imported or is already known to be in Australia. Anyone can apply to the Minister to amend the live import list to include a new species.

In 2017–18, the Minister approved three additions to the live import list:

- › Clarion Angelfish (*Holacanthus clarionensis*), included in Part 2 of the list
- › Yellow Anaconda (*Eunectes notaeus*), included in Part 2 of the list (male specimens only, exhibition purposes only)
- › Pacific Oyster (*Crassostrea gigas*), Kumamoto Oyster (*Crassostrea sikamea*), Atlantic Oyster (*Crassostrea virginica*), European Flat Oyster (*Ostrea edulis*), Olympia Oyster (*Ostrea conchaphila*) and Northern Olympia Oyster (*Ostrea lurida*), included in Part 2 of the list (research only, high-security facilities only).

The Minister amended the listing of 20 species of ornamental fish in Part 1 of the list. The Minister's delegate amended the listing of *Eueupithecia* sp. 3445QA in Part 1 of the list to reflect its naming as *Eueupithecia vollonoides*.

The Department is assessing six further applications received during the year for amendments to the live import list.

The Department received four applications for potential biocontrol agents. These will not be assessed for import unless testing indicates their efficacy as control agents.

Export of wildlife products

The EPBC Act requires wildlife harvesting for export to be ecologically sustainable and, for live animals, to meet welfare requirements. Commercial exports of items containing native species must be sourced from a program that demonstrates the ecological sustainability of the harvest. Aside from commercial fisheries, over 100 such programs are approved under the EPBC Act for native species, including plants, saltwater crocodiles, kangaroos, possums and some invertebrates.

Exports of regulated native species and CITES-listed species usually require a permit under Part 13A of the EPBC Act. In 2017–18, Australia issued 20 per cent more permits for the export of wildlife than the previous year. Of the total 779 export permits issued, 602 permits were issued for the export of CITES-listed wildlife, 68 were issued for native species (non-CITES-listed wildlife) and 121 were issued for other regulated wildlife exports. Most of the increase in export permits issued was for CITES-listed wildlife. In addition, 15,875 personal baggage permits were issued for the export of personal items containing regulated wildlife products—a 22 per cent increase over the previous year.

Species most often covered by wildlife export permits include Australian Saltwater Crocodile, American Alligator, corals, kangaroos, elephants and rosewood (see Table 4A.14 in Appendix 4A). Exports of crocodile and alligator products are generally associated with fashion items such as handbags, shoes, watchstraps and belts. Rosewood products generally include musical instruments such as guitars and furniture items. Corals were usually exported live in the aquarium trade, kangaroos were generally exported as meat and skins, and elephant products were generally exported as antique ivory items. As individual export permits often cover multiple species and the total number of different species exported is high, the top 10 species covered by export permits accounted for only 61 per cent of all wildlife export permits issued.

Protection of natural and cultural places and values²

The Government provides protection under the EPBC Act for World Heritage properties and for places on the National Heritage and Commonwealth Heritage lists. Under the EPBC Act, the Minister must give an approval before a proponent takes any action that may have a significant impact on the heritage values of a listed place.

World Heritage List

Australia has 19 properties on the World Heritage List. These properties—some of which have multiple sites—are protected under the EPBC Act and have associated management requirements. All Australian properties on the World Heritage List have management plans.

² Information on compliance and enforcement in Commonwealth reserves is included in the Director of National Parks annual report at www.environment.gov.au/topics/national-parks/parks-australia/publications

For operations in 2017–18, see Part 2, Annual performance statements, 'Regulating to protect our environment and heritage', performance criterion 'All Australian property included on the list of World Heritage is well managed', page 51.

National Heritage List

Each year the Minister is required to set a Finalised Priority Assessment List of places that the Australian Heritage Council will assess for their National Heritage values. The list is published on our website.

www.environment.gov.au/topics/heritage/heritage-places/finalised-priority-assessment-lists

Giving consideration to the Heritage Council's advice, the Minister added three places to the National Heritage List during 2017–18: Abbotsford Convent (VIC); Kamay Botany Bay: botanical collection sites (NSW); and Parramatta Female Factory and Institutions Precinct (NSW). There are now 113 places on the National Heritage List.

In accordance with the requirements of the EPBC Act, the Department will use its best endeavours to ensure a plan for managing the National Heritage values of each of these places is prepared in cooperation with place owners and managers.

Commonwealth Heritage List

One place was added to the Commonwealth Heritage List: Googong Foreshores Cultural and Geodiversity Area. As at 1 July 2018, there were 399 places on the Commonwealth Heritage List.

Fisheries assessment and approvals

Under the EPBC Act the Department assesses Australian fisheries to ensure they are managed in an ecologically sustainable way and to identify areas for improvement. Of the 33 fisheries assessed in 2017–18, eight were Commonwealth managed and 25 were state managed. Sixteen fisheries were approved as wildlife trade operations and 17 were exempted from the export provisions of the EPBC Act (for a period of up to 10 years).

These assessments and approvals are informed by risk. The Department has continued to work with fishery managers to identify and address ecological risks. This has resulted in a number of fisheries being able to demonstrate low risk and move to longer term approvals.

The Department assessed all fisheries consistent with statutory requirements (see Table 4A.15 in Appendix 4A). Following these assessments, conditions and/or recommendations were imposed to maintain or improve the ecologically sustainable management of the fisheries in the short to medium term. These conditions and recommendations are published on the Department's website.

www.environment.gov.au/coasts/fisheries/index.html

Meeting statutory time frames under section 518 of the EPBC Act

Under section 518 of the EPBC Act—Non-compliance with time limits—we report on time frame overruns and the reason. These operations are reported in Part 2, Annual Performance Statements, ‘Regulating to protect our environment and heritage’, target ‘Activities required by legislation are conducted within statutory time frames’, pages 43–45. Table 4A.16 provides a summary of overruns relating to EPBC Act provisions other than referrals, assessments and approvals.

Decisions and legal actions

The EPBC Act provides for enforcement mechanisms for managing suspected or identified instances of non-compliance and for reviewing the compliance of referred projects. Enforcement mechanisms include environmental audits, infringement notices and civil and criminal penalties. Remediation orders and determinations may require repair or mitigation of environmental damage.

The following matters were determined by courts during 2017–18:

- › On 10 August 2017, Mr Robert Giles was convicted and fined \$5000 in the Mackay District Court for three offences against section 354A of the EPBC Act. Mr Giles was the skipper of the fishing vessel Challenger, which was detected illegally fishing in the Freycinet and Tasman Fracture marine parks in April and May 2013.
- › On 11 October 2017, a New South Wales woman was given a two-year good behaviour bond for breaking Australian environmental law, after being caught with wildlife specimens of several internationally threatened species.
- › On 10 January 2018, a 49-year-old security contractor was fined \$4000 after pleading guilty to nine charges of possessing, and one charge of importing, illegal animal specimens listed under CITES. Under Australian law, it is illegal to possess and import CITES-listed species without a permit.
- › In the Cairns District Court, a former managing director and consultant of the Australian Rainforest Foundation pleaded guilty in relation to counts of general dishonesty—cause a risk of a loss to the Commonwealth. On 8 February 2018, he was sentenced to 12 months imprisonment on each charge, to be served concurrently. However, the judge imposed an immediate release order on the condition that the defendant be of good behaviour for a period of 12 months. A \$2000 surety was also entered into.
- › On 8 February 2018, a former University of Canberra student was fined \$5500 and placed on a two-year good behaviour bond after he pleaded guilty to 14 charges relating to possessing and importing illegal animal remains. The student, now based in Queensland, was charged with possessing or importing specimens including Asian wildcat skulls, bear skulls, a gibbon skull, owl skulls, monkey skulls, a Water Monitor skull, hornbill skulls, a flying fox skull, a taxidermied Common Buzzard, a hippopotamus tooth, a bear tooth and a claw of a medium-large cat.
- › On 22 June 2018, a 38-year-old Newcastle man was convicted and sentenced to 50 hours of community service for illegally importing wildlife specimens from Cameroon. This included three primate skulls identified as threatened animals listed under CITES. He was also charged with possession of other CITES-listed specimens, including numerous hornbills, a tarsier, a toucan and a La Plata Dolphin.

Statement of reasons

Section 13 of the *Administrative Decisions (Judicial Review) Act 1977* provides that a person aggrieved by a decision made under legislation may request a statement setting out the findings on material questions of fact, referring to the evidence or other material on which those findings were based and giving the reasons for the decision (statement of reasons). Additionally, sections 77(4)(b) and 78C(4)(b) of the EPBC Act allow people to request a statement of reasons about controlled action decisions and the reconsideration of controlled action decisions.

Eleven statements of reasons were provided in 2017–18. Two were for decisions under Part 13A of the EPBC Act, three were for controlled action decisions under section 75, and six were for approval decisions under sections 130 and 133.

Reconsideration of a decision

Under section 78 of the EPBC Act, reconsideration of a referral decision under section 75 of the Act is available in limited circumstances. Typically, reconsiderations are completed on request when there is substantial new information or a substantial change in the likely effects on protected matters.

In 2017–18, the Minister or his delegate made 198 referral decisions and reconsidered four referral decisions.

Committees

Australian Heritage Council

The Australian Heritage Council, established under the *Australian Heritage Council Act 2003*, is the Australian Government's principal advisory body on heritage matters. It is responsible under the EPBC Act for assessing the heritage values of places nominated for possible inclusion in the National Heritage List and Commonwealth Heritage List and for advising the Minister on heritage issues. In 2017–18, the council met in person four times and convened two out-of-session teleconferences. Further information is available on our website.

www.environment.gov.au/heritage/organisations/australian-heritage-council

Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development

The Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development (IESC) is a statutory committee established in October 2012 under the EPBC Act. The IESC provides independent scientific advice to the Australian, Queensland, New South Wales, Victorian and South Australian governments on the water-related impacts of coal seam gas and large coal mining development, including any impacts of associated salt production and/or salinity. The IESC draws upon the expertise of its members and the best available science in hydrology, hydrogeology, geology and ecology. The IESC held nine meetings during 2017–18, preparing advice on the water-related impacts of nine coal resource development proposals in Queensland and New South Wales.

The advice provided by the IESC is discussed in Part 2, Annual Performance Statements under the 'Science, information and research' activity on pages 97 and 104. Further information is on the IESC website.

www.iesc.environment.gov.au

Indigenous Advisory Committee

The Indigenous Advisory Committee, established under section 505A of the EPBC Act, provides advice to the Minister on the operations of the EPBC Act by incorporating Aboriginal and Torres Strait Islander people's knowledge of land management and the conservation and sustainable use of biodiversity. In 2017–18, the committee held two face-to-face meetings in Canberra and completed a range of out-of-session work, including teleconferences. Further information is on our website.

www.environment.gov.au/indigenous/committees/iac.html

Threatened Species Scientific Committee

The Threatened Species Scientific Committee, established under section 502 of the EPBC Act, advises the Minister on amending and updating lists of threatened species, threatened ecological communities and key threatening processes, under the EPBC Act. It advises on the development or adoption of recovery and threat abatement plans and prepares conservation advices for approval by the Minister or delegate. Four major meetings were held in 2017–18. Further information is on our website.

www.environment.gov.au/biodiversity/threatened/tssc

Legislative amendments

There were no legislative amendments to the EPBC Act in 2017–18.

Appendix 4A: Statistics and other information

This appendix comprises statistics on the operation of the EPBC Act in 2017–18.

Environmental referrals, assessments and approvals

Table 4A.1: Overview of EPBC Act referrals and approval of actions, 2017–18

	2017–18	Total since EPBC Act commenced in 2000
Referrals received		
Total referrals received	240	6180
Total referrals withdrawn	17	620
Referral decisions		
Referrals where a decision has been made	198	5669
Approval required—controlled action	106	1746
Approval not required—action to be taken in a particular manner	13	1077
Approval not required—no conditions on action	79	2836
Action clearly unacceptable	0	10
Referrals lapsed	4	83
Approval of actions		
Action approved*	62	983
Action not approved	1	11

Note: With the upgrade of environment assessment databases, differences in total figures may appear when compared with previous years, as data integrity has improved. Assessment officers enter and correct data on an ongoing basis. The figures in this table are an accurate reflection of referral data as of 30 June 2018.

* Correction of the 2016–17 action approved figure, which was reported as 902 and should have been 920. The correct figure is reflected in this year's total.

Table 4A.2: Decisions on EPBC Act referrals made in 2017–18, by jurisdiction

	Decisions made in 2017–18				Total decisions
	Action clearly unacceptable	Approval required CA	Approval not required PM	Approval not required NCA	
ACT	0	4	0	4	8
Commonwealth marine	0	0	2	0	2
International waters	0	0	0	1	1
NSW	0	17	4	15	36
NT	0	3	0	1	4
QLD	0	24	1	18	43
SA	0	2	1	2	5
TAS	0	6	2	3	11
VIC	0	16	2	10	28
WA	0	34	1	25	60
Total	0	106	13	79	198

Notes: CA = controlled action; PM = action to be taken in a particular manner; NCA = not controlled action.

Table 4A.3: Decisions on EPBC Act referrals made in 2017–18, by activity category

	Action clearly unacceptable	Decisions made in 2017–18			Total decisions
		Approval required CA	Approval not required PM	Approval not required NCA	
Agriculture and forestry	0	4	0	1	5
Aquaculture	0	0	1	0	1
Commercial development	0	5	1	4	10
Commonwealth	0	1	0	0	1
Energy generation and supply (non-renewable)	0	2	0	2	4
Energy generation and supply (renewable)	0	11	1	12	24
Exploration (mineral, oil and gas—marine)	0	1	1	0	2
Exploration (mineral, oil and gas—non-marine)	0	3	0	0	3
Manufacturing	0	2	0	0	2
Mining	0	29	0	13	42
Natural resources management	0	4	1	1	6
Private	0	2	0	4	6
Residential development	0	19	1	13	33
Science and research	0	0	1	2	3
Telecommunications	0	0	1	4	5
Tourism and recreation	0	2	2	6	10
Transport—air and space	0	1	0	0	1
Transport—land	0	14	0	10	24
Transport—water	0	3	2	5	10
Waste management (non-sewerage)	0	1	0	0	1
Waste management (sewerage)	0	0	0	2	2
Water management and use	0	2	1	0	3
Total	0	106	13	79	198

Notes: CA = controlled action; PM = action to be taken in a particular manner; NCA = not controlled action. Total includes three reconsiderations.

Table 4A.4: Decisions on assessment approach made in 2017–18, by type

	Assessments active	Assessments completed	Assessments withdrawn	Assessments lapsed
Commonwealth assessments				
Preliminary documentation—further information required	51	3	2	0
Preliminary documentation—no further information required	1	0	0	0
Public environment report	2	0	0	0
Referral information	3	1	0	0
Environmental impact statement	0	0	0	0
State/territory assessments				
Bilateral assessment	24	0	1	0
Accredited process	12	0	0	0
Total	93	4	3	0

Table 4A.5: Matters of national environmental significance under the EPBC Act considered in relation to impacts of proposed action, 2017–18

	Matter protected	Not controlled action—particular manner	Controlled action
Division 1	Matters of national environmental significance		
Section 12	World Heritage values of a World Heritage listed property	2	6
Section 15B	National Heritage values of a National Heritage listed place	2	9
Section 16	Ecological character of a declared Ramsar wetland	0	8
Section 18	Listed threatened species or ecological community	11	93
Section 20	Listed migratory species	6	11
Section 21	Nuclear activities with a significant impact on the environment	0	1
Section 23	Commonwealth marine environment	3	2
Section 24B	Activities in the Great Barrier Reef Marine Park	0	0
Section 24D	Affects at least one water resource	0	5
Division 2			
Section 26	Commonwealth land	0	0
Section 27B	Activities involving Commonwealth Heritage listed places overseas	0	0
Section 28	Commonwealth or Commonwealth agency activity	1	2
Total		25	137

Note: This table refers to matters of national environmental significance considered in 2017–18 by section and decision, regardless of the number of referrals received.

Access to biological resources and benefit sharing

Table 4A.6: Applications received and permits granted for cetacean research or impacts under the EPBC Act, 2017–18

Section of EPBC Act	Applications received	Permits granted	Conditions varied or revoked	Suspended or cancelled
238(3)(a) cetacean conservation; or (b) incidental interference	12	11	4	0
238(3)(c) whale watching	0	0	0	0
Total	12	11	4	0

Protection of species and ecological communities

Table 4A.7: Species and ecological communities listing outcomes under the EPBC Act, 2017–18

Species and ecological communities	Status
Listings (scientific name or name of ecological community)	
<i>Andersonia annelsii</i>	Listed as critically endangered (28 species)
<i>Androcalva bivillosa</i>	
<i>Argynnis hyperbius inconstans</i> (Australian Fritillary Butterfly)	
<i>Austrostipa jacobiana</i>	
<i>Banksia vincentia</i>	
<i>Bossiaea fragrans</i>	
<i>Caladenia attenuata</i> (Duramana Fingers)	
<i>Caladenia luteola</i> (Lemon Spider Orchid)	
<i>Callistemon purpurascens</i> (a bottlebrush)	
<i>Commersonia apella</i> (Many-flowered Commersonia)	
<i>Conospermum galeatum</i>	
<i>Daviesia ovata</i> (Broad-leaf Daviesia)	
<i>Eremophila</i> sp. Narrow leaves (J.D. Start D12-150)	
<i>Eucalyptus</i> sp. <i>cattai</i> (Gregson s.n., 28 Aug 1954)	
<i>Gastrolobium argyrotichum</i> (Metricup Pea)	
<i>Gastrolobium vestitum</i>	
<i>Grevillea bracteosa</i> subsp. <i>howatharra</i> (Bracted Grevillea)	
<i>Andersonia annelsii</i>	
<i>Grevillea</i> sp. <i>gillingarra</i> (R.J. Cranfield 4087)	
<i>Grevillea thelemanniana</i> (Spider Net Grevillea)	
<i>Kunzea similis</i> subsp. <i>similis</i>	
<i>Latrobea colophona</i>	
<i>Leucopogon</i> sp. Flynn (F. Hort, J. Hort & A. Lowrie 859)	
<i>Pomaderris delicata</i>	
<i>Pseudococcus markharveyi</i> (Banksia Montana Mealybug)	
<i>Stylidium applanatum</i> (Flat-leaved Triggerplant)	

Species and ecological communities	Status
<i>Stylidium semaphorum</i>	Listed as endangered (26 species, 1 ecological community)
<i>Styphelia longissima</i>	
<i>Synaphea</i> sp. Serpentine (G.R. Brand 103)	
<i>Austrostipa bronwenae</i>	
<i>Caladenia hopperiana</i> (Quindanning Spider Orchid)	
<i>Diplolaena andrewsii</i>	
<i>Eremophila glabra</i> subsp. <i>chlorella</i>	
<i>Goodenia arthrotricha</i>	
<i>Lerista neviniae</i> (Nevin's Slider)	
<i>Leucopogon nitidus</i>	
<i>Marianthus paralius</i>	
<i>Synaphea</i> sp. Pinjarra Plain (A.S. George 17182)	
<i>Acacia meiantha</i>	
<i>Acacia wilsonii</i> (Wilson's Wattle)	
<i>Antechinus argentus</i> (Silver-headed Antechinus)	
<i>Antechinus arktos</i> (Black-tailed Antechinus)	
<i>Banksia rufa</i> subsp. <i>pumila</i>	
<i>Bertmainius tingle</i> (Tingle Pygmy Trapdoor Spider)	
<i>Caladenia granitora</i>	
<i>Caladenia leucochila</i> (Collie Spider Orchid)	
<i>Cryptoblepharus gurrumul</i> (Arafura Snake-eyed Skink)	
<i>Diuris eborensis</i>	
<i>Eremophila ciliata</i>	
<i>Eucalyptus largeana</i> (Craven Grey Box)	
<i>Galaxiella nigrostriata</i> (Blackstriped Dwarf Galaxias, Black-stripe Minnow)	
<i>Gastrolobium humile</i>	
<i>Hypocalymma sylvestre</i>	
<i>Pityrodia</i> sp. Marble Bar (G. Woodman & D. Coultas GWDC Opp 4)	
<i>Pomaderris cocoparrana</i>	
Coastal Swamp Oak (<i>Casuarina glauca</i>) Forest of New South Wales and South East Queensland Ecological Community	

Species and ecological communities	Status	
<i>Leucopogon</i> sp. Ongerup (A.S. George 16682)	Listed as vulnerable (7 species)	
<i>Westralunio carteri</i> (Carter's Freshwater Mussel, Freshwater Mussel)		
<i>Banksia catoglypta</i>		
<i>Bertmainius colonus</i> (Eastern Stirling Range Pygmy Trapdoor Spider)		
<i>Kunzea ericifolia</i> subsp. <i>subulata</i>		
<i>Petrophile nivea</i>		
<i>Phascogale tapoatafa kimberleyensis</i> (Brush-tailed Phascogale (Kimberley))	Listed as conservation dependent (1 species)	
<i>Sphyrna lewini</i> (Scalloped Hammerhead)		
<i>Solanum bauerianum</i> (Bridal Flower)	Listed as extinct (1 species)	
Transferred species: uplistings		
<i>Atrichornis clamosus</i> (Noisy Scrub-bird)	Transferred from vulnerable to endangered (7 species)	
<i>Calyptorhynchus baudinii</i> (Baudin's Cockatoo, Long-billed Black-cockatoo)		
<i>Dasyornis longirostris</i> (Western Bristlebird)	Transferred from vulnerable to critically endangered (1 species)	
<i>Myrmecobius fasciatus</i> (Numbat)		
<i>Neochmia phaeton evangelinae</i> (Crimson Finch (White-bellied))		
<i>Livistona mariae</i> subsp. <i>mariae</i> (Central Australian Cabbage Palm)		
<i>Hypotaenidia sylvestris</i> (Lord Howe Woodhen)		
<i>Pseudocheirus occidentalis</i> (Western Ringtail Possum)		
<i>Crocidura trichura</i> (Christmas Island Shrew)		
<i>Lasiorhinus krefftii</i> (Northern Hairy-nosed Wombat)		
<i>Zyzomys pedunculatus</i> (Central Rock-rat)		
<i>Grevillea caleyi</i> (Caley's Grevillea)		
<i>Melanodryas cucullata melvillensis</i> (Tiwi Islands Hooded Robin)		
<i>Wollemia nobilis</i> (Wollemi Pine)		
<i>Zieria parrisiae</i> (Parris' Zieria)		
Delistings		
<i>Lepidium catapycnon</i> (Hamersley Lepidium)	Deleted from the list (5 species)	
<i>Marianthus mollis</i> (Hairy-fruited Billardiera)		
<i>Croitana aestiva</i> (Desert Sand-skipper)		
<i>Euploea alcatheae enastri</i> (Gove Crow Butterfly)		
<i>Ptilotus fasciculatus</i> (Fitzgerald's Mulla-mulla)	3 species	
Retain in current category in the list		
<i>Bettongia penicillata</i> (Brush-tailed Bettong, Woylie)		
<i>Burramys parvus</i> (Mountain Pygmy-possum)		
<i>Polytelis alexandrae</i> (Princess Parrot)		

Species and ecological communities	Status
Not eligible for listing	
<i>Sphyrna mokarran</i> (Great Hammerhead)	3 species
<i>Sphyrna zygaena</i> (Smooth Hammerhead)	
<i>Trachystoma petardi</i> (Pinkeye Mullet)	

Table 4A.8: Number of nominations and changes to the lists of threatened species, ecological communities and key threatening processes under the EPBC Act, 2017–18

	Species	Ecological communities	Key threatening processes
Items on which the Threatened Species Scientific Committee has provided advice to the Minister	90	4	0
Ministerial decisions made on Threatened Species Scientific Committee advice	89	1	0
Ministerial decisions made on Threatened Species Scientific Committee advice in the following categories:			
Uplisted	15	0	N/A
Downlisted	0	0	N/A
New	63	1	0
Deleted	5	0	0
Amendments to the list	83	0	0
Rejected/ineligible	3	0	0
No change in status	3	0	0

Table 4A.9: EPBC Act listed threatened species and ecological communities covered by recovery plans as at 30 June 2018

	Species	Ecological communities	Total
Total number of listed threatened entities	1866	78	1944
Number of listed threatened entities covered by recovery plans in force	718	25	743
Number of listed threatened entities requiring recovery plans but not covered by a recovery plan in force	148	32	180

Table 4A.10: Recovery plans made or adopted under the EPBC Act, 2017–18

Recovery plan	Date made or adopted	Listed threatened entities covered
Numbat (<i>Myrmecobius fasciatus</i>) Recovery Plan	16 August 2017	<i>Myrmecobius fasciatus</i> (Numbat)
Western Ringtail Possum (<i>Pseudocheirus occidentalis</i>) Recovery Plan	16 August 2017	<i>Pseudocheirus occidentalis</i> (Western Ringtail Possum, Ngwayir, Womp, Woder, Ngoor, Ngoolangit)
Recovery Plan for the Giant Freshwater Crayfish (<i>Astacopsis gouldi</i>)	17 August 2017	<i>Astacopsis gouldi</i> (Giant Freshwater Crayfish, Tasmanian Giant Freshwater Lobster)
Threatened Tasmanian Orchids Flora Recovery Plan	18 August 2017	<i>Caladenia anthracina</i> (Black-tipped Spider-orchid)
		<i>Caladenia campbellii</i> (Thick-stem Caladenia)
		<i>Caladenia caudata</i> (Tailed Spider-orchid)
		<i>Caladenia dienema</i> (Windswept Spider-orchid)
		<i>Caladenia lindleyana</i> (Lindley's Spider-orchid)
		<i>Caladenia pallida</i> (Rosy Spider-orchid, Pale Spider-orchid, Summer Spider-orchid)
		<i>Caladenia saggicola</i> (Sagg Spider-orchid)
		<i>Caladenia sylvicola</i> (Forest Fingers)
		<i>Caladenia tonellii</i> (Robust Fingers)
		<i>Corunastylis brachystachya</i> (Short-spiked Midge-orchid)
		<i>Corunastylis firthii</i> (Firth's Midge-orchid)
		<i>Diuris lanceolata</i> (Snake Orchid)
		<i>Prasophyllum amoenum</i> (Dainty Leek-orchid)
		<i>Prasophyllum apoxychilum</i> (Tapered Leek-orchid)
		<i>Prasophyllum atratum</i> (Three Hummock Leek-orchid)
		<i>Prasophyllum castanaeum</i> (Chestnut Leek-orchid)
		<i>Prasophyllum crebriflorum</i> (Crowded Leek-orchid)
		<i>Prasophyllum favonium</i> (Western Leek-orchid)
		<i>Prasophyllum incorrectum</i> (Golfers Leek-orchid)
		<i>Prasophyllum limnetes</i> (Marsh Leek-orchid)
		<i>Prasophyllum milfordense</i> (Milford Leek-orchid)
		<i>Prasophyllum olidum</i> (Pungent Leek-orchid)
		<i>Prasophyllum perangustum</i> (Knocklofty Leek-orchid)
		<i>Prasophyllum pulchellum</i> (Pretty Leek-orchid)
		<i>Prasophyllum robustum</i> (Robust Leek-orchid)
		<i>Prasophyllum secutum</i> (Northern Leek-orchid)
		<i>Prasophyllum stellatum</i> (Ben Lomond Leek-orchid)
		<i>Prasophyllum taphanyx</i> (Graveside Leek-orchid)
		<i>Prasophyllum tunbridgense</i> (Tunbridge Leek-orchid)
		<i>Pterostylis commutata</i> (Midland Greenhood)
		<i>Pterostylis pratensis</i> (Liawenee Greenhood)

Recovery plan	Date made or adopted	Listed threatened entities covered
		<i>Pterostylis rubenachii</i> (Arthur River Greenhood)
		<i>Pterostylis wapstrarum</i> (Fleshy Greenhood)
		<i>Pterostylis ziegeleri</i> (Grassland Greenhood, Cape Portland Greenhood)
		<i>Thelymitra jonesii</i> (Sky-blue Sun-orchid)
		<i>Thynninorchis nothofagicola</i> (Myrtle Elbow Orchid)

Table 4A11: Key threatening processes and threat abatement plans listed under the EPBC Act

Key threatening process		Threat abatement plan required?	Approved threat abatement plan
Competition and land degradation by feral rabbits	16 July 2000	Yes	Yes
Competition and land degradation by unmanaged goats	16 July 2000	Yes	Yes
Dieback caused by the root-rot fungus <i>Phytophthora cinnamomi</i>	16 July 2000	Yes	Yes
Incidental catch (or bycatch) of seabirds during oceanic longline fishing operations	16 July 2000	Yes	Yes
Predation by European Red Fox (<i>Vulpes vulpes</i>)	16 July 2000	Yes	Yes
Predation by feral cats	16 July 2000	Yes	Yes
Land clearance	4 April 2001	No	N/A
Loss of climatic habitat caused by anthropogenic emissions of greenhouse gases	4 April 2001	No	N/A
Psittacine circoviral (beak and feather) disease affecting endangered psittacine species	4 April 2001	No	N/A
Incidental catch (bycatch) of sea turtles during coastal otter-trawling operations within Australian waters north of 28 degrees south	4 April 2001	No	N/A
Predation, habitat degradation, competition and disease transmission by feral pigs	6 August 2001	Yes	Yes
Infection of amphibians with chytrid fungus resulting in chytridiomycosis	23 July 2002	Yes	Yes
Reduction in the biodiversity of Australian native fauna and flora due to Red Imported Fire Ant (<i>Solenopsis invicta</i>)	2 April 2003	Yes	No
Injury and fatality to vertebrate marine life caused by ingestion of, or entanglement in, harmful marine debris	13 August 2003	Yes	Yes

Key threatening process		Threat abatement plan required?	Approved threat abatement plan
Loss of biodiversity and ecosystem integrity following invasion by the Yellow Crazy Ant (<i>Anoplolepis gracilipes</i>) on Christmas Island, Indian Ocean	12 April 2005	No	N/A
Biological effects, including lethal toxic ingestion, caused by Cane Toads (<i>Bufo marinus</i>)	12 April 2005	Yes	Yes
Predation by exotic rats on Australian offshore islands of less than 1000 km ² (100,000 ha)	29 March 2006	Yes	Yes
Invasion of northern Australia by gamba grass and other introduced grasses	16 September 2009	Yes	Yes
Loss and degradation of native plant and animal habitat by invasion of escaped garden plants, including aquatic plants	8 January 2010	No	N/A
Novel biota and their impact on biodiversity	26 February 2013	No	N/A
Aggressive exclusion of birds from potential woodland and forest habitat by overabundant noisy miners (<i>Manorina melanocephala</i>)	9 May 2014	No	N/A

Table 4A.12: Top 10 items seized under the EPBC Act, 2017–18

Species	Number of seizures
Costus, Aucklandia, Mu Xiang (<i>Saussurea costus</i>)	130
Snake (<i>Elapidae</i> spp.)	48
American Ginseng (<i>Panax quinquefolius</i>)	29
American Alligator (<i>Alligator mississippiensis</i>)	25
Scorpion (<i>Scorpiones</i> spp.)	23
Elephant (<i>Elephantidae</i> spp.)	12
Bear (<i>Ursidae</i> spp.)	12
Seahorse (<i>Hippocampus</i> spp.)	11
Cactus (<i>Cactaceae</i> spp.)	10
Coral (<i>Scleractinia</i> spp.)	10

Notes: (1) At the time of preparing this report a total of 532 specimens had been seized in 2017–18, under 479 notices of seizure. Australian Border Force officers had issued 465 notices of seizure, and departmental officers had issued 14 notices of seizure. (2) Each year some border seizures are not reported to the department in time to be included in annual reports. Last year 436 notices of seizure were received in time for inclusion in the 2016–17 annual report but the total number of notices issued in 2016–17 was 486.

Table 4A.13: Top 10 species covered by EPBC Act wildlife import permits, 2017–18

Species	Number of import permits issued
American Alligator (<i>Alligator mississippiensis</i>)	644
Reticulated Python (<i>Python reticulatus</i>)	252
Burmese Python (<i>Python bivittatus</i>)	251
Common Water Monitor (<i>Varanus salvator</i>)	217
Nile Crocodile (<i>Crocodylus niloticus</i>)	181
Saltwater Crocodile (<i>Crocodylus porosus</i>)	108
Common Caiman (<i>Caiman crocodilus crocodilus</i>)	93
American Black Bear (<i>Ursus americanus</i>)	46
Nile Monitor (<i>Varanus niloticus</i>)	41
Crab-eating Macaque (<i>Macaca fascicularis</i>)	35

Table 4A.14: Top 10 items most often issued EPBC Act wildlife export permits, 2017–18

Species	Number of export permits issued
Saltwater Crocodile (<i>Crocodylus porosus</i>)	82
American Alligator (<i>Alligator mississippiensis</i>)	80
Stony corals (Order: Scleractinia)	53
Corals (Class: Anthozoa)	51
Fire corals (Class: Hydrozoa)	45
Elephant (Family: Elephantidae)	37
Eastern Grey Kangaroo (<i>Macropus giganteus</i>)	37
Red Kangaroo (<i>Macropus rufus</i>)	35
Rosewood (<i>Dalbergia latifolia</i>)	30
African Elephant (<i>Loxodonta africana</i>)	28

Fisheries assessment and approvals

Table 4A.15: EPBC Act assessments of Commonwealth and state managed fisheries completed, 2017–18

Jurisdiction	Fishery	Current assessment decisions	Decision date
Commonwealth	Coral Sea Fishery	WTO	20 December 2017
Commonwealth	Australia's High Seas permits	Exempt	14 May 2018
Commonwealth	Torres Strait Beche-de-mer Fishery	WTO	20 December 2017
Commonwealth	Torres Strait Finfish Fishery	WTO	20 December 2017
Commonwealth	Torres Strait Prawn Fishery	Exempt	20 December 2017
Commonwealth	Torres Strait Trochus Fishery	Exempt	20 December 2017
Commonwealth	Torres Strait Tropical Rock Lobster Fishery	WTO	20 December 2017
Commonwealth	Western Trawl Fisheries	WTO	20 December 2017
NSW	Abalone Fishery	Exempt	23 March 2018

Jurisdiction	Fishery	Current assessment decisions	Decision date
NSW	Ocean Hauling Fishery	Exempt	23 March 2018
NSW	Ocean Trap and Line Fishery	WTO	29 June 2018
NSW	Ocean Trawl Fishery	WTO	29 June 2018
NSW	Estuary General Fishery	Exempt	23 March 2018
NSW	Estuary Prawn Trawl	Exempt	1 May 2018
NSW	Lobster Fishery	Exempt	23 March 2018
QLD	East Coast Otter Trawl Fishery	WTO	26 March 2018
QLD	East Coast Spanish Mackerel Fishery	Exempt	23 March 2018
QLD	Marine Aquarium Fish Fishery	WTO	26 March 2018
QLD	Sea Cucumber Fishery (East Coast)	Exempt	23 March 2018
QLD	Coral Fishery	WTO	20 June 2018
SA	Lakes and Coorong Fishery	WTO	19 February 2018
SA	Scallop and Turbo Fishery	Exempt	25 May 2018
SA	Sea Urchin Fishery	Exempt	25 May 2018
SA	Specimen Shell Fishery	Exempt	25 May 2018
TAS	Marine Plants Fishery	WTO	18 December 2017
VIC	Corner Inlet Fishery	WTO	1 August 2017
VIC	Scallop (Ocean) Fishery	WTO	28 November 2017
WA	Abrolhos Coral and Live Rock	WTO	30 August 2017
WA	Octopus Fisheries	Exempt	1 August 2017
WA	Sea Cucumber Fishery	Exempt	1 August 2017
WA	South Coast Crustacean Fishery	WTO	1 August 2017
WA	South Coast Trawl Fishery	Exempt	1 August 2017
WA	West Coast Rock Lobster Fishery	Exempt	24 May 2018

Note: WTO = wildlife trade operation.

Meeting statutory time frames under section 518 of the EPBC Act

Table 4A.16: Decisions made and relevant actions under other EPBC Act provisions, and those that did not meet statutory time frames, 2017–18

Section	Total	Late	Reason for delay
273(2) Ensuring recovery plans are in force within extended statutory deadline	45 ^a	6 ^b	Administrative delay
303CI Time limit for making permit decisions—CITES	2523	219	216 administrative delays 3 system errors
303DH Time limit for making permit decisions—Native (non-CITES)	201	8	Administrative delay
341JH Provision of (Commonwealth Heritage) assessments to the Minister	6	6 ^c	Prioritisation of National Heritage places
341JI(2) Decisions on inclusion of a place in the Commonwealth Heritage List	2	1	Ministerial decision

^a Thirty-nine species were covered by four recovery plans made or adopted (see table 4A.10) and another six species and ecological communities became overdue in 2017–18. These six bring the total number of species and ecological communities overdue to have a recovery plan in force to 158.

^b Two species and four ecological communities became overdue to have a recovery plan in force during 2017–18.

^c As of 30 June 2018, a statutory decision for each of these assessments is yet to be made.

Appendix 4B: Publications 2017–18

Guides

Posidonia australis Seagrass Meadows of the Manning-Hawkesbury Ecoregion: a nationally significant ecological community

Reports

Australia's National Report on the Implementation of the Convention on the Conservation of Migratory Species of Wild Animals, CoP12 Philippines, October 2017

Appendix 5: Operation of the *Environment Protection (Alligator Rivers Region) Act 1978*

Section 36 of the *Environment Protection (Alligator Rivers Region) Act 1978* requires the Supervising Scientist to provide to the Minister an annual report on the operation of the Act. This section meets the reporting requirements for 2017–18.

Operation

The position of the Supervising Scientist is established under the *Environment Protection (Alligator Rivers Region) Act 1978* for the purpose of protecting the Alligator Rivers Region from the effects of uranium mining.

The Supervising Scientist Branch is funded under the portfolio's departmental appropriation and contributes to the delivery of Outcome 1: *Conserve, protect and sustainably manage Australia's biodiversity, ecosystems, environment and heritage through research, information management, supporting natural resource management, establishing and managing Commonwealth protected areas, and reducing and regulating the use of pollutants and hazardous substances.*

The activities of the Supervising Scientist under the Act help to achieve this objective by demonstrating that there has been no detrimental impact to the people and the environment of the Alligator Rivers Region, including Kakadu National Park, as a result of uranium mining activities.

Ministerial directions

Under section 7 of the Act, the Supervising Scientist is required to comply with any directions given by the Minister relating to the performance of their functions or the exercise of their powers. In 2017–18, the Minister did not issue any directions to the Supervising Scientist under section 7 of the Act.

Collection and assessment of information

Information on the environmental effects of mining collected and assessed throughout 2017–18, in accordance with section 36(2)(b)(i) of the Act, is summarised below. Further details are provided in the *Supervising Scientist annual technical report*, which will be published on the Department's website.

www.environment.gov.au/science/supervising-scientist/publications

The Supervising Scientist Branch works to protect the environment of the Alligator Rivers Region, including Kakadu National Park, from the effects of uranium mining activities. Working closely with Commonwealth and Northern Territory regulatory authorities, and in consultation with traditional owners through the Northern Land Council and the Gundjeihmi Aboriginal Corporation, the branch develops and implements programs to measure the effectiveness of environmental management at uranium mining and exploration sites. These programs include supervision, monitoring and environmental research.

The focus of most of the Supervising Scientist's activities in recent years, and for the work program over the next 10 years, has been on the Ranger uranium mine, the only operating uranium mine in the region. Among the branch's broader responsibilities in the region (Table A5.1), Ranger presents the most significant environmental risks, during both mine operations and rehabilitation.

Supervision

The branch's supervision and assessment program includes a structured plan of mine assessments, inspections and audits which provides a mechanism for reviewing and assessing the adequacy and effectiveness of environmental management systems in place at various sites. Throughout 2017–18, this program was focused on five main areas within the region, including Ranger operations, two historical mine sites in various stages of rehabilitation and several exploration sites (Table A5.1).

Table A5.1: Summary of supervision activities of the Supervising Scientist Branch at five sites in the Alligator Rivers Region, 2017–18

Activity	Ranger	Jabiluka	Nabarlek	South Alligator Valley	West Arnhem exploration
Meetings of the mine site technical committee	5	2	1	N/A	N/A
Applications assessed	9				
Non-routine reports assessed	6				1
Routine reports/plans assessed	8	1	1	2	3
Applications under assessment	3				
Authorisation amendments assessed	1	1			
Environmental audits	1	0 ^a	1	1	1
Routine inspections	12	2	2	1	2
Incidents reported	23 ^b				

a The audit program for Jabiluka has been suspended, as the site is in long-term care and maintenance.

b All reported environmental incidents were followed up through the routine inspection program.

Monitoring

The branch's monitoring program uses a multiple lines of evidence approach, assessing chemical, biological and radiological indicators to detect short- and long-term impacts of mining on the people and the environment surrounding Ranger mine.

The key pathway for exposure of contaminants to the environment during the operational phase of the Ranger mine is the surface water pathway. To ensure protection of the environment, including people, the mine's operator, Energy Resources of Australia Ltd (ERA), is required to achieve specific water quality objectives for the creeks surrounding Ranger mine. These water quality objectives are largely based on site-specific biological effects data, and their achievement provides a key line of evidence that the environment has been protected.

Surface water chemistry data show there were no exceedences of the Ranger water quality objectives throughout the 2017–18 wet season. For example, concentrations of uranium in surface water downstream of Ranger remained below 2.8 µg/L throughout the 2017–18 wet season.

Biological monitoring techniques have been developed that can be used for both early detection monitoring and assessment of long-term ecosystem-level responses. Results of the in situ biological toxicity monitoring (early detection) and fish and macroinvertebrate monitoring (long-term detection) showed that downstream biodiversity had been protected, based on the data that had been analysed as at 30 June 2018.

One of the main pathways of potential radiation exposure by the public during Ranger operations is the ingestion pathway, caused by the uptake of radionuclides into bush foods from creek systems downstream of the mine. Freshwater mussels have previously been identified as the most important food source contributing to radiation dose to people, as they strongly bioaccumulate radium-226 in their flesh. Mussels were collected from Mudginberri Billabong, downstream of Ranger, in October 2017 and analysed for radium-226 as part of the routine bioaccumulation monitoring program. Results indicate that radium-226 concentrations had not increased as a result of uranium mining, and that there is no radiation risk from consuming mussels as part of a bush food diet.

In summary, all monitoring undertaken by the branch to date indicates that there have been no observable environmental impacts from Ranger mine's operations, and that the people and the environment of the Alligator Rivers Region remained protected from the effects of uranium mining during 2017–18. A detailed description of all results obtained from the 2017–18 monitoring program will be published in the 2017–18 *Supervising Scientist annual technical report*.

See Part 2, Annual performance statements, 'Regulating to protect our environment and heritage', pages 41–57.

Environmental research

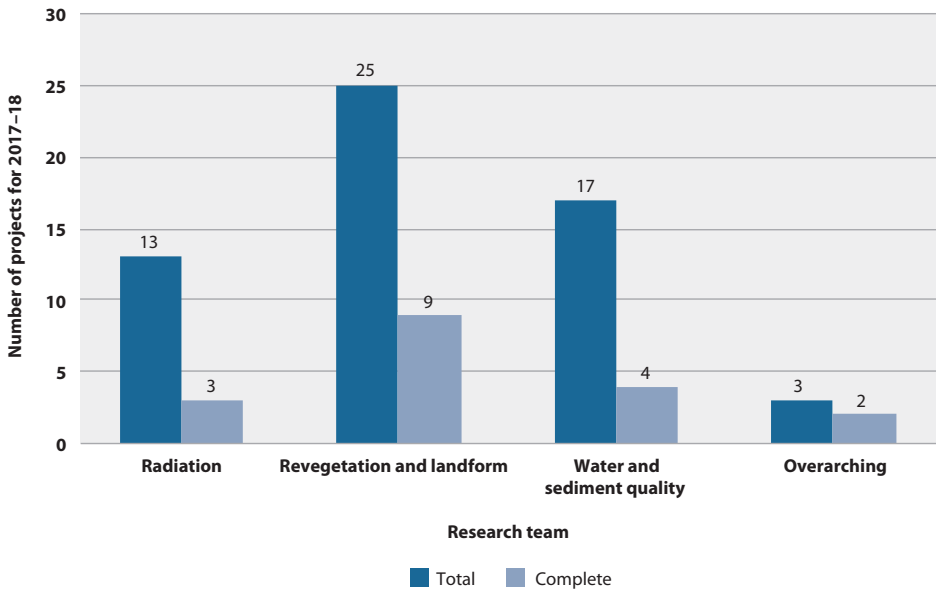
During 2017–18, all research undertaken by the Supervising Scientist Branch was directed at gaining information to assist with managing key environmental risks associated with Ranger mine operations and rehabilitation.

The branch's proposed research program for 2017–18 built on the planning process undertaken for the 2016–17 program. This was underpinned by a comprehensive risk-based planning process to map out the branch's research priorities over the next 10 years. The Alligator Rivers Region Technical Committee (ARRTC) is established under the Act to independently review research into the effects of uranium mining in the Alligator Rivers Region. The ARRTC endorsed the branch's 2017–18 research program in May 2017.

The 2017–18 research program comprised 58 research projects. This was an increase on project numbers in previous years, reflecting a greater focus on revegetation and landform work required for Ranger rehabilitation, the inclusion of new groundwater projects, and the continuation of projects ongoing from 2016–17. Of the 58 projects, 18 were completed during the year. The remaining projects will continue into 2018–19.

Throughout 2017–18, the branch published the findings and outcomes of these projects in 19 peer-reviewed articles.

Figure A5.1: Research projects of the Supervising Scientist Branch, 2017–18



Standards, practices and procedures

Information on standards, practices and procedures adopted and/or amended during 2017–18, in accordance with section 36(2)(b)(ii) of the Act, is provided below.

- › The Ranger mine operator, ERA, submitted an updated version of its Ranger Mine Closure Plan to the branch in early June 2018. The plan includes proposed closure criteria for Ranger mine to apply on and off site after rehabilitation. The Supervising Scientist Branch is currently assessing the plan, including the proposed closure criteria.
- › A suite of rehabilitation standards for Ranger mine have been developed by the branch and will be published in the third quarter of 2018. These standards will provide quantitative values against which the mine operator’s proposed closure criteria can be assessed.
- › Procedures and methods for collecting and processing remotely piloted aircraft system data to derive standards for revegetation, as well as restored ecosystem monitoring, are being developed. The refinement of these methods and procedures over time will reduce or eliminate the need for ground-based and resource-intensive field surveys.
- › The chronic toxicity testing method for the Northern Trout Gudgeon, *Mogurnda mogurnda*, was further improved and is being used for routine testing.
- › Acute and chronic toxicity testing methods for freshwater mussels, *Velesunio spp.*, were developed. The acute test protocol has been peer reviewed and published, and the chronic test protocol is being prepared for publication.
- › Development of a remote videography method for monitoring fish communities in channel billabongs as a replacement technique for visual counts continued. This significantly reduces the risks associated with working in crocodile-inhabited waters. Results from the new method are being compared with results from the former method, for calibration, over a three-year period.

Protection and restoration measures

Information on environmental protection and restoration measures implemented in accordance with section 36(2)(b)(iii) of the Act during 2017–18 is provided below.

- › The annual routine water quality and biological monitoring programs were completed successfully.
- › The annual audit and routine inspection program was completed successfully.
- › Ongoing monitoring of the adequacy and effectiveness of remedial works undertaken by the mine operator was carried out.

Ongoing progress

The mine operator submitted a mine closure plan for Ranger mine in June 2018, which is under review by the branch. Key rehabilitation activities carried out at Ranger mine throughout 2017–18 include:

- › ongoing transfer of mine tailings into Ranger mine Pit 3 for permanent storage, in accordance with the rehabilitation objectives
- › further progression of the rehabilitation of Ranger mine Pit 1, with the bulk backfill activities ongoing
- › ongoing treatment and disposal of mine waste water including investigation of alternative treatment options for process water and for more efficient treatment of pond water
- › recommissioning of additional groundwater monitoring bores to improve understanding of groundwater quality and behaviour and to inform future modelling and assessment.

Requirements of prescribed instruments enacted, made, adopted or issued

Information on the requirements of, and having effect under, new prescribed instruments, or amendments to existing prescribed instruments in accordance with section 36(2)(b)(iv) of the Act, is provided below.

- › An updated version of the Ranger Mining Management Act Authorisation was issued on 22 June 2018. The Supervising Scientist Branch provided advice to the regulatory authorities on the updated authorisation.

Implementation of requirements

Information on the implementation of requirements of, and having effect under, new prescribed instruments, or amendments to existing prescribed instruments in accordance with section 36(2)(b)(v) of the Act, is provided below.

- › During 2017–18, no new requirements were implemented.

Appendix 6: Operation of the *Fuel Quality Standards Act 2000*

Section 71 of the *Fuel Quality Standards Act 2000* requires the Minister to prepare an annual report on the operation of the Act. This section meets this reporting requirement for 2017–18.

Operation

The Act requires the fuel industry, including fuel suppliers, to supply fuel that meets strict environmental requirements in accordance with fuel quality standards. Fuel quality standards have been made for petrol, automotive diesel, biodiesel, ethanol E85 and autogas.

Review of the *Fuel Quality Standards Act 2000*

A statutory review of the Act was completed in April 2016. One of the findings of the review was that the Act has met its objectives. The review recommended that the Act be retained with amendments. The Government is considering the recommendations made in the review. The review report is on the Department's website.

www.environment.gov.au/protection/fuel-quality/legislation/review-2015

Review of the legislative instruments made under the *Fuel Quality Standards Act 2000*

The Department is undertaking a review of the legislative instruments, including Australia's five fuel standards, which have been made under the Act. The review is exploring options on ways to strengthen Australian fuel standards to reduce noxious emissions that contribute to health and environmental problems, while facilitating access to the latest vehicle technology.

In January 2018, the Ministerial Forum on Vehicle Emissions released the *Better fuel for cleaner air* draft regulation impact statement (draft RIS). The draft RIS canvassed three policy options for updating Australia's fuel standards to make sure Australians have access to high-quality fuels and to align our fuel standards with international best practice.

The three options canvassed in the draft RIS were based on previous stakeholder consultations following the release of a discussion paper in 2016 and were subject to detailed economic analysis. Over 50 submissions were received from a range of stakeholders.

The Government is considering stakeholder feedback before determining the next steps for fuel quality in Australia.

Compliance and enforcement

The Department conducts monitoring, compliance and enforcement activities to detect and respond to non-compliance under the Act and Regulations.

In 2017–18, the Office of Compliance produced its first strategic intelligence product for the Fuel Quality Monitoring Program. This product contained a detailed analysis of data captured during fuel site inspections to improve departmental officers' understanding of the operating environment.

Statistics from the past four years are provided in Table A6.1. During 2017–18, the Department engaged with 311 retail fuel sites. Where non-compliance was detected, the Department took action to ensure the supply of fuel is compliant with the requirements of the Act.

Table A6.1: Statistics on fuel sampling under the *Fuel Quality Standards Act 1999*, 2014–15 to 2017–18

Actions	2014–15	2015–16	2016–17	2017–18
Compliance incident reports	238	223	195	133
Number of retail fuel sites visited	432	455	457	311
Number of compliant tests	1392	1596	1337	778
Number of noncompliant tests detected	33	33	23	16
Number of ethanol labelling breaches	22	21	8	4
Number of documentation requirements breaches ^a	48	29	4 ^b	0

a The Act and Regulations require operators of service stations to keep and maintain records for two years, including delivery documentation, stock reconciliation and fuel-testing records in relation to the supply of fuel, at the premises where the fuel is supplied. Fuel suppliers must also provide documentation to the supply site within 72 hours of the delivery of fuel.

b Section 66 compliance checks only.

Financial information

The Department's 2017–18 operating costs for administering the Act were \$3,010,226, including staff salaries and allowances, consultancies, advertising and other related expenses.

Committee

Section 24 of the Act establishes the Fuel Standards Consultative Committee. The Minister must consult the committee on, or notify it of, various matters as required by the Act. The committee is made up of representatives from the Australian, state and territory governments, fuel producers, car and truck manufacturers, consumers and an environment protection organisation.

Appendix 7: Operation of the *Greenhouse and Energy Minimum Standards Act 2012*

This section is prepared in accordance with section 175 of the *Greenhouse and Energy Minimum Standards Act 2012* (GEMS Act). It covers the operation of the GEMS Act from 1 July 2017 to 30 June 2018.

The GEMS Act supports the development and adoption of appliances and equipment that use less energy and result in fewer greenhouse gas emissions than competing products. The GEMS Act commenced on 1 October 2012. It replaced seven overlapping pieces of state and territory legislation and four state regulators with one national regulator, simplifying the system for manufacturers and importers of regulated appliances and equipment.

Operation

Equipment Energy Efficiency (E3) program

The Department administers the GEMS Act through the Equipment Energy Efficiency (E3) program and the GEMS Regulator. The E3 program promotes greater energy efficiency of regulated products by enabling consumers to make informed choices to reduce energy use and greenhouse gas emissions. The main policy tools the program uses are mandatory Minimum Energy Performance Standards and Energy Rating Labels for appliances and equipment.

Determinations

At 30 June 2018, a total of 22 determinations were in effect under the GEMS Act. The determinations are legislative instruments that specify GEMS requirements, including requirements for Minimum Energy Performance Standards and Energy Rating Labels for products regulated under the GEMS Act.

Governance

The Department and the GEMS Regulator work cooperatively with state and territory agencies to administer the GEMS Act and develop the E3 program under an intergovernmental agreement. Australia also collaborates on energy efficiency standards with New Zealand through a policy framework and funding arrangement for the E3 program, ensuring the greatest net benefit for both countries.

The E3 program is overseen by the Energy Efficiency Advisory Team, which reports to the Council of Australian Governments (COAG) Energy Council. The advisory team comprises representatives from Commonwealth, state and territory government agencies and from the New Zealand Government.

Service delivery

In 2017–18, the GEMS Regulator approved 4597 applications and responded to 823 enquiries. Registration applications were approved in 1.43 days on average. Two exemption requests were granted in 2017–18.

Revenue

In 2017–18, revenue from registration fees was \$2,274,130. The registration fees are currently under review. A supplementary paper on the GEMS fees was released to stakeholders.

Achievements

During 2017–18 the COAG Energy Council approved new regulations under the GEMS Act for commercial refrigeration, lighting and domestic refrigeration.

The Department surveyed stakeholders in 2017–18 to gauge the overall level of satisfaction with the GEMS product registration and compliance process. Eighty-two per cent of respondents were satisfied with the registration service they received. Of the total number of respondents, 91 per cent agreed that the Energy Rating Team handled enquiries in a professional manner and that registrations were processed in a timely manner. The results show continued improvement over the three years the survey has been undertaken.

During 2017–18, the Minister for the Environment and Energy asked Anna Collyer, partner and head of innovation at Allens, to begin an independent review of the GEMS Act, as required by the legislation. This review is supported by a taskforce within the Department. It will be completed in 2018–19.

GEMS compliance

The GEMS Regulator is responsible for monitoring and enforcing compliance with the GEMS Act. It does this through an intelligence-led, risk-based program that:

- › engages with, and educates, the regulated community
- › monitors compliance through:
 - check testing
 - GEMS inspector market surveillance
 - receiving allegations of suspected non-compliance
- › assesses and investigates non-compliance
- › responds to non-compliance.

During 2017–18, the GEMS Regulator completed check tests of 102 models of 13 GEMS products. Of these models, 95 met GEMS requirements and seven did not. Of those failing to meet GEMS requirements, the GEMS Regulator:

- › cancelled the registration of five models
- › referred the non-compliance of one model to another regulator
- › took alternative enforcement action for one model.

The GEMS Regulator accepted two enforceable undertakings where the other parties agreed to take specific remedial actions in relation to non-compliance detected through check testing.

GEMS inspector market surveillance activities revealed:

- › registration—consistently very high rates of compliance for a range of household GEMS products
- › labelling—poor rates of compliance for products such as televisions and computer monitors.

As a result of proactive monitoring activities, the GEMS Regulator assessed 96 instances of

suspected non-compliance. A further 22 allegations of non-compliance were received from consumers, industry and other government departments.

Most of the allegations assessed related to the supply of unregistered GEMS products and to GEMS labelling requirements.

Seventy-five instances of suspected non-compliance were resolved by GEMS inspectors engaging with and educating relevant parties. Twenty-five instances were referred for further investigation and/or administrative action. The remaining 18 instances were assessed as requiring no further action.

Communication

The GEMS Regulator assists responsible parties to comply with the GEMS Act. To achieve this, the GEMS Regulator:

- › informs stakeholders about the E3 program and the operation of the GEMS Act
- › informs stakeholders about registration requirements under the GEMS Act, including through the www.energyrating.gov.au website
- › responds to queries through emails to energyrating@environment.gov.au
- › coordinates national marketing and communication projects to support new energy efficiency programs and improve existing ones
- › consults with industry and other interested parties on developing and implementing energy labelling and associated programs
- › monitors and reports on program performance, achievements and enforcement.

Appendix 8: Operation of the *Hazardous Waste (Regulation of Exports and Imports) Act 1989*

Section 61 of the *Hazardous Waste (Regulation of Exports and Imports) Act 1989* requires the Minister to prepare a report on the operation of the Act for each financial year. This section meets the reporting requirements for 2017–18.

The Department submitted an annual report on Australia's implementation of the *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal* (Basel Convention) to the convention's secretariat during 2017–18. The annual report is on the Basel Convention website.

www.basel.int/Countries/NationalReporting/BaselConventionNationalReports/tabid/4250/Default.aspx

Operation

The Act requires the import, export or transit of hazardous waste to be approved by the Minister or their delegate, through a permitting system.

In 2017–18, the Minister or his delegate granted 27 permits and refused two permits (these numbers exclude permit exemptions for laboratory analysis samples, and permit variations).

On 30 March 2017, the Department stopped publishing notices in the Australian Government Gazette. All notices relating to permit applications and decisions are now published on the Department's website.

www.environment.gov.au/protection/hazardous-waste/application-and-permit-notice

Details of permit applications and decisions published in the Australian Government Gazette before 30 March 2017 can be found on the Office of Parliamentary Counsel's legislation website.

[www.legislation.gov.au/Browse/Results/ByPortfolio/Gazettes/InForce/Environment and Energy/0](http://www.legislation.gov.au/Browse/Results/ByPortfolio/Gazettes/InForce/Environment%20and%20Energy/0)

Compliance and enforcement

The Department works with the Australian Border Force to prevent illegal exports and imports of hazardous waste.

In 2017–18, the Department received three referrals from the Australian Border Force and one referral from the Queensland Department of Environment and Science. Three of the referrals related to the attempted export of small-scale goods to the exporters' country of origin, with two of these confirmed as containing minor quantities of hazardous waste. The hazardous waste in relation to the two confirmed cases was removed from the containers by the exporters before these exports were allowed to proceed. One referral is now the subject of an investigation.

In 2017–18, the Office of Compliance produced its first strategic intelligence product in relation to the *Hazardous Waste (Regulation of Exports and Imports) Act 1989*. This product contained a detailed analysis of export data and compliance investigation cases to improve the Department's understanding of the nature and extent of hazardous waste exports.

Administrative Appeals Tribunal

No applications for a review of a decision were made to the Administrative Appeals Tribunal in 2017–18.

Financial information

In 2017–18, the Department collected \$223,389 (GST exclusive) in permit application fees under the *Hazardous Waste (Regulation of Exports and Imports) (Fees) Regulations 1990*.

Committee

Section 58E of the Act establishes the Hazardous Waste Technical Group. The Minister must consult this group on any proposed new regulations about the definition of hazardous waste and on evidentiary certificates issued under the Act. The Minister did not consult the technical group in 2017–18, as no relevant new regulations were proposed and no evidentiary certificates were issued over this period.

Appendix 9: Operation of the *Natural Heritage Trust of Australia Act 1997*

Section 43 of the *Natural Heritage Trust of Australia Act 1997* requires the Minister to prepare an annual report on the operation of the Natural Heritage Trust of Australia Account. This section meets this reporting requirement, with the exception of financial information. The Act requires the annual report to include financial statements relating to operations of the account and the Auditor-General's report on the financial statements. See Part 4, Financial statements, pages 154–243.

The Act established the Natural Heritage Trust of Australia Account to conserve, repair and replenish Australia's natural resources. The account is administered by the Natural Heritage Ministerial Board. The board comprises the Ministers responsible for environment and agriculture matters.

Activities carried out under the Act are integral to achieving the Department's purpose to conserve, protect and sustainably manage Australia's biodiversity and heritage. Additionally these activities support and contribute to sustainable agriculture outcomes across our productive landscapes. Some of these activities are reported in Part 2, Annual performance statements, 'Investing in our environment and heritage', pages 25–34.

Operation

National Landcare Program

The Natural Heritage Trust is the principal funding stream supporting the Government's National Landcare Program.

The National Landcare Program is a key part of the Australian Government's commitment to protect and conserve Australia's water, soil, plants, animals and ecosystems, and to support the productive and sustainable use of these valuable resources.

The Australian Government invested \$1 billion through the National Landcare Program over four years from 2014–15, including support for the Landcare networks, 20 Million Trees and Australia's 56 regional natural resource management organisations. This first phase of the National Landcare Program concluded on 30 June 2018.

The Australian Government is investing around \$1 billion in the second phase of the National Landcare Program which will be delivered from July 2017 to June 2023. This second phase of investment continues the Government's commitment to natural resource management, sustainable land management and environmental protection. The investment will help Landcare, Indigenous and community groups continue their valuable work of delivering on-ground biodiversity and sustainable agriculture outcomes that benefit our communities and the environment.

Under the \$450 million Regional Land Partnerships, an open and competitive tender process is being conducted to identify service providers for the 56 management units across Australia. This approach aims to improve efficiency and provide greater clarity and transparency in purchasing services and reporting on their delivery and outcomes achieved.

The next phase of the National Landcare Program also supports the following programs:

- › Smart Farms: \$134 million to support the development and uptake of best practice management, tools and technologies that help farmers, fishers, foresters and regional communities improve the protection, resilience and productive capacity of our soils, water and vegetation, and in turn support successful primary industries and regional communities
- › Environment small grants: grants of up to \$50,000 to community, Landcare, environment and other groups and individuals to deliver natural resource management activities that improve the quality of the local environment
- › Continuing to deliver the Reef 2050 Plan: additional funding towards meeting the Government's commitment to the Reef 2050 Long-Term Sustainability Plan
- › Caring for our World Heritage places: funding to help with the management of our treasured World Heritage sites, with a particular focus on addressing critical threats such as feral animals and weeds, and changed fire regimes
- › Support for Indigenous Protected Areas: \$15 million for new Indigenous Protected Areas, in addition to an investment of \$93 million for the ongoing support of existing Indigenous Protected Areas
- › Support for efforts to eradicate Red Imported Fire Ants: funding as part of the Australian Government's contribution to the Red Imported Fire Ants eradication program for south-east Queensland
- › Centre for Invasive Species Solutions: support for the Invasive Animals Cooperative Research Centre's transition into the new Centre for Invasive Species Solutions.

Further information is available on the National Landcare Program's website.

www.nrm.gov.au

Appendix 10: Operation of the Ozone Protection and Synthetic Greenhouse Gas Management Act 1989

Section 68 of the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989* requires the Minister to prepare an annual report on the operation of the Act. This section meets this reporting requirement for 2017–18.

Operation

To enable Australia to meet its international obligations, the Act provides for a licensing system for import, export and manufacture of ozone-depleting substances and synthetic greenhouse gases and equipment containing such substances and gases. The Act prohibits the import or manufacture of certain products (listed in Schedule 4 of the Act) that contain or use scheduled substances unless the Minister grants an exemption under section 40. The Act establishes the *Ozone Protection and Synthetic Greenhouse Gas Management Regulations 1995* to control the end uses of ozone-depleting substances and synthetic greenhouse gases in the refrigeration, air conditioning and fire protection industries. Industry-based permit schemes regulate the handling and use of these substances.

Significant developments during 2017–18

Hydrofluorocarbon phase-down

On 1 January 2018 Australia started its phase-down of hydrofluorocarbon (HFC) imports, implemented via the *Ozone Protection and Synthetic Greenhouse Gas Management Amendment Act 2017*. The phase-down is one of the Australian Government's measures to meet Australia's 2030 greenhouse gas emission targets and meets Australia's obligations under the Montreal Protocol.

Australia started its phase-down a year ahead of the Montreal Protocol's requirements and starts 25 per cent below the Montreal Protocol's baseline. The phase-down of HFC imports was implemented through allocation of quotas to HFC importers and a gradual reduction, every two years, of the amount of HFCs that can be imported until an 85 per cent reduction is reached from 2036. The phase-down approach was developed in close consultation with industry.

The Department has run information sessions across Australia to inform stakeholders of the HFC phase-down and other changes following the review of the Ozone Protection and Synthetic Greenhouse Gas Program.

Ratification of the Kigali Amendment to the Montreal Protocol

Australia deposited its instrument of acceptance of the Kigali Amendment to the Montreal Protocol on 27 October 2017. The Kigali Amendment is the agreement by all 197 United Nations member countries to phase down production and imports of HFCs. The Montreal Protocol's phase-down will start on 1 January 2019 following acceptance by 20 countries, which is the minimum number required for the Kigali Amendment to commence.

Streamlined administration of the domestic use of scheduled substances

The 2014–16 review of the Ozone Protection and Synthetic Greenhouse Gas Program found that the co-regulatory approach to delivering the end-use industry permit schemes contributed to significant emissions reductions. A number of measures will enhance and streamline the delivery approach and reduce the regulatory burden on businesses and individuals within the schemes. From January 2018, permit durations were extended from two to three years and a streamlined renewal process was introduced.

A request for tender was released to market in March 2018, seeking submissions from interested organisations to implement the end-use permit schemes from the expiry of current contractual arrangements in October 2018, for an initial period of five years. The tender assessment process is underway.

Further detail is on our website.

www.environment.gov.au/protection/ozone/legislation

Import, export and manufacture licences

The Minister or the Minister's delegate may issue four types of licences. Descriptions of these licence types are on our website.

www.environment.gov.au/protection/ozone/licences

At 26 June 2018, there were 942 licences active:

- › 43 controlled substances licences
- › 894 ozone-depleting substances and synthetic greenhouse gas equipment licences
- › three used substances licences
- › two essential use licences.

In 2017, Australia imported 2.47 ozone-depleting potential (ODP) tonnes of bulk hydrochlorofluorocarbons (HCFCs), which is significantly less than the quantity permitted under the Montreal Protocol (55 ODP tonnes). A further 0.02 ODP tonnes of HCFCs were imported in refrigeration and air-conditioning equipment and are accounted for in the country where the equipment was manufactured.

In 2017, Australia imported 596.33 ODP tonnes of methyl bromide, of which 17.85 ODP tonnes were imported for controlled uses (which is equal to our Montreal Protocol limit permitted as a critical use exemption).

In 2017, Australia imported:

- › 14,576 carbon dioxide equivalent (CO₂-e) kilotonnes of bulk hydrofluorocarbons
- › 0.56 CO₂-e kilotonnes of bulk perfluorocarbons
- › 171.8 CO₂-e kilotonnes of bulk sulfur hexafluoride.

Australia imported a further 6216 CO₂-e kilotonnes of hydrofluorocarbons, 265 CO₂-e kilotonnes of sulfur hexafluoride and 0.1 CO₂-e kilotonnes of perfluorocarbons in equipment.

End-use regulations

The *Ozone Protection and Synthetic Greenhouse Gas Management Regulations 1995* regulate the handling and use of ozone-depleting substances and synthetic greenhouse gases in the refrigeration, air conditioning and fire protection industries and the uses of methyl bromide as a feedstock and as a fumigant for approved critical uses and quarantine and pre-shipment uses.

Two competency-based industry permit schemes control the domestic end-use acquisition, storage, disposal, handling and trading of substances scheduled under the Act. On behalf of the Australian Government, the Australian Refrigeration Council administers the Refrigeration and Air-conditioning Industry Permit Scheme. The Fire Protection Association Australia administers the Fire Protection Industry Permit Scheme.

Further information on the schemes is available from the industry board websites.

www.arctick.org and www.fpiib.com.au

At 30 June 2018, there were 90,705 active industry permits, consisting of:

- › Fire protection: 122 extinguishing agent trading authorisations, 1303 extinguishing agent handling licences and 43 halon special permits under the scheme
- › Refrigeration and air conditioning: 18,758 refrigerant trading authorisations and 70,479 refrigerant handling licences.

Compliance and enforcement

The Department conducts compliance and enforcement activities under the Act relating to the manufacture, import, export, and end use of ozone-depleting substances and synthetic greenhouse gases. The Department works with the Australian Border Force to monitor imports to ensure compliance with the Act. It also works with the Australian Refrigeration Council and the Fire Protection Association Australia to ensure compliance among permit holders who work with these substances.

In September 2017, a company that imported equipment containing a scheduled substance without a licence was issued an infringement notice for \$12,600. The company subsequently paid the infringement notice (see Table A10.1).

Table A10.1: Compliance activities under the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*, 2017–18

Compliance activities	Total
Allegations of potential non-compliance referred to the Department	194
Inspection of regulated premises	3
Investigations (import and domestic end use)	63
Compliance achieved (site visits, phone calls, other)	81
Other outcomes (targeted border controls, refusal of permits, no longer operating)	1

Financial information

The Act provides for the collection of licence application fees at the levels set under the Regulations and import and manufacturing levies set under the *Ozone Protection and Synthetic Greenhouse Gas (Import Levy) Act 1995* and the *Ozone Protection and Synthetic Greenhouse Gas (Manufacture Levy) Act 1995*.

Revenue received during 2017–18 from operation of the National Halon Bank and licence fees and levies is shown in Table A10.2.

Table A10.2: Ozone Protection and Synthetic Greenhouse Gas Special Account revenue, 2017–18

Activity	Amount in 2017–18 (\$)
Levies	1,555,343
Licence fees	2,328,000
National Halon Bank sales and services	1,354,485
Refrigeration fees ^a	11,536,585
Penalties ^b	3,086
Fire protection fees ^c	256,024
Total	17,033,523

a The Australian Refrigeration Council administers the Refrigeration and Air-conditioning Industry Permit Scheme and collects permit application fees on behalf of the Department.

b Penalties shown are penalty interest charged when levies are overdue, at a rate of 30 per cent per annum, calculated daily. This penalty was removed as part of changes to the *Ozone Protection and Synthetic Greenhouse Gas Act 1989* on 1 January 2018.

c The Fire Protection Association Australia administers the Fire Protection Industry Permit Scheme and collects permit application fees on behalf of the Department.

In 2017–18, the Department paid the Australian Refrigeration Council \$5,955,781 (GST exclusive) for operating the Refrigeration and Air-conditioning Industry Permit Scheme, and the Fire Protection Association Australia \$622,318 (GST exclusive) for administering the Fire Protection Industry Permit Scheme.

Appendix 11: Operation of the *Product Stewardship Act 2011*

Section 107 of the *Product Stewardship Act 2011* requires the Minister to provide an annual report on the operation of the Act. This section meets this reporting requirement for 2017–18.

Operation

The Act provides for three levels of product stewardship: voluntary, co-regulatory and mandatory.

Voluntary product stewardship

Part 2 of the Act provides for voluntary product stewardship. Under the Act, organisations can seek accreditation from the Government for product stewardship arrangements and request permission to use product stewardship logos.

No new voluntary product stewardship arrangements were accredited in 2017–18. An accreditation round was opened 26 March 2018, allowing voluntary product stewardship arrangements to apply to become accredited. Applications closed on 31 August 2018.

The Department continued to work with the two existing accredited arrangements: MobileMuster, administered by the Australian Mobile Telecommunications Association; and FluoroCycle, administered by the Lighting Council of Australia.

www.environment.gov.au/protection/national-waste-policy/product-stewardship/voluntary-product-stewardship

Co-regulatory product stewardship

Part 3 of the Act provides for co-regulatory product stewardship. The National Television and Computer Recycling Scheme, set up by the *Product Stewardship (Televisions and Computers) Regulations 2011*, is the only co-regulatory scheme under the Act. The scheme sets industry-funded annual recycling targets for end-of-life televisions and computer products. Importers and manufacturers of these products fund collection and recycling through membership fees paid through industry-run co-regulatory arrangements. The approved co-regulatory arrangements are administered by the Australia and New Zealand Recycling Platform, E-Cycle Solutions, Electronics Product Stewardship Australasia and MRI PSO Pty Ltd.

The administrators must ensure that the arrangements achieve the outcomes specified in the Act and the Regulations. These outcomes include providing electronic waste (e-waste) collection services to communities in metropolitan, regional and remote areas of Australia; meeting annual recycling targets; and ensuring that at least 90 per cent of the materials derived from recycling e-waste are made available to be re-used in manufacturing new products.

In June 2018, the Regulations were amended to decrease the operational costs to industry by the revision of product codes to better reflect the weights of the computer and television products captured under the scheme, create new product codes to reflect the range of weights for new products imported into Australia, and revise the estimated weight of e-waste entering the e-waste stream in Australia. Details of these amendments can be found in the *Product Stewardship (Televisions and Computers) Amendment (Miscellaneous Measures) Regulations 2018*.

www.legislation.gov.au/Details/F2018L00864

Under section 27 of the Product Stewardship Act 2011, approved co-regulatory arrangements are required to undergo a statutory review every five years. The reviews were initiated in September 2017 and are expected to be completed by late 2018.

Regulatory (mandatory) product stewardship

Part 4 of the Act provides for mandatory product stewardship, where both requirements and outcomes are prescribed in regulations. No schemes have been established under these provisions of the Act.

Annual product list

Section 108A of the Act requires the Minister to publish a list of classes of products for consideration for accreditation or regulation in the following year. Publication of this annual product list gives the community and business certainty about products considered for coverage by the Act and provides the opportunity for them to contribute to analysis and development of options. The list of product classes under consideration in 2017–18 included plastic microbeads, electrical and electronic products, photovoltaic systems, batteries and plastic oil bottles.

www.environment.gov.au/protection/waste-resource-recovery/product-stewardship/legislation/product-list-2017-18

Legislative amendments

Statute Update (Smaller Government) Act 2018

The *Statute Update (Smaller Government) Act 2018* was passed on 20 February 2018. It includes amendments to the *Product Stewardship Act 2011* to abolish the Product Stewardship Advisory Group and amendments to the *Product Stewardship (Oil) Act 2000* to abolish the Oil Stewardship Advisory Council.

www.legislation.gov.au/Details/C2018A00004

Review of the Product Stewardship Act 2011

The *Product Stewardship Act 2011* is required to be reviewed every five years following commencement. The inaugural review began in 2017 and included a review of the *Product Stewardship (Televisions and Computers) Regulations 2011*. The Department undertook public consultation to seek input from the public, community groups, industry and governments to ensure the ongoing effectiveness of the legislation and the delivery of best practice outcomes. The Department received over 250 written submissions in response to a discussion paper issued in March 2018. A final report on the outcomes of the review is expected to be completed by late 2018.

www.environment.gov.au/protection/waste-resource-recovery/product-stewardship/consultation-review-ps-act-incl-ntcrs

Appendix 12: Operation of the *Product Stewardship (Oil) Act 2000*

Section 35 of the *Product Stewardship (Oil) Act 2000* requires the Minister to prepare an annual report about the operation of the product stewardship arrangements for oil (including the Act). This section meets this reporting requirement for 2017–18.

Operation

The program provides economic incentives for the environmentally sustainable management, re-refining and re-use of used oil. A levy on oil sales helps fund the cost of recycling used oil. The Department has policy responsibility for the program, but it is administered by the Australian Taxation Office. The Treasurer sets the levy rate under separate legislation.

On 1 July 2014, the Treasurer increased the product stewardship oil levy to 8.5 cents per litre of lubricant or equivalent oil. The levy applies to both domestically produced and imported oil. The levy is collected as an excise by the Australian Taxation Office and as customs duty by the Department of Immigration and Border Protection. Exported oil is not levied.

Data on the outlays and collections of the Product Stewardship for Oil (PSO) Program is not available at the time of preparing this report, because the data is sourced from external data holdings and also independently verified by the ANAO. This data will be made available in the second quarter of 2018–19 at:

environment.gov.au/protection/used-oil-recycling/product-stewardship-oil-program

Legislative amendments

Statute Update (Smaller Government) Act 2018

The Statute Update (Smaller Government) Act 2018 was passed on 20 February 2018. It includes amendments to the *Product Stewardship (Oil) Act 2000* to repeal the Oil Stewardship Advisory Council. The Department will consult experts and industry on oil product stewardship matters.

Review of the Product Stewardship (Oil) Act 2000

The *Product Stewardship (Oil) Act 2000* is independently reviewed every four years. In June 2017, the Attorney-General agreed to undertake a thematic review of all associated legislation as part of the Fourth Independent Review, scheduled to begin in late 2018. This involved the alignment of associated legislative instruments due to sunset on 1 October 2017. The Attorney-General's decision realigns the sunset dates for these instruments and associated legislation to 1 October 2021.

Appendix 13: Operation of the *Water Act 2007*

The *Water Act 2007* (the Act) requires annual reports on the operation of specific parts of the Act. Section 114 of the Act requires the Commonwealth Environmental Water Holder to provide an annual report to the Minister on its operations during that year. This section meets this reporting requirement for 2017–18.

Operation

Performance against Basin annual environmental watering priorities

The Department is responsible for administering Part 6 of the Act, which establishes the Commonwealth Environmental Water Holder.

Under section 114(2)(a) of the Act, the Commonwealth Environmental Water Holder must provide particulars of achievements against the objectives of the environmental watering plan. This requirement is met through reporting on volumes and key outcomes of Commonwealth environmental water achieved against the Basin annual environmental watering priorities (outlined in Table A13.1). The total volume of Commonwealth environmental water delivered against the Basin annual environmental watering priorities in 2017–18 was 1270 GL.

Wherever possible, Commonwealth environmental water holdings are used to achieve multiple outcomes through contributing water to many environmental assets during each watering action. Because of this, the volume of Commonwealth environmental water delivered against the Basin annual environmental watering priorities appears greater in Table A13.1 than the total volume of 1270 GL that was released from water storages or allocated through supplementary announcements and unregulated flows.

Table A13.1: Decisions made by the Commonwealth Environmental Water Holder on the use of Commonwealth environmental water in 2017–18

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
Support Basin-scale population recovery of native fish by reinstating flows that promote key ecological processes across local, regional and system scales for the southern connected Basin	<p>During the 2017–18 watering year, Commonwealth environmental water was delivered across the southern connected Basin to reinstate flows that promote key ecological processes, especially during spring and winter when natural flows are typically now captured in storage for irrigation use in the drier months.</p> <p>Commonwealth environmental water was delivered throughout Victorian tributaries to benefit native fish populations and to build greater linkages between river systems. Flows through the Goulburn River (236 GL), Campaspe River (6 GL), Loddon River (3 GL), lower Broken Creek (41 GL) and Gunbower Creek (19 GL) systems were designed to support fish movement, keep fish ladders open and improve habitat and vegetation condition.</p> <p>In New South Wales, around 180 GL of Commonwealth environmental water was delivered through the Murrumbidgee River, reinstating flows at the regional scale. Large volumes through the Murrumbidgee River in collaboration with New South Wales environmental water (77 GL) filled many wetlands through the system including the Murray Junction Wetlands, where the Murrumbidgee River links with the River Murray, supporting system-scale outcomes.</p> <p>290 GL of Commonwealth environmental water was released from the Hume Dam as part of a whole-of-system watering approach which saw almost 412 GL of water delivered in the River Murray. This remains a key delivery for linking river flows at the system scale all the way through to the Lower Lakes, Murray Mouth and Coorong, which would typically not occur in the current regulated system without Commonwealth environmental water or large unregulated flows.</p> <p>Commonwealth environmental water that flowed from the Goulburn River and River Murray into the Lower Lakes and Coorong estuary was utilised in supporting the migration of a rare native fish species, the Pouched Lamprey, which travels large distances upstream through to the River Murray to complete its life cycle in fresh water.</p> <p>Similarly, in late 2017, Commonwealth environmental water was used to maintain barrage releases out of the Lower Lakes, improving water quality in the Coorong. This release was critical in creating a salt wedge, an area where fresh water sits above salt water, needed to keep Black Bream eggs and larvae buoyant and provide food for larval fish to develop and grow. This led to the first successful breeding event for the species in the Coorong in several years.</p>

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
<p>Improve flow regimes and connectivity to maximise the ecological function of the Barwon–Darling river system for native fish</p>	<p>For the first half of 2017–18, most of the Northern Basin was experiencing below average to very much below average rainfall conditions, resulting in very low to no flows across all systems.</p> <p>Some rainfall in February 2018 led to natural flows which partially connected the Moonie, Condamine–Balonne/Culgoa, and Warrego Rivers with the Barwon–Darling River. The flows did not extend to the Lower Darling, which remained unconnected.</p> <p>The Commonwealth Environmental Water Holder made the decision to release 16.5 GL of Commonwealth environmental water in tandem with New South Wales environmental water (6.6 GL) from Glenlyon Dam (Border Rivers system) and Copeton Dam (Gwydir River system) for the purpose of increasing flows through to the Barwon–Darling river system, maximising the outcomes from the natural flows earlier in 2018.</p> <p>These flows were intended to benefit native fish in the northern basin, reconnecting pools and the river to support increased opportunities for movement and dispersal and access to other food sources. The Commonwealth Environmental Water Office is working closely with the New South Wales Department of Primary Industries to monitor native fish response to this delivery.</p>
<p>Support viable populations of threatened native fish and maximise opportunities for range expansion and the establishment of new populations</p>	<p>In the Namoi River, over 4 GL of Commonwealth environmental water was delivered through autumn 2018 to continue support (previously provided by New South Wales) for the conservation stocking of Silver Perch fingerlings in this system. Silver Perch are currently listed as critically endangered. These flows will assist the survival of the fingerlings, establishing new populations and building opportunities for Silver Perch to expand its range.</p> <p>In the Lachlan River, 33 GL of Commonwealth environmental water was delivered targeting the recovery of native fish populations in the system after significant blackwater events in 2016–17.</p> <p>Over 20 GL of Commonwealth environmental water in the Colligen–Neimur Creek and 24 GL in the Yallakool Creek systems was delivered to support native fish outcomes. During monitoring under the Commonwealth Environmental Water Office’s Long-Term Intervention Monitoring Project, Eel Tailed Catfish larvae were detected in the Edward–Wakool River system for the first time since monitoring began in 2010. It is likely that Commonwealth environmental water played a key role in the spawning of these fish.</p> <p>12 GL of Commonwealth environmental water in conjunction with 7.8 GL of New South Wales water was released from Copeton Dam into the Gwydir and Mehi Rivers and Carole Creek in winter and spring 2017 to create a stimulus flow to pre-empt native fish breeding in spring and to provide habitat and connectivity. The timing—late winter and early spring—was chosen to minimise disturbance to native fish species during any spawning that may occur from mid-September onwards once water temperatures in the river systems start to naturally increase.</p> <p>2.7 GL of Commonwealth environmental water was delivered in conjunction with approximately 23 GL of water from the Murray–Darling Basin Authority’s The Living Murray program to support the second consecutive year of Murray Cod (a nationally listed threatened species) spawning in the Darling River.</p> <p>Commonwealth environmental water was delivered to two sites in South Australia that support populations of threatened Murray Hardyhead fish.</p>

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
<p>Improve the abundance and diversity of the Basin's waterbird population</p>	<p>In 2017–18, over 50 GL of Commonwealth environmental water was delivered, with over 83 GL of New South Wales water, into the Macquarie Marshes, inundating parts of the North, South and East marshes. This delivery followed a very dry winter with below average rainfall in the Macquarie Marshes.</p> <p>During a spring waterbird survey run by the New South Wales Office of Environment and Heritage, 50 waterbird species were recorded including the endangered Australian Painted Snipe, Australasian Bittern and other migratory shorebird species. Commonwealth environmental water provided feeding habitat for these species as well as flocks of several hundred ducks, Black-winged Stilts and Glossy Ibis. Low-level breeding activity (fewer than 150 nests in total) was detected for seven species, including small numbers of cormorants nesting from October 2017 to January 2018. Under the dry conditions, it is likely that without Commonwealth environmental water these waterbird species would have experienced increased competition, stress and mortality.</p> <p>Over 150 GL of Commonwealth environmental water was delivered to South Australia between March and May 2018 to support releases of fresh water to the Coorong at the same time as controlled lowering of water levels in the Lower Lakes. This lowering event lured thousands of migratory birds to the area to feed on the exposed mudflats, including Curlew Sandpipers, Black-winged Stilts and the rare White-rumped Sandpiper.</p> <p>Around 180 GL of Commonwealth environmental water, in conjunction with 77 GL of New South Wales water, was delivered into the Murrumbidgee River system including to support a reconnection with the mid-Murrumbidgee wetlands. The event was successful in filling wetlands throughout the mid-Bidgee and significant areas in the Lowbidgee including the Nap Nap – Juanburg area; upper, middle and lower sections of Yanga National Park; and the Murray Junction Wetlands. Commonwealth environmental water had a significant role in the maintenance of waterbird habitat. Numerous species were observed using the wetlands including Latham's Snipe, dabbling ducks, Grey Teal and Pink-eared Duck.</p> <p>4 GL of Commonwealth environmental water was delivered into the North Redbank system in the New South Wales Murrumbidgee area. Delivery was completed in late October 2017, and bird surveys at the site in November observed a high abundance of waterbirds using the site.</p> <p>1 GL of Commonwealth environmental water was delivered to Toogimbie Indigenous Protected Area wetlands. The Commonwealth Environmental Water Office worked closely with the Nari Nari people in contributing to improvements in waterbird habitat.</p>
<p>Enable recruitment of trees and support growth of understorey species within River Red Gum, Black Box and Coolibah communities on floodplains that received overbank flooding during 2016 by inundating the floodplains again</p>	<p>During winter–spring 2017, approximately 32 GL of Commonwealth environmental water was used to water Hattah Lakes to improve the health and germination of Black Box woodland communities. This action built on large flows that occurred during 2016–17 and was targeted at improving Black Box communities that had been identified by on-the-ground managers as in poor health.</p> <p>In the Murrumbidgee River, around 180 GL of Commonwealth environmental water was delivered. A large portion eventually made its way through the mid-Murrumbidgee, filling wetlands and providing water to communities of Black Box and River Red Gum. This was the largest Commonwealth contribution of environmental water for a single event within the Murrumbidgee River system.</p>

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
<p>Improve the condition and extent of Moira Grass in Barmah–Millewa Forest</p>	<p>Moira Grass has suffered long-term declines in extent, largely due to changes to the wetting and drying patterns in the forest and disturbance by foraging and grazing by introduced animals. In the 2016–17 water year, significant and prolonged natural winter flooding to depths of more than 2 m occurred, providing what is believed to be the optimal conditions for the development and flowering of Moira Grass.</p> <p>The 2017–18 watering year provided a good opportunity to build on previous natural flooding in the Barmah–Millewa Forest. During October–December 2017, 199 GL of Commonwealth environmental water was delivered to the Barmah–Millewa Forest in conjunction with 80 GL of The Living Murray water and 14 GL of River Murray Increased Flows water. The aim of these flows was to improve the condition and extent of Moira Grass. Complementary measures, including a 10 ha feral horse and pig-proof exclusion fence in Barmah Forest in April 2017, have also contributed to maintaining the condition of Moira Grass.</p>
<p>Improve connectivity between freshwater, estuarine and marine environments and improve habitat conditions in the Coorong by optimising and managing inflows through the Lower Lakes</p>	<p>Large volumes of environmental water in recent years, including from upstream watering events, have contributed to improved conditions and connectivity in the freshwater Lower Lakes and parts of the Coorong estuary. Following unregulated flow conditions in 2016–17, environmental water in 2017–18 provided consistent flows between the Coorong, Lower Lakes and Murray Mouth, which have resulted in improved water quality across the site. However, the South Lagoon of the Coorong is still showing limited recovery from the Millennium Drought, and the survival of <i>Ruppia tuberosa</i> (a keystone aquatic vegetation species at the site) is at risk due to a lack of successful flowering and seed set.</p> <p>In 2017–18, environmental water enabled continuous releases of freshwater to the Coorong, with fishways remaining open at all times. During July and August 2017, flows moving through the river system from upstream watering events were used to provide larger releases through the barrages to support the migration of Pouched Lamprey upstream to complete its life cycle in fresh water.</p> <p>Larger barrage releases to the Coorong were also important during December 2016 for the creation of a salt wedge, which is required by some estuarine fish as a cue for spawning. Following this release, environmental water was also delivered through late summer to early autumn 2018 to freshen water in the North Lagoon before sea level rise reconnects the two lagoons of the Coorong in late autumn, which can subsequently freshen the South Lagoon. This freshening also enabled a managed partial drawdown of water levels in the Lower Lakes, providing benefits for fringing vegetation and improved habitat for threatened frogs and fish by creating more natural wetting and drying conditions.</p> <p>Over 800 GL of Commonwealth environmental water was delivered into the Lower Murray, Lower Lakes, Coorong and Murray Mouth, including approximately 600 GL of return flows from upstream, demonstrating how environmental water is being actively managed to meet watering requirements at multiple sites throughout the Murray–Darling Basin.</p>

Trade

The trade of Commonwealth environmental water is governed by section 106 of the Act, which outlines the circumstances under which trade can be undertaken and the purpose of the trade.

In January 2018, the Commonwealth Environmental Water Holder conducted a competitive tender process to sell water allocations in the Gwydir catchment of New South Wales. The decision to trade was undertaken in accordance with section 106(2) of the Act, which requires the proceeds of the trade to be used to purchase water and/or invest in environmental activities that improve the capacity of the Commonwealth's environmental water holdings to achieve the environmental objectives set out in the Basin Plan.

The tender for the sale was announced on 5 January 2018 and was open from 9–11 January 2018. As a result of the tender, the Commonwealth Environmental Water Holder completed two trades, resulting in the sale of 6700 ML of water allocation, for a total return of \$2,878,400 for the Murray–Darling Basin environment, at a volume-weighted average price of \$429.61 per ML.

Management of the Environmental Water Holdings Special Account

The Environmental Water Holdings Special Account was established under the Act for the payment of costs, expenses and other obligations incurred in managing Commonwealth environmental water holdings.

At the start of 2017–18, the special account cash balance was \$45.988 million. Funding of \$16.568 million was credited to the account in 2017–18. The proceeds from the sale of water allocations in the Gwydir catchment (detailed above) were retained in the special account and are available for use in accordance with the requirements of section 106(2) of the Act.

During 2017–18, \$18.988 million was spent on annual water entitlement fees and allocation delivery costs (including use fees and pumping). This accounted for approximately 72 per cent of total special account expenditure for the year. A further \$5.734 million was spent on monitoring and evaluation of the use of Commonwealth environmental water, representing 22 per cent of the special account expenditure. These monitoring and evaluation activities inform reporting on achievements against the objectives of the Basin Plan's Environmental Watering Plan, and help the Commonwealth Environmental Water Holder to adaptively manage the portfolio.

As at 30 June 2018, the special account cash balance was \$39.150 million. Of this, \$18.124 million is committed for long-term intervention monitoring and evaluation activities, environmental watering actions and other projects. The uncommitted balance of \$21.027 million includes \$12.586 million in proceeds from the sale of water allocations, including the Gwydir tender conducted in January 2018. The trade revenue has been set aside to be used in accordance with the requirements of section 106 of the Act. The remaining uncommitted funds will be used for the payment of costs, expenses and other obligations incurred in managing Commonwealth environmental water holdings.

The main categories of expenditure in 2017–18 are shown in Table A13.2.

Table A13.2: Environmental Water Holdings Special Account expenditure, 2017–18

Category of expense	Total costs (\$ million) ^a
Fees and charges for entitlement holdings and allocation delivery ^b	18.988
Monitoring and evaluation	5.734
Development and maintenance of environmental registers and water accounting systems	0.187
Commonwealth environmental water projects, quality assurance activities and market analysis	1.016
Grants	0.350
Legal services	0.008
Total^b	26.284

a Figures may be ± \$0.001 million due to rounding.

b Fees and charges include \$12.584 million for annual water entitlement (fixed) fees; \$5.628 million for allocation (variable) fees paid to state water authorities for the operation, maintenance and replacement of rural water infrastructure; \$0.016 million for water allocation transfer fees; and \$0.760 million for allocation pumping.

Directions given to the Commonwealth Environmental Water Holder

No directions were given to the Commonwealth Environmental Water Holder in 2017–18 by the Minister, the Assistant Minister or the Secretary of the Department.

Appendix 14: Compliance index—List of PGPA Rule requirements

Description	Requirement	Page number
Letter of transmittal		
A copy of the letter of transmittal signed and dated by the Accountable Authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the PGPA Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	iii
Aids to access		
Table of contents	Mandatory	v
Alphabetical index	Mandatory	326–334
Glossary of abbreviations and acronyms	Mandatory	314–322
List of requirements	Mandatory	307–310
Details of contact officer(s)	Mandatory	iv
Entity's website address	Mandatory	iv
Electronic address of report	Mandatory	iv
Review by Accountable Authority		
A review by the Accountable Authority of the entity.	Mandatory	2–3
Overview of the entity		
A description of the role and functions of the entity.	Mandatory	10
A description of the organisational structure of the entity.	Mandatory	10–13
A description of the outcomes and programs administered by the entity.	Mandatory	4–5, 16–21
A description of the purposes of the entity as included in corporate plan.	Mandatory	16–21
An outline of the structure of the portfolio of the entity.	Portfolio departments—mandatory	1–13
Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory	16–17
Report on the performance of the entity		
Annual performance statements		
Annual performance statements in accordance with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule.	Mandatory	16–108
Report on Financial Performance		
A discussion and analysis of the entity's financial performance.	Mandatory	6–10
A table summarising the total resources and total payments of the entity.	Mandatory	47–48, 49–54

Description	Requirement	Page number
If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory	6–10
Management and Accountability		
Corporate governance		
Information on compliance with section 10 (fraud systems).	Mandatory	246
A certification by Accountable Authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	246
A certification by Accountable Authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	246
A certification by Accountable Authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	246
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	23–127
A statement of significant issues reported to Minister under paragraph 19(1)(e) of the PGPA Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory	127
External scrutiny		
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	138–143
Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory	138–143
Information on any reports on operations of the entity by the Auditor General (other than a report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory	141–143
Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	Not applicable
Management of human resources		
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	112–121
Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following:	Mandatory	112–114, 119
<ul style="list-style-type: none"> Statistics on staffing classification level; Statistics on full-time employees; Statistics on part-time employees; Statistics on gender; Statistics on staff location; Statistics on employees who identify as Indigenous. 		

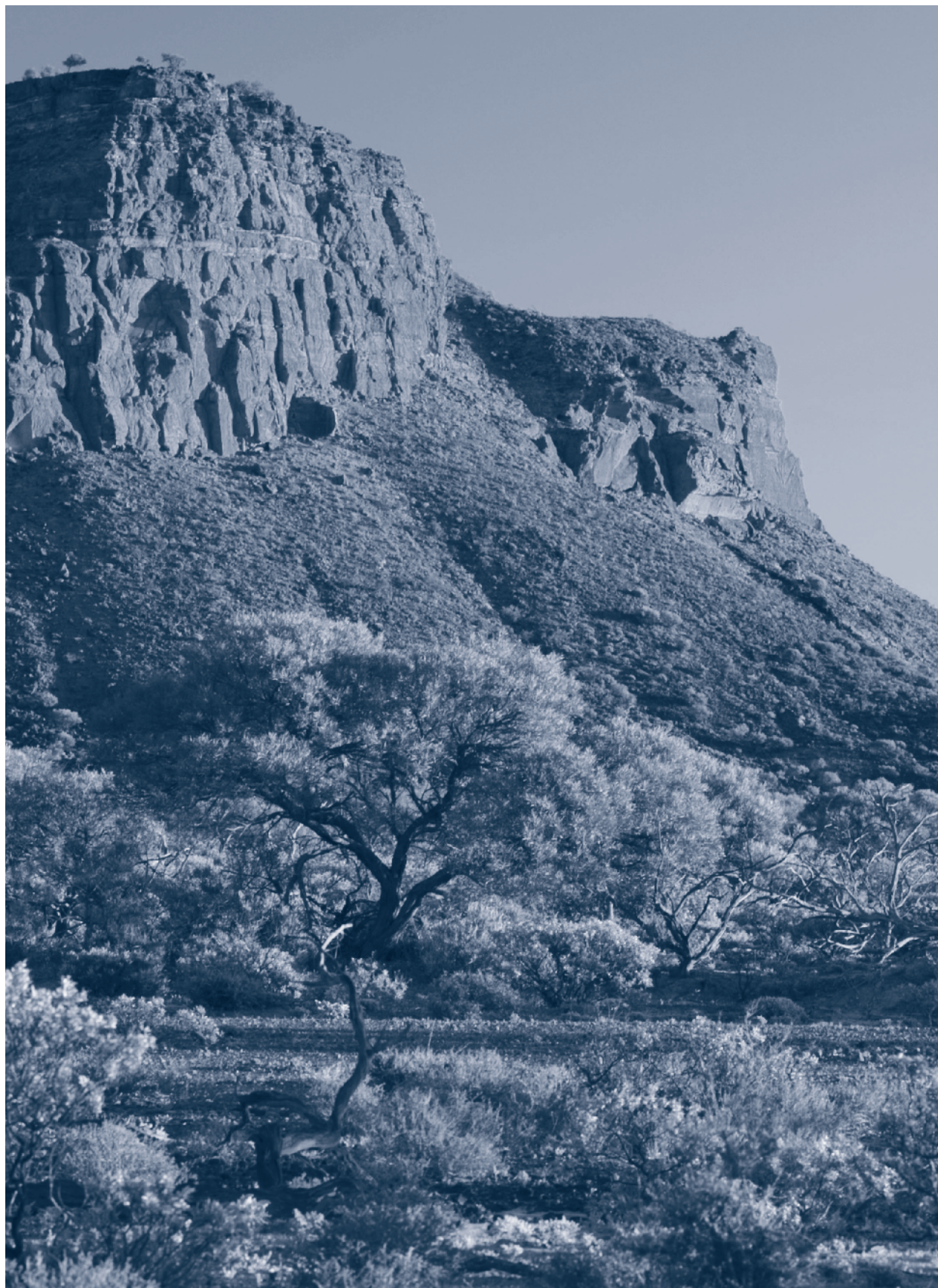
Description	Requirement	Page number
Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	117–118
Information on the number of SES and non-SES employees covered by agreements etc. identified in paragraph 17AG(4)(c).	Mandatory	117–118
The salary ranges available for APS employees by classification level.	Mandatory	112
A description of non-salary benefits provided to employees.	Mandatory	118
Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	Not applicable
Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	Not applicable
Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	Not applicable
Information on aggregate amount of performance payments.	If applicable, mandatory	Not applicable
Assets management		
An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	134
Purchasing		
An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	134
Consultants		
A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	134
A statement that " <i>During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].</i> "	Mandatory	134
A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	134
A statement that " <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> "	Mandatory	134
Australian National Audit Office access clauses		
If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	136

Description	Requirement	Page number
Exempt contracts		
If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, mandatory	135
Small business		
A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory	136
An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	136
If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that "[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."	If applicable, mandatory	136
Financial statements		
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	154–243
Other mandatory information		
If the entity conducted advertising campaigns a statement that "During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."	If applicable, mandatory	137
If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	Not applicable
A statement that "Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."	If applicable, mandatory	135
Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	120
Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	143
Correction of material errors in previous annual report.	If applicable, mandatory	311
Information required by other legislation:	Mandatory	121–122, 145–150, 137
<ul style="list-style-type: none"> • Work health and safety; • Ecologically sustainable development and environmental performance; • Advertising and marketing expenditure. 		

Appendix 15: Corrections to material errors in the 2016–17 Annual Report

The following are corrections to minor errors included in the Department's 2016–17 annual report:

- › Page 32, Table 2.3 should have stated the total cost of the 'Greening in the west of Melbourne' stream was \$ 5.000 m (not \$5,000 m).
- › Page 76 (under Performance criterion: Improved compliance with national environmental legislation) it was incorrectly stated that:
'In 2016–17, the Department received 476 allegations of/enquiries about potential non-compliance with Part 3 of the EPBC Act. This resulted in 77 new compliance cases'.
It should have said that:
'In 2016–17, the Department received 486 allegations of/enquiries about potential non-compliance with Part 3 of the EPBC Act. This resulted in 81 new compliance cases'.
- › Page 297, Appendix 4A, Table 4A.1 should have stated there were 920 actions approved (not 902)



Early morning view of the sandstone cliffs of Kennedy Range National Park in the Gascoyne region of Western Australia © Copyright Nick Rains

An aerial photograph of a vast, undulating landscape covered in snow. The snow is not uniform; it has been sculpted into soft, rolling dunes and ridges by wind, creating a textured surface with varying shades of white and light blue. The lighting is soft, suggesting a low sun, which casts gentle shadows that emphasize the contours of the terrain. The overall mood is serene and expansive.

Navigation Aids

Glossary

Term	Meaning
Activities	The PGPA Act defines activities as the actions and/or efforts performed by a Commonwealth entity or Commonwealth company to deliver government objectives and achieve desired results.
Australian Energy Market Commission	The national energy market rule maker and market development body. The AEMC makes rules under the National Electricity Law, the National Gas Law and the National Energy Retail Law. These rules impact on how companies can operate and participate in the competitive generation and retail sectors. The AEMC governs the economic regulation of electricity transmission and distribution network services and gas pipelines and advises the COAG Energy Council on strategic issues affecting energy markets.
Australian Energy Market Operator	The independent market and systems operator for the national energy markets. AEMO is responsible for operating Australia's gas and electricity markets and power systems. AEMO also provides critical planning, forecasting and power systems information, security advice, and services to its stakeholders.
Australian Energy Regulator	The national energy regulator. The AER's functions, mostly related to energy markets in eastern and southern Australia, include monitoring wholesale electricity and gas markets and regulating retail energy markets. The AER also supports the COAG Energy Council with regular briefings on energy market activity and by providing advice on energy market issues as they arise.
Biodiversity	The term biodiversity is a contraction of, and synonymous with, biological diversity. Biological diversity is defined in Article 2 of the <i>Convention on Biological Diversity</i> to mean 'the variability among living organisms from all sources including, <i>inter alia</i> , terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems'. A similar definition appears in the glossary to the Ramsar Convention on Wetlands.
Bioregion	<p>The term bioregion is a contraction of biogeographic region and is usually synonymous with that term. It is a geographic area characterised by a combination of physical and biological characteristics—for example, terrain, climate and ecological communities. The glossary of terms related to the <i>Convention on Biological Diversity</i> provides the following definition: 'a territory defined by a combination of biological, social, and geographic criteria, rather than geopolitical considerations; generally, a system of related, interconnected ecosystems'.</p> <p>Bioregions are a useful way to analyse patterns of biodiversity. The definition of a particular bioregion depends on the scale at which its characteristic features are measured.</p>
Biota	The plant and animal life of a region.
Bycatch	Accidental or incidental catch taken by fishers (non-target species).
Carbon credit	A tradeable unit corresponding to one metric tonne of carbon dioxide equivalent emissions. Participants in the Emissions Reduction Fund are issued with Australian carbon credit units.

Term	Meaning
Carbon dioxide equivalent (CO₂-e)	A measure that combines the global warming effect of the six greenhouse gases listed in Annex A of the Kyoto Protocol—carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF ₆)—into a single meaningful number. Specifically, CO ₂ -e represents the carbon dioxide emissions that would cause the same heating of the atmosphere as a particular mass of an Annex A greenhouse gas. For example, 1 tonne of methane is equivalent to the heating potency of 25 tonnes of carbon dioxide and 1 tonne of nitrous oxide is equivalent to the heating potency of 298 tonnes of carbon dioxide.
Commonwealth Heritage List	Comprises places that are owned or controlled by the Australian Government and have natural, Indigenous and/or historic heritage values under the <i>Environment Protection and Biodiversity Conservation Act 1999</i> . This includes places connected to defence, communications, customs and other government activities that also reflect Australia's development as a nation.
Commonwealth protected area	A marine or terrestrial area protected under Commonwealth legislation, including World Heritage Areas, National Heritage places, Marine Protected Areas, Ramsar wetlands, Indigenous Protected Areas and other areas within the National Reserve System.
Corporate governance	The process by which agencies are directed, controlled and held to account. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Council of Australian Governments Energy Council	<p>The Council of Australian Governments (COAG) Energy Council is a ministerial forum for the Australian, state and territory governments and New Zealand, to work together in the pursuit of national energy reforms.</p> <p>The Energy Council's work covers the following broad themes:</p> <ul style="list-style-type: none"> • Overarching responsibility and policy leadership for Australian gas and electricity markets • Promotion of energy efficiency and energy productivity in Australia • Australian electricity, gas and petroleum product energy security • Cooperation between Australian, state and territory governments • Facilitating the economic and competitive development of Australia's mineral and energy resources.
Ecological communities	Naturally occurring groups of species inhabiting a common environment; interacting with each other, especially through food relationships; and relatively independent of other groups. Ecological communities may vary in size and larger ones may contain smaller ones. In the EPBC Act they are defined as assemblages of native species that inhabit particular areas in nature.
Ecologically sustainable	The EPBC Act defines ecologically sustainable use of natural resources as 'use of the natural resources within their capacity to sustain natural processes while maintaining the life-support systems of nature and ensuring that the benefit of the use to the present generation does not diminish the potential to meet the needs and aspirations of future generations'.
Ecosystem	A dynamic combination of plant, animal and micro-organism communities and their non-living environment (e.g. soil, water and the climatic regime) interacting as a functional unit. Examples of types of ecosystems are forests, wetlands, and grasslands.
Ecosystem service	The contributions of ecosystems to benefits used in economic and other human activity
Environmental impact assessment	An assessment of the possible impact of a proposed action undertaken to enable environment and heritage protection and biodiversity conservation.

Term	Meaning
Environmental water	Water provided for the environment to sustain and, where necessary, restore ecological processes and biodiversity of water-dependent ecosystems.
Energy Security Board	In August 2017 the COAG Energy Council established the Energy Security Board (ESB). Its role is to coordinate the implementation of the Finkel Review and provide whole-of-system oversight for energy security and reliability. It comprises an independent Chair and Deputy Chair and the heads of AEMO, the AEMC and the AER.
Expenses	Total value of all of the resources consumed in producing goods and services.
Finalised Priority Assessment List	The list of nominated species, ecological communities and key threatening processes approved for assessment by the Minister for a particular assessment year (1 October–30 September). Each item included on the list is assessed by the Threatened Species Scientific Committee against a set of criteria. At the completion of the assessment the committee provides a listing advice to the Minister for decision, as well as a conservation advice that outlines immediate conservation priorities.
Gas Market Reform Group	<p>The Gas Market Reform Group was established by the Council of Australian Governments Energy Council in August 2016 to lead the design, development and implementation of:</p> <ul style="list-style-type: none"> • a new information disclosure and commercial arbitration framework for non-scheme pipelines • transportation (pipeline and hub services) capacity trading related reforms • market transparency reforms • wholesale gas market reforms. <p>The objective of the Gas Market Reform Group is to speed up work in developing and implementing measures to increase competitive gas supply and put downward pressure on prices.</p>
Greenhouse gases	Gases that contribute to global warming, including carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), sulphur hexafluoride (SF ₆) and nitrogen trifluoride (NF ₃). In addition, the photochemically important gases—non-methane volatile organic compounds (NMVOC), oxides of nitrogen (NO _x) and carbon monoxide (CO)—are also considered. NMVOC, NO _x and CO are not direct greenhouse gases. However, they contribute indirectly to the greenhouse effect by influencing the rate at which ozone and other greenhouse gases are produced and destroyed in the atmosphere.
Halon	Halons are fully halogenated chemicals that have relatively long lifetimes in the atmosphere. They are broken down in the stratosphere releasing reactive bromine that is extremely damaging to ozone.
Hydrological connectivity	The ability of water to move from one location to another, thereby facilitating the transfer of matter, energy and organisms.
Indigenous Protected Area	An area of Indigenous-owned land or sea where traditional owners have entered into an agreement with the Australian Government to promote biodiversity and cultural resource conservation.
International Energy Agency	Australia is a member of the International Energy Agency (IEA). The IEA works to ensure reliable, affordable and clean energy for its member countries and beyond, and helps countries coordinate a collective response to major disruptions in the supply of oil.

Term	Meaning
Limited merits review	Under the now abolished limited merits review (LMR) regime, monopoly network businesses could seek review from the Australian Competition Tribunal of decisions made by the AER and the Economic Regulation Authority (Western Australia). This included decisions on regulated revenues that flowed through to network prices paid by energy consumers for electricity and gas transmission and distribution. On 20 June 2017 the Government announced that it planned to abolish the LMR regime.
Matters of national environmental significance	The matters of national environmental significance protected under the EPBC Act are listed threatened species and communities; listed migratory species; wetlands of international importance; Commonwealth marine environment; World Heritage properties; National Heritage places; the Great Barrier Reef Marine Park; nuclear actions; and water resources in relation to coal seam gas development and large coal mining development.
National Electricity Market	The wholesale electricity market for the electrically connected states and territories of eastern and southern Australia—the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania, and Victoria.
National Electricity Market Emergency Management Forum	The National Electricity Market Emergency Management Forum (NEMEMF) works to implement and improve emergency plans and procedures that apply during power system emergencies. It comprises representatives from industry and governments and is chaired by AEMO. The Department participates in NEMEMF.
National Energy Productivity Plan	<p>The National Energy Productivity Plan (NEPP) is a COAG Energy Council agreed package of measures to improve Australia's energy productivity by 40 per cent between 2015 and 2030.</p> <p>The NEPP takes a whole-of-system approach to energy policy and covers electricity, gas and transport fuels. It includes:</p> <ul style="list-style-type: none"> • energy market reforms to promote consumer choice and increase competition and innovation in the energy market • energy efficiency measures that support better energy use in buildings, equipment and vehicles.
National Gas Emergency Response Advisory Committee	The National Gas Emergency Response Advisory Committee (NGERAC) works to develop and test arrangements, protocols and other measures to respond to and mitigate the effect of multi-jurisdictional natural gas supply shortages, and advise the COAG Energy Council and jurisdictions. It comprises officials from Australian, state and territory governments, and representatives of AEMO, gas industry sectors and gas users. The Department is the current chair of NGERAC.
National Heritage List	A written record of the places and their heritage values that the Minister is satisfied have one or more of the National Heritage values.
National Oil Supplies Emergency Committee	The National Oil Supplies Emergency Committee (NOSEC) provides advice to the COAG Energy Council on fuel supply and the management of national liquid fuel emergencies. It comprises officials from the Australian, state and territory governments, and representatives from the fuel supply industry. To prepare for potential emergencies NOSEC meets to conduct emergency simulation exercises, learn from any supply incidents or disruptions and support harmonisation of jurisdictional and national emergency responses.
National Operating Committee for Jet Fuel Assurance	Industry-led forum which provides communications regarding jet fuel supply at major Australian airports, including forecasting jet fuel supply issues.

Term	Meaning
Oil stockholding contract or ‘ticketing contract’	Commercial arrangement where, for a fee, a seller reserves an amount of oil stock for the buyer. The contract allows the buyer (in this case Australia) to purchase the reserved oil at a market-based price or cancel the contract to release the stock back into the global oil market. This is typically done during a global oil shortage.
Operating costs	Expenses associated with the day-to-day operation of the Department.
Outcomes	The intended results, impacts or consequences of actions by the Government on the Australian community. They are listed in agencies’ portfolio budget statements and portfolio additional estimates statements.
Ozone-depleting substances	Substances that deplete the earth’s protective ozone layer. They are widely used in refrigerators, air conditioners, fire extinguishers, dry cleaning and electronic equipment, as solvents for cleaning, and as agricultural fumigants. Ozone-depleting substances include chlorofluorocarbons, halon, hydrochlorofluorocarbons and methyl bromide. Countries have agreed to phase out ozone-depleting substances through the <i>Montreal Protocol on Substances that Deplete the Ozone Layer</i> . Some industries that use ozone-depleting substances are replacing those substances with synthetic greenhouse gases.
Persistent organic pollutants	Hazardous and environmentally persistent substances that can be transported between countries by the earth’s oceans and atmosphere. The substances bioaccumulate and have been traced in the fatty tissues of humans and other animals. Persistent organic pollutants include dieldrin, polychlorinated biphenyls, dichlorodiphenyltrichloroethane (DDT), dioxins and furans. Countries have agreed to control the manufacture and trade of persistent organic pollutants through the <i>Stockholm Convention on Persistent Organic Pollutants</i> .
Portfolio additional estimates statements	Update or amend information in the portfolio budget statements on the resources available to, and the planned performance of, each agency within a portfolio.
Portfolio budget statements	Provide detailed information on the resources available to, and the planned performance of, each agency within a portfolio. The PBS includes expenditure and revenue estimates for the current financial year, the budget year and the three forward years. It informs senators, members of Parliament and the public of the proposed allocation of resources to Government outcomes. The PBS is an important means by which the executive Government remains accountable to the Parliament.
Procurement	The whole process of acquiring property and services. Procurement involves the processes of developing a business case, including risk assessment; identifying and evaluating alternative solutions; approaching the market; assessing tenders or quotes; awarding contracts; delivering and paying for the property and services and, where relevant, the ongoing management of a contract and consideration of options related to the contract. Procurement also extends to the ultimate disposal of property at the end of its useful life.
Product stewardship	Recognises that manufacturers, importers and others who benefit from making and selling a product share some responsibility for the environmental impacts of that product.
Programs	Agencies deliver programs that are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs that contribute to Government outcomes over the budget and forward years.

Term	Meaning
Purposes	The PGPA Act defines purposes (when used in relation to an Australian Government entity or an Australian Government company) to include the objectives, functions or role of the entity or company. In relation to performance management, purposes are defined as the reasons or ideal state or outcomes for which the entity or company undertakes its activities.
Ramsar sites	Wetlands of international importance designated under the Ramsar Convention on Wetlands.
Renewable Energy Target	An Australian Government scheme designed to reduce emissions of greenhouse gases in the electricity sector and encourage the additional generation of electricity from sustainable and renewable sources.
Revenue	The total value of resources earned or received to cover the production of goods and services.
Sustainable diversion limit	The maximum long-term annual average quantities of water that can be taken, on a sustainable basis, from Murray–Darling Basin water resources as a whole and from the water resources, or particular parts of the water resources, of each resource plan area in the Basin.
Environmental-economic accounting	A multipurpose conceptual framework that describes the interactions between the economy and the environment, and the stocks and changes in stocks of environmental asset.
Threat abatement plan	Threat abatement plans are developed when they are deemed by the Minister to be a feasible, efficient and effective way of abating a listed key threatening process, having regard to the advice of the Threatened Species Scientific Committee and other nominated persons or bodies.
Threatened species	Listed threatened species (together with listed threatened ecological communities) form one of the nine matters of national environmental significance protected by the EPBC Act. Listed threatened species are categorised under the Act as ‘extinct’, ‘extinct in the wild’, ‘critically endangered’, ‘endangered’, ‘vulnerable’ or ‘conservation dependent’.
Uplistings	Changes to a higher threat category of species already on the threatened list.

Abbreviations and acronyms

Abbreviations and acronyms	Meaning
ABRS	Australian Biological Resources Study
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ANAO	Australian National Audit Office
APS	Australian Public Service
ARENA	Australian Renewable Energy Agency
ATEP Act	<i>Antarctic Treaty (Environment Protection) Act 1980</i>
CBD Program	Commercial Building Disclosure Program
CEFC	Clean Energy Finance Corporation
CER	Clean Energy Regulator
CEWH	Commonwealth Environmental Water Holder
CITES	<i>Convention on International Trade in Endangered Species of Wild Fauna and Flora</i>
CMA	Catchment management authority
CCAMLR	Commission for the Conservation of Antarctic Marine Living Resources
COAG	Council of Australian Governments
CO₂-e	Carbon dioxide equivalent
CSIRO	Commonwealth Scientific and Industrial Research Organisation
E3 Program	Equipment Energy Efficiency Program
EL	Executive Level
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
EPBC Regulations	<i>Environment Protection and Biodiversity Conservation Regulations 2000</i>
ERF	Emissions Reduction Fund
GEMS Act	<i>Greenhouse and Energy Minimum Standards Act 2012</i>
GL	Gigalitre or one billion litres
GST	Goods and services tax
GWh	Gigawatt hour
ha	Hectare
HFC	Hydrofluorocarbon
HCFCs	Hydrochlorofluorocarbons
HFCs	Hydrofluorocarbons
ICECAP	International Collaboration for Exploration of the Cryosphere through Aerogeophysical Profiling
IEA	International Energy Agency

Abbreviations and acronyms	Meaning
IESC	Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development
IUCN	International Union for Conservation of Nature
LENS	List of Exempt Native Specimens
LMR	Limited merits review
LTIM	Long-term intervention monitoring
MEM	Meeting of Environment Ministers
MEPS	Minimum Energy Performance Standards
MERIT	Monitoring, Evaluation, Reporting and Improvement Tool
ML	Megalitre or one million litres
Mt CO₂-e	Million tonnes of carbon dioxide equivalent
MW	Megawatt or one million watts
NCC	National Construction Code
NCCARF	National Climate Change Adaptation Research Facility
NEM	National Electricity Market
NEMEMF	National Electricity Market Emergency Management Forum
NEPP	National Energy Productivity Plan
NESP	National Environmental Science Program
NESTRA	National Environmental Significance Threat Risk Assessment tool
NGERAC	National Gas Emergency Response Advisory Committee
NHB	National Halon Bank
NMVOC	Non-methane volatile organic compound
NOSEC	National Oil Supplies Emergency Committee
NPI	National Pollutant Inventory
NOC	National Operating Committee for Jet Fuel Assurance
NSW	New South Wales
NT	Northern Territory
ODP	Ozone-depleting potential
ODS	Ozone-depleting substances
OECD	Organisation for Economic Co-operation and Development
PBS	Portfolio Budget Statements
PFAS	Per- and poly-fluoroalkyl substances
PFAS NEMP	National Environmental Management Plan for PFAS
PFOA	Perfluorooctanoic acid
PFOS	Perfluorooctane sulfonate
PFOSF	Perfluorooctane sulfonyl fluoride
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
PV	Photovoltaic
QELRO	Quantified emission limitation or reduction objective

Abbreviations and acronyms	Meaning
QLD	Queensland
RET	Renewable Energy Target
SA	South Australia
SES	Senior Executive Service
SGG	Synthetic greenhouse gas
SoE	State of the Environment
SPRAT	Species Profile and Threats Database
TAS	Tasmania
TISN	Trusted Information Sharing Network
TJ	Terajoule
UNESCO	United Nations Educational, Scientific and Cultural Organization
VIC	Victoria
WA	Western Australia
WHS Act	<i>Work Health and Safety Act 2011</i>
WTO	Wildlife trade operation

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