



Australian Government
Department of Agriculture,
Water and the Environment

Annual report 2019–20



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Department of Agriculture, Water
and the Environment
GPO Box 858 Canberra ACT 2601
Telephone 1800 900 090

Web awe.gov.au

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(Page 76) Northern Corroboree Tree
Frog © Peter Taylor, Threatened Species
Recovery Hub

(Page 90) Narran Lakes, NSW
© Patrick Johnston

Annual report **2019–20**



Our department at a glance

Who we are

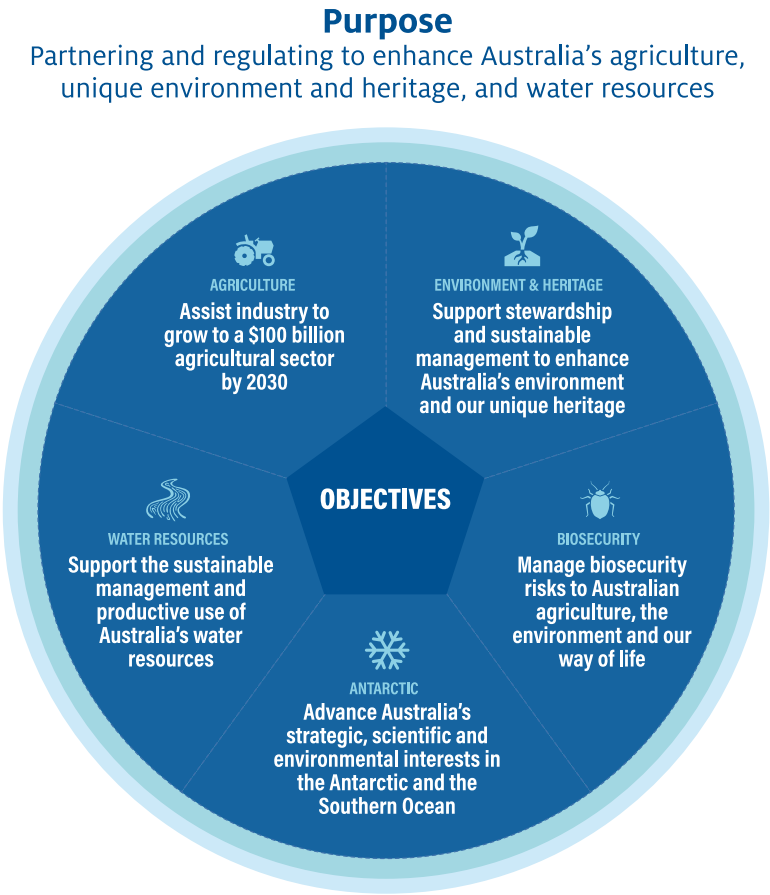
Figure 1 Our people at 30 June 2020



An employee has a non-English speaking background (NESB) if they arrived in Australia after the age of 5 and their first language is a language other than English (APSC 2019). The Australian Workplace Equality Index provides a national benchmark on LGBTIQ+ workplace inclusion in Australia.

What we do

Figure 2 Department of Agriculture, Water and the Environment Purpose and Objectives



Our department

Figure 3 Department of Agriculture, Water and the Environment structure at 30 June 2020

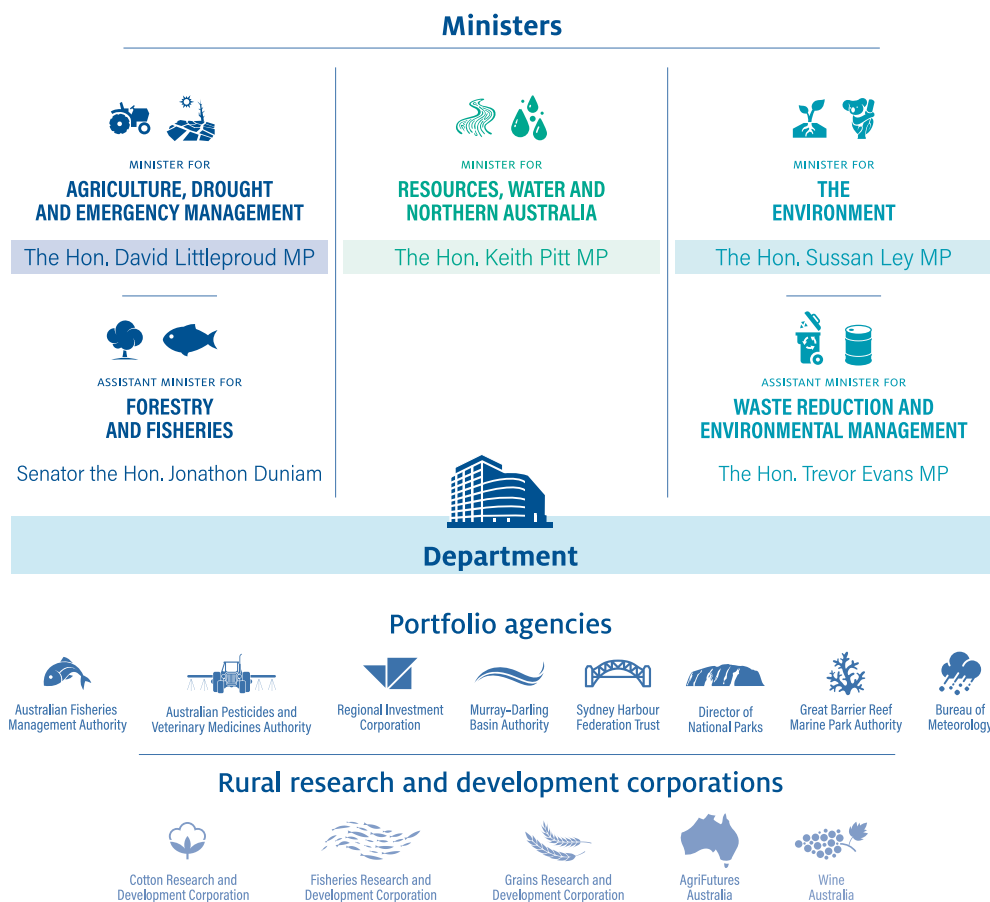


Secretary Andrew Metcalfe		
Natural Disasters, Water, Farm Support and Environment Operations Group Deputy Secretary Matt Cahill	Environment Group Deputy Secretary Dean Knudson	Enabling Services Group Deputy Secretary Cindy Briscoe
Australian Antarctic Division Kim Ellis	Biodiversity Conservation Emma Campbell a	Corporate and Business Services Lionel Riley a
Climate Adaptation and Resilience Beth Brunoro	Commonwealth Environmental Water Holder Jody Swirepik	Finance Chief Finance Officer scott Brown
Drought and Bushfire Response Kerren Crosthwaite a	Environment Approvals Michelle Croker a	Information Services Chief Information Officer Peter McKeon
Parks Australia Director National Parks James Findlay	Environment Protection Jason Mundy a	Legal Chief Counsel Alice Linacre
Water Rachel Connell	Environmental Protection Reform James Tregurtha	People Neal Mason
	Heritage, Reef and Marine Stephen Oxley	

a Acting in role

Our portfolio

Figure 4 Agriculture, Water and the Environment portfolio at 30 June 2020



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Letter of transmittal



Australian Government
Department of Agriculture,
Water and the Environment

ANDREW METCALFE AO
SECRETARY

30 September 2020

The Hon David Littleproud MP
Minister for Agriculture, Drought and Emergency Management
Parliament House
Canberra ACT 2600

The Hon Sussan Ley MP
Minister for the Environment
Parliament House
Canberra ACT 2600

The Hon Keith Pitt MP
Minister for Resources, Water and Northern Australia
Parliament House
Canberra ACT 2600

Dear Ministers

I present to you the annual report for the Australian Government Department of Agriculture, Water and the Environment for the year ended 30 June 2020.

This report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which requires that I give you an annual report for presentation to the Parliament.

It includes the department's annual performance statements in accordance with section 39(1)(a) of the PGPA Act. The annual report has been prepared in accordance with the requirements of the Public Governance, Performance and Accountability Rule 2014.

This is the first annual report for our new department. I am pleased to acknowledge the continued hard work of our staff, in challenging circumstances, to achieve our purpose, objectives and priorities.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Metcalfe', with a large, stylized flourish at the end.

Andrew Metcalfe AO

T +61 2 6272 3933
F +61 2 6272 5161

18 Marcus Clarke Street
Canberra City ACT 2601

GPO Box 858
Canberra ACT 2601

awe.gov.au
ABN 34 190 894 983

Secretary's review

I am pleased to introduce the first annual report for the Department of Agriculture, Water and the Environment. This report includes information about our activities and performance results for 2019–20.

By February 2020 it would already have been reasonable to describe the year as challenging, given the emerging impact of the Black Summer bushfires on a country already dealing with the effects of drought on agriculture, the environment and our communities. But the COVID-19 pandemic has made this possibly the most challenging year many of us have faced, especially when you consider that in the middle of the pandemic we were also establishing a new department.

A new department

I would like to pay tribute to all my colleagues, who worked tirelessly to set up our new organisation. When the Prime Minister announced in early December that the government would be bringing together agriculture, water resources and the environment in a single portfolio, the department's staff had 6 weeks to get ready. I commenced my role as secretary the day the new department was established – 1 February 2020.

This was a complex change. We had staff who were being transferred to another department. At the same time we were planning how to bring the people from our former departments together in our new entity.

Our new portfolio is led by 3 Cabinet ministers and 2 assistant ministers, and includes the department and numerous portfolio agencies.

By early February we had our initial management structures in place, our staff were operating under a single set of employment conditions and we had already begun the task of integrating the department's operations. In a seamless transition, at midnight on 1 February 2020, the Department of Agriculture, Water and the Environment was ready to continue the important work of our former departments.

It was a very successful effort, made possible by our staff and by the leadership of my predecessors in our former departments, Daryl Quinlivan and David Fredericks.

In the months following we have been building our new department – integrating our different systems, finalising corporate policies and continuing to deliver existing programs and regulatory activities. We have given a great deal of thought to the department that the government wants us to be, about how our many responsibilities fit together, and how we can make the most of the synergies between the responsibilities of our portfolio. Despite the challenges we faced, we reached the end of 2019–20 in good shape and ready for the year ahead.

Responding to COVID-19

In January 2020 when the Australian Government announced its first measures to combat the spread of COVID-19, we were already at the forefront of the response. While our primary focus is on animal and plant biosecurity, our biosecurity officers were also at the border helping to carry out additional health checks on the international travellers coming into the country. Although the

number of passengers is now much smaller; our officers are still on the front line, helping people, supporting trade and making sure that food, medical supplies and equipment get here as smoothly as possible.

Around 300 of our staff volunteered to be redeployed to other agencies, particularly Services Australia, to support the effort to help Australians affected by the pandemic get income support and other assistance. Many of our graduate group spent some weeks at Services Australia.

We worked quickly to deliver the government's International Freight Assistance Mechanism to re-establish and maintain existing supply chains in the agricultural and seafood sectors. By working quickly with industry and our trading partners, we were able to establish electronic systems to transfer export certificates and remote audit arrangements to maintain critical export functions. A study by ABARES has found that despite the pandemic, in early 2020 agricultural exports were on a par with what would otherwise have been expected – which is very good news for our agricultural producers and the economy.

We worked closely with our agricultural stakeholders. I appointed a former deputy secretary from the Department of Agriculture, Mark Tucker, as Senior Agriculture Industry Engagement Officer. Mark has spent his time at countless round tables, in video meetings and on phone calls, to ensure the perspective of agricultural industries and regional communities is considered in policy responses across the government. This work has been instrumental in supporting agricultural, fisheries and forestry businesses during the pandemic.

For the environment, the health measures in response to COVID-19 have had a big impact on tourism. Our national parks and the Australian National Botanic Gardens, which are treasured places for both locals and visitors, had to be closed. Parks and gardens have since reopened, supported by COVID-19 management plans, but it will be a long road to recovery for the tourism businesses that bring visitors to these places.

The health and safety of our staff has been our highest priority. We assessed new risks, increased the use of personal protective equipment for frontline officers and implemented physical distancing and hygiene measures across all our worksites. We used technology to implement new processes including remote audits and inspections. These were a great success and will continue to be used as part of delivering effective and efficient regulation.

Like many organisations, we had most of our staff working from home during the initial lockdown around Australia. Thanks to their commitment and a lot of hard work from our ICT teams, we were able to keep the department running smoothly despite the radical change in our working arrangements.

I would particularly like to mention the staff in our overseas network, who play such an important role in our trade and market access work. Many are living in countries where COVID-19 has had a much greater impact than here at home. Others had their postings cut short and continue to work remotely from Australia. They have all continued to deliver services and we are proud of them. I particularly thank their family members, whose lives have also been disrupted by the pandemic.

The pandemic has also had a significant impact on the stakeholder engagement and partnerships that are a key part of our work. Our partnerships nationally and internationally are under pressure. We are working to implement a new approach for managing our international engagement that best represents Australia's interests.

Agriculture

In recent years agricultural production has been significantly affected by drought in many parts of Australia. For some sectors, the Black Summer bushfires and the COVID-19 pandemic compounded the situation. Producers have shown remarkable resilience and adaptability. The gross value of farm production in 2019–20 is estimated to be \$60 billion, down by 1% on the previous year. The pressure on the value of agricultural production has been eased by relatively high meat prices related to the global effects of African swine fever, as well as high domestic grain prices.

This is the third consecutive year of decline in the volume of agricultural production, which is down by 16% compared with 2016–17. These conditions have placed pressure on farm incomes, resulting in similar declines, particularly in those areas most affected by drought. The pandemic is continuing and the economic fall-out will be with us for some time. However, the long-term outlook for agricultural trade remains strong. With better seasonal conditions expected this spring and summer, we expect to see a modest rise in the value of farm production to \$61 billion in 2020–21.

We are making progress on the government's support for industry in its ambition of an agricultural sector worth \$100 billion by 2030. We have been consulting our stakeholders on opportunities and challenges that will cut across policy areas and jurisdictions. Work has begun on building farm management skills and developing an agricultural workforce strategy. Following the 2019 report on rural research and development, we are supporting the Minister for Agriculture, Drought and Emergency Management to build and implement a new plan to modernise the agricultural innovation system.

We worked throughout the year on the key measures to help Australia respond to the challenges of drought. In November 2019 the government released the Drought, Response, Resilience and Preparedness Plan, building on the work of the Coordinator-General for Drought. After 12 months of work the Future Drought Fund was ready on time, and the minister announced the first year of programs in July 2020.

We finished implementing changes to the Farm Household Allowance. Since its establishment in 2014, the initiative has assisted almost 15,000 Australians and is currently investing more than \$2 million a week into rural communities.

We are working with the National Bushfire Recovery Agency and Emergency Management Australia to ensure farmers and rural communities have the tools and assistance they need to recover from the bushfires. This includes a range of grant programs for fire-affected producers and funding to increase the number of counsellors and support workers available through the Rural Financial Counselling Service.

Agricultural exports have faced some major challenges. We have been at the centre of the negotiations on China's investigations into Australian barley exports, and have provided clear evidence that barley is not being subsidised or dumped onto the Chinese market. Our barley producers are able to export barley at competitive prices because they are among the most efficient worldwide. We are working with the industry to help it consider alternative markets.

Diversification of our agricultural markets is a challenge and an opportunity for Australian producers who are facing increasing protectionism. We worked through 2019–20 to prepare for the implementation of Australia's economic partnership agreement with Indonesia, which came into force in July 2020. We continued our important technical market access work, maintaining markets worth billions to Australian producers and opening another 84 markets during the year.

We are delivering on the government's congestion-busting agenda, implementing deregulation initiatives to modernise our export controls and make it easier for exporters to do business. In late 2019 we released the National Traceability Framework to help producers and industries enhance our traceability systems and promote 'brand Australia' in international markets.

Work also continues on improving Australia's agricultural export legislation. The *Export Control Act 2020* passed parliament in February 2020 and will come into effect in March 2021. This legislation underpins our reputation as a supplier of safe and reliable food and other products, and assures our trading partners that Australian exports meet their requirements.

Water

We are now 8 years into the 12-year reform program for water management in the Murray–Darling Basin. Recent drought, bushfires, flooding, fish death events and the COVID-19 pandemic have all contributed to community stress.

The Australian Government has committed \$13 billion to water reform in the Basin. At 31 December 2019, \$9 billion had been spent and more than \$3 billion committed to implement Basin Plan programs such as the Sustainable Diversion Limit Adjustment Mechanism and the outcomes of the Northern Basin Review.

We delivered additional support for drought-affected farmers in the Basin through the government's Water for Fodder program. In 2019–20 the program enabled 800 farmers in the southern connected Basin to apply to buy South Australian River Murray water at a discounted rate.

One thing we are concerned about is the effect misinformation is having on Basin communities, increasing anxiety and polarising stakeholder groups. The Commonwealth Environmental Water Office has put considerable effort into informing government, communities and the public on how we work with partners to manage Commonwealth environmental water.

Commonwealth environmental water has been central to key events in the Basin in 2019–20. We secured 2,100 GL of water for the environment, and delivered more than 1,197 GL for environmental water flows. These actions help maintain habitats and provide food and shelter for native plants and animals.

Scrutiny of the Murray–Darling Basin Plan continues. We have helped support the office of the interim Inspector-General of Murray–Darling Basin Water Resources. The Australian Competition and Consumer Commission has begun an inquiry into water markets. We are doing all we can to support this work to ensure the Basin Plan is operating effectively and efficiently.

Environment

Our work to enhance Australia's unique environment has been dramatically affected by the Black Summer bushfires. More than 12 million hectares was burnt and the effect on our wildlife has been catastrophic.

We are delivering on the Australian Government's commitment to the recovery of native wildlife and their damaged habitats. We are also supporting the sustained effort that is needed across bushfire-affected areas, including World and National Heritage places, to prevent extinction and limit the decline of native species.

During the year the foundation of our environmental work – the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) – has been closely scrutinised. Professor Graeme Samuel AC commenced an independent review of the EPBC Act, which is required to be undertaken every 10 years. We provided administrative support to Professor Samuel and his expert panel. The importance of the EPBC Act is highlighted by the response to the consultation process. The review received around 30,000 submissions and comments during a consultation period that had to be extended because of the bushfires.

In 2020 we have been delivering on the government's commitment to reduce unnecessary delays in environment approvals under the EPBC Act. I am pleased to say that we have accomplished a big turnaround in 6 months, despite the demands of establishing our new department and dealing with the COVID-19 pandemic. In the December 2019 quarter only 19% of our decisions were made on time, but by June 2020 this had increased to 98%. We also cut our backlog of key decisions by more than 60%. We are well-placed to continue this improvement and are aiming to make all key decisions on time.

The year began with celebration when, on 6 July 2019, the Budj Bim Cultural Landscape – a 6,600-year-old Indigenous aquaculture system in western Victoria – was inscribed on the World Heritage List. It is the first Australian property inscribed exclusively for its Indigenous heritage values. Another highlight was the government's decision to begin the implementation of the Reef Restoration and Adaptation Program by a consortium of leading science institutions, supported by the allocation of \$100 million from our Reef Trust and Great Barrier Reef Foundation Partnership.

Building on our work under the \$1 billion National Landcare Program, we have delivered the government's commitments to support environmental projects. We have designed and rolled out the Communities Environment Program and the Environment Restoration Fund. These initiatives provide grants for community projects, to protect threatened and migratory species, Australia's coasts and waterways and to support the clean-up, recovery and recycling of waste.

We all generate waste and this has an impact on our environment. Australians expect that when they put recyclable material in the yellow bin it is recycled, not sent overseas where it might end up in landfill, or finding its way into the environment. Reducing waste, increasing recycling rates and building capacity in the domestic recycling industry is a priority for the Australian Government and was a focus for us in 2019–20.

The Council of Australian Governments has agreed to ban the export of waste plastic, paper, glass and tyres. The Minister for the Environment, the Assistant Minister for Waste Reduction and Environmental Management and the department have all worked with state and territory colleagues, local government and industry on the plan to implement the ban, which will be phased in from January 2021. We also developed the National Waste Policy Action Plan, which sets a new, unified direction for improving waste management and recycling. This will be a major piece of work over several years, and will enable Australia to take responsibility for its own waste.

Managing biosecurity risks to agriculture and the environment

The response to the human pandemic has been a significant job for our biosecurity officers in 2020, but the work of managing animal and plant biosecurity risks has also been critical. Restrictions on international travel mean our task of screening passenger arrivals has been greatly reduced. Freight and cargo are still arriving. We have moved more resources to screening international mail, which has increased in volume during the pandemic.

Australia remains at risk from the global spread of pests and diseases with the potential to devastate agricultural industries and our native plants and animals. African swine fever is now on our doorstep, after detections in neighbouring countries. In 2019–20 we have continued our work to stop this disease at our border, supported by a substantial Australian Government investment to bolster these defences. We are working with Papua New Guinea and Timor-Leste to help them manage their detections, and with our pork industry and the states and territories to raise Australia's preparedness.

We are working with states and territories on the response to the arrival by natural dispersion of fall armyworm. The history of this pest shows that it cannot be successfully eradicated once established. We are working through the national biosecurity arrangements to build Australia's capability to manage the spread of this pest.

Brown marmorated stink bug (BMSB) continues to spread around the world. Our efforts have continued to help prevent the entry of this pest into Australia. Our increased requirements for offshore treatments and our continuing work at the border resulted in an overall reduction of live and dead BMSB by 29%, and a 72% fall in post-biosecurity intervention detections.

As biosecurity challenges increase, our success in this area depends on us finding new ways of working. We are partnering with our stakeholders to test new processes that help us work better and make it easier for regulated entities to do business. The Biosecurity Innovation Program has funded several projects to investigate new technological approaches. I was very pleased to see the department recognised at the 2020 Public Sector Innovation Awards for our use of 3D X-rays for biosecurity inspections. This is a great example of our efforts to work smarter.

In 2019 parliament passed legislative changes allowing visas to be cancelled for international travellers who breach biosecurity requirements. Those powers were used 12 times in 2019–20, reinforcing the message that we will always seek to inform and educate people about doing the right thing, but we will also take appropriate action to enforce biosecurity laws in cases of serious non-compliance.

In 2020 our biosecurity system has shown remarkable resilience to keep operating in extraordinary times. It is a testament to our people and demonstrates that Australian biosecurity continues to be robust and world-leading.

Antarctic

During 2019–20 Australia celebrated the 60th anniversary of the Antarctic Treaty and continued to enhance international cooperation on scientific and environmental interests in Antarctica. The anniversary was an appropriate time to recognise the contribution of our Australian Antarctic Division, which has worked over many decades to represent and advance Australia's interests.

We continued to implement the *Australian Antarctic Strategy and 20 Year Action Plan*. We have been making good progress towards the year 5 milestones in the Action Plan, including testing Australia's new icebreaker, RSV *Nuyina*, planning for the Davis Aerodrome Project and a range of infrastructure works across our Antarctic stations. We are also moving ahead on our work with the new Australian Antarctic Science Council, established in 2019, and the Australian Antarctic Program Partnership, which is funded under the government's Antarctic Science Collaboration Initiative to support researchers.

Much of our work was affected by the COVID-19 pandemic. Thanks to good incident management and hard work, we kept our Antarctic bases free of coronavirus. But the global effects of the pandemic prevented us from finalising the testing program for the *Nuyina* and we are still looking at how it will affect the ship's delivery schedule. We have had to limit the movement of people, reorganise supply chains and cut back our operational capacity.

The pandemic has also had an impact on the Antarctic-related forums we engage in, including the Antarctic Treaty system. Many of the regular international Antarctic meetings had to be cancelled, postponed, or held virtually with reduced agendas, leaving progress on issues of importance to Australia delayed. Our bilateral engagement with other Antarctic nations is under pressure and we face the challenge of maintaining these relationships while sustaining our own program.

The year ahead

The decision to create our new portfolio marks a new era in the holistic management of Australia's agricultural land, environment, heritage, water and other natural resources. In our first months as the Department of Agriculture, Water and the Environment, we have been identifying the synergies between the policies and programs under our responsibility. They are interconnected and we recognise that the outcomes in one area can have a critical effect on the others. In 2020–21 we will continue to establish and adapt our approaches to consider the policy impacts across our areas of responsibility. We will keep identifying opportunities to maximise the outcomes from our work.

The COVID-19 pandemic will continue to have a profound effect. Our people remain at the forefront of the pandemic response. We have turned our policy work towards preparing for a post-COVID world and the need to help our agricultural and environment-related tourism industries recover and take advantage of new opportunities. The health of our people remains a priority. We have been cautious in our approach to returning staff to the workplace. We will continue to use flexible working arrangements to keep them safe while making sure we are delivering on our purpose, objectives and priorities.

We remain committed to enabling industry to achieve its ambition of an agricultural sector worth \$100 billion by 2030. Work to deliver the government's priority of modernising the agricultural innovation system has a domestic focus in supporting this aim. We will also focus on trade and access to overseas markets, where new and improvement market access opportunities, remaining internationally competitive and ensuring our trade profile is secure are key to the success of Australian agriculture.

Agriculture, water and the environment are facing a range of challenges, from catastrophic events like the Black Summer bushfires to droughts and floods, and from ongoing threats to biodiversity and ecosystems. The global and domestic movement towards a lower carbon and climate-resilient future also presents a challenging policy and regulatory environment. Climate science and adaptation is critical in responding to threats and building the nation's resilience.

The Future Drought Fund is now in place and our national drought approach will continue to focus on helping farm businesses plan and prepare for these challenges. Our environment has begun the long journey towards recovery from the Black Summer bushfires. The early positive signs are encouraging, but the recovery of native wildlife and their habitats will require long-term planning and significant effort. We have supported the commitment of funds for the recovery of our unique native wildlife and their habitats. We will be supporting the sustained effort that is needed across bushfire-affected areas to prevent extinction and limit the decline of native species.

In 2020–21 we are at a pivotal point in our national environmental protection efforts. Professor Samuel's interim report on the EPBC Act found that the Act has become cumbersome and does not serve the interests of the environment or business. Planning is underway to deliver a reform program that revitalises the legislative and policy framework. This will ensure ongoing ecologically sustainable development that is both streamlined for businesses and effectively protects the environment.

This includes working with states and territories to ensure robust processes are in place to support the infrastructure pipeline in a post-COVID economy. We will fast-track 15 major projects, worth \$72 billion to the economy, for assessment by joint Commonwealth-state teams. The ultimate objective will be to deliver 'single touch approvals' for projects.

The government has embarked on an ambitious recycling and waste-recovery agenda under the National Waste Policy Action Plan. The first milestone – a ban on unprocessed glass – will commence on 1 January 2021. We will continue to take a national and strategic approach to finding solutions for our waste and recycling industry. The Recycling Modernisation Fund will invest \$190 million for infrastructure to sort, process and remanufacture waste materials.

After more than a decade of policy design and consultation, the coming year will realise reforms by the Council of Australian Governments to improve Australia's laws preventing chemical pollution. The Industrial Chemicals Environmental Management Register will provide a nationally consistent standard for managing the environmental risks from industrial chemicals. This will give greater certainty to industry and better protect Australia's environment and communities from contamination by chemicals like PFAS and mercury.

Heading into the 2020–21 summer season we are planning a limited Antarctic program, with a reduced number of expeditioners expected to head south after going through quarantine. Our construction and scientific research programs will be greatly reduced. We will be planning ahead to explore ways to continue our important work in the Antarctic in a post-COVID world.

We have entered 2020–21 with a strong set of priorities, clear objectives and a commitment to our new purpose of 'Partnering and regulating to enhance Australia's agriculture, unique environment and heritage, and water resources'.

As I present this annual report, I can say with pride that the hard work of our staff in supporting our ministers, and through them the Australian community, and in undertaking our many and varied roles in 2019–20, has us on track to achieve this Purpose.

Andrew Metcalfe AO
Secretary
30 September 2020

Part 1

Annual performance statements



Introduction

Guide to the annual performance statements

The Department of Agriculture, Water and the Environment was established on 1 February 2020, taking on the functions of the Department of Agriculture and the environment functions of the Department of the Environment and Energy.

Changes to the new department's outcomes are outlined in the Department of Agriculture, Water and the Environment *Portfolio Additional Estimates Statements 2019–20*. [Table 1](#) shows the change in outcomes from the portfolio budget statements published by each of the former departments.

Table 1 Department outcomes, 2019–20

Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i>	Department of Agriculture <i>Portfolio Budget Statements 2019–20</i>	Department of Agriculture, Water and the Environment <i>Portfolio Additional Estimates Statements 2019–20</i>
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.	–	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, and coordination of climate change adaptation strategy and climate change science activities.
Outcome 3: Advance Australia's strategic, scientific, environmental and economic interests in the Antarctic region by protecting, administering and researching the region.	–	Outcome 2: Advance Australia's strategic, scientific, environmental and economic interests in the Antarctic region by protecting, administering and researching the region.

Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i>	Department of Agriculture <i>Portfolio Budget Statements 2019–20</i>	Department of Agriculture, Water and the Environment <i>Portfolio Additional Estimates Statements 2019–20</i>
–	Outcome 1: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Outcome 3: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.
–	Outcome 2: Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.	Outcome 4: Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.
–	Outcome 3: Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.	Outcome 5: Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.

These annual performance statements report results against the measures published by the former departments in their 2019–20 portfolio budget statements and corporate plans. The performance results are presented in separate sections covering Agriculture and Environment measures.

Accountable authority statement

I, Andrew Metcalfe, as the accountable authority for the Department of Agriculture, Water and the Environment, present the department's annual performance statements for 2019–20, prepared in accordance with subsection 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

In my opinion, these performance statements accurately present the department's performance in the year ending 30 June 2020 and comply with subsection 39(2) of the PGPA Act.

In presenting this annual report, I am satisfied that, following the machinery of government changes in February 2020, a program is underway to implement an integrated department-wide Fraud and Corruption Control Plan and Risk Assessment, in accordance with section 10 of the PGPA Rule 2014. This program of work is scheduled to be completed by the end of November 2020. We have taken all reasonable measures to minimise the incidence of fraud in our entity and to investigate and recover the proceedings of fraud.

In 2019–20 we did not report to the minister any significant issue that has affected the department under paragraph 19(1)(e) of the PGPA Act.



Andrew Metcalfe AO

Secretary

30 September 2020

Agriculture

Introduction

These performance statements present results against the Department of Agriculture's 2019–20 performance measures.

Performance measures were set against objectives that contributed to the department's purpose, and functions to deliver those objectives.

Purpose

In 2019–20 the Department of Agriculture had one purpose in its *Corporate Plan 2019–20*:

- We work with national and international governments and industry to grow the value of agricultural trade and reduce risk to Australian agriculture.

Objectives

In 2019–20 the Department of Agriculture corporate plan had 3 objectives:

1. Increase, improve and maintain markets.
2. Encourage and manage risk to agricultural productivity.
3. Support sustainable, high-quality natural resources.

Functions

In 2019–20 the Department of Agriculture corporate plan had 6 functions:

1. Regulation and service delivery.
2. Policies and programs.
3. Trade and market access.
4. Research and innovation.
5. Enterprise-wide enabling services.
6. Forecasting and strategic intelligence.

Outcomes

The Department of Agriculture *Portfolio Budget Statements 2019–20* (PBS) had 3 outcomes:

1. More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.

2. Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.
3. Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.

Objectives and programs

In 2019–20 we had 3 strategic objectives to deliver our purpose. [Table 2](#) shows which PBS programs contributed to these objectives.

Table 2 Department of Agriculture objectives, by program, 2019–20

Program	Objectives		
	Increase, improve and maintain markets	Encourage agricultural productivity	Support sustainable, high-quality natural resources
1.1 Agricultural Adaptation		✓	✓
1.2 Sustainable Management—Natural Resources		✓	✓
1.3 Forest Industry	✓	✓	✓
1.4 Fishing Industry	✓	✓	✓
1.5 Horticulture Industry	✓	✓	✓
1.6 Wool Industry	✓	✓	✓
1.7 Grains Industry	✓	✓	✓
1.8 Dairy Industry	✓	✓	✓
1.9 Meat and Livestock Industry	✓	✓	✓
1.10 Agricultural Resources	✓	✓	✓
1.11 Drought Programs		✓	✓
1.12 Rural Programs		✓	✓
1.13 International Market Access	✓		
2.1 Biosecurity and Export Services	✓	✓	✓
2.2 Plant and Animal Health	✓	✓	✓
3.1 Water Reform		✓	✓

Summary of performance

Table 3 shows the results against each of the performance measures for ‘We work with national and international governments and industry to grow the value of agricultural trade and reduce risk to Australian agriculture’.

Based on these results, the department’s assessment is that in 2019–20 we were on track to achieve this purpose.

Table 3 Summary of results against Agriculture performance measures, 2019–20

Measure	Result
The real value of agricultural commodity exports (adjusted for inflation) exceeds the average real value of the previous 10 years	Achieved
Average annual productivity growth for the past 10 years is equal to or exceeds average annual market sector productivity growth over the same period	Not achieved
The status and productivity of agricultural land, water resources and Commonwealth fisheries is at least maintained, accounting for variation in seasonal conditions	Partially achieved
Rates of compliance with regulations administered by the department are maintained or improved	Achieved
The department implements its regulatory practice framework	Partially achieved
Agreed standards are met	Partially achieved
Policy advice is evidence-based and influential: qualitative assessment using a case study of policy development	Achieved
Intended program outcomes are being achieved and the department implements improvements from lessons learned	Achieved
The number of markets that are gained, maintained or improved	Achieved
New or improved markets show an increase in export volumes and values in trend terms	Achieved
Qualitative assessment using case studies of benefits from rural research and development, and innovation programs	Achieved
Levy collection processes cost no more than 1.2% of levies disbursed	Achieved
Inspections of levy agents records cover at least 20% of levy revenue over a 3-year rolling average	Achieved
The department’s employee engagement measures in the APS Employee Census are maintained or improved	Unable to measure
The notifiable workplace incident rate is maintained or reduced	Achieved
The end-of-year financial position is consistent with the budget at the start of the reporting period	Not achieved
The rate of high-severity ICT incidents is maintained or reduced	Achieved
Economic and scientific modelling outcomes are consistent with forecasts, allowing for unforeseeable events	Achieved

Key activities

Responding to the COVID-19 pandemic

We worked to mitigate the impact of COVID-19 on Australian agricultural exports during the initial phases of the outbreak of coronavirus. An early focus was on seasonal exports to China, such as seafood. Despite initial supply-chain shocks as the pandemic took hold, Australia's agricultural exporters showed a high level of resilience. Some industries were more heavily affected, but exports of most agricultural products continued as expected during the first quarter of 2020.

We worked with Austrade to implement the Australian Government's International Freight Assistance Mechanism, a \$110 million temporary emergency measure to re-establish and maintain existing global supply chains for Australian businesses trading internationally. This included the provision of logistical and administrative support for international freight movements. By 30 June 2020 the initiative had reconnected supply chains to import essential medicines and personal protective equipment, as well as helping producers to meet their contractual obligations with international customers.

We engaged trading partners during the pandemic to support continued confidence in the safety and security of Australia's food and agricultural supply chains. We maintained market access for Australian export establishments where audits could not be physically carried out by trading partners. We achieved this by negotiating to:

- › defer audits
- › introduce desktop reviews or remote video audits
- › remove audits as a prerequisite for market access while the pandemic continues.

Our frontline biosecurity officers played a pivotal role at the border, conducting biosecurity screenings and assisting with health checks of travellers on behalf of the Department of Health. We worked with our border agency partners on the whole-of-government response to the pandemic, assisting visitors returning to their home countries and Australians coming home.

We assessed biosecurity risks, issued import permits and collaborated with industry and the Department of Health to facilitate the clearance of urgent imported medical supplies, diagnostic test kits, laboratory materials for vaccine and medicine research, and food and grocery items.

The pandemic created a critical need to work with all sectors and with other governments to develop policies and assistance measures in very short time frames. We formed a task force to coordinate new policies and share information on COVID-19 control activities within the portfolio and across agencies. The task force helped develop new proposals for funding under the government's \$1 billion Relief and Recovery Fund and monitored implementation.

We appointed a senior agriculture industry engagement officer to liaise with stakeholders and ensure that agricultural industry perspectives inform government decision-making. We also supported meetings of Australia's agriculture ministers to discuss COVID-19 issues. An important event was the COVID-19 Recovery Round Table held by the Minister for Agriculture, Drought and Emergency Management in June 2020. Participants provided insights on the global marketplace and regulation and innovation, and identified opportunities for government and industry actions as part of the COVID-19 recovery strategy.

In water resources, we co-chaired the Water Sector component of the National Coordination Mechanism, providing water industry information and contributing to the National COVID-19 Coordination Commission Utilities Working Group. The working group has provided recommendations to commissioners on response and recovery in the water industry.

Increase, improve and maintain markets

Tackling trade challenges

During the year we worked with industries and other government agencies to address the effects of increasing protectionism and a rise in trade-distorting measures that hurt Australian farmers and producers.

We recognise that commercial imperatives will continue to drive export decisions, so we focused some of our efforts on supporting producers to find alternative and emerging market opportunities. We worked with the Department of Foreign Affairs and Trade, the Department of Industry, Science, Energy and Resources, and Austrade to implement the whole-of-government Non-Tariff Barriers Action Plan.

Free trade with Indonesia

During 2019–20 we worked to prepare for the smooth implementation of the Indonesia–Australia Comprehensive Economic Partnership Agreement (IA–CEPA), which entered into force on 5 July 2020. The agreement provides the opportunity for Australia and Indonesia to strengthen agricultural ties and enhance export capabilities to support economic growth and job creation in both countries.

Indonesia’s growing middle class and sustained economic growth provides tremendous scope to build on our longstanding and mutually beneficial trade. The IA–CEPA will:

- reduce or eliminate tariffs on more than 99% of Australian goods exported to Indonesia
- remove non-tariff barriers that hold back Australian businesses
- ensure greater certainty in the market including through tariff rate quotas for live cattle, citrus, carrots, potatoes and feed grains
- further enable Australian businesses to take advantage of new opportunities to drive growth and jobs.

Market access

As well as maintaining export markets, we made considerable progress in market access improvements. Some of the achievements during the year were:

- access for mainland cherries to the Republic of Korea and reduced inspection and oversight requirements for citrus and table grapes
- approval for in-transit cold treatment for several horticultural products destined for India
- improved import conditions for eggs, pork, poultry and red meat to Singapore
- a memorandum of understanding with Egypt to improve market access conditions for all red meat.

In April 2020 Australia’s first shipment of persimmons exported under a new irradiation protocol arrived in Thailand. This was the first Australian irradiated horticultural product to be exported to Thailand. It paves the way to open access to other commodities and treatment-related trade opportunities in the Association of Southeast Asian Nations (ASEAN) region.

We also achieved an agreement with Japan to recognise food safety systems equivalence for Australian meat and poultry. This makes Australia a preferred supplier of meat and poultry products for Japanese importers. The agreement boosts Australia's excellent food safety record and increases access to the Japanese market.

We continue to forge new markets and relationships that promise to yield returns for a range of Australian industries. This includes establishing new market access for seed products to diverse markets, including Argentina, Ecuador, Mexico and Iran.

Live animal exports

We continued to implement the recommendations of the independent review of our capability and culture as the regulator of live animal exports. We have made significant improvements to our regulatory practice in response to the 2018 review by Mr Philip Moss AM.

We suspended the export of sheep to the Middle East from June to late September 2019 (the Northern Hemisphere summer) and delivered a regulation impact statement in March 2020. This followed extensive consultation on policy options to regulate live sheep exports during those summer months.

A decision to shift the focus of performance from indicators based on mortality to measures based on animal welfare is already showing results. Improving animal welfare outcomes by reducing the risk of heat stress benefits the sheep and the farmers and others involved in the supply chain by supporting the sustainability of the live sheep export trade.

Following the review of the Australian Standards for the Export of Livestock (ASEL), we finalised ASEL 3.0 and began the transition to the new version, which will come into effect on 1 November 2020. The new standards will help exporters prepare animals for export, and ensure their health and welfare is better managed throughout export voyages by sea and air.

In 2019–20 we published 184 Independent Observer summary reports. The independent observer program has benefited the health and welfare of livestock exported from Australia, through improved exporter performance and the identification of issues that were not previously visible. The program has also generated new information that has informed our work on live animal export policies and regulations.

Improving export regulation

We continued our work on improving Australia's agricultural export legislation. The *Export Control Act 2020* passed parliament in February 2020. The Act will be supported by the Export Control Rules 2020 and will commence on 28 March 2021.

We implemented deregulation initiatives, including the Dairy Export Assurance Program reforms. This \$14 million initiative will help the export dairy industry by raising export awareness, reducing red tape and streamlining audit arrangements.

We are on track to deliver a digitised export certification system, with progressive releases planned over the coming years. Our Next Export Documentation System (NEXDOC) will reduce regulatory burden, improve product integrity, traceability and implementation of market requirements across the export supply chain. It will also increase Australia's capacity to exchange digital certificates with trading partners.

Modernising agricultural trade

We continued to roll out initiatives under the Modernising Agricultural Trade program. The program aims to improve how we regulate Australia's agricultural trade, with an emphasis on enhancing the systems that support trade.

Progress in 2019–20 included engaging new regional assurance managers, and improvements to the national consistency of Property Identification Codes for Livestock and the National Livestock Identification Scheme.

In late 2019 we delivered the National Traceability Framework. This is a tool to help Australian agricultural industries and food producers, governments and related businesses enhance our traceability systems and promote 'brand Australia' in our international markets.

Building on the work of the National Traceability Project, we announced the Traceability Grants Program, providing funding to 16 industry projects to enhance agricultural supply-chain traceability systems.

We have also made significant progress on upgrading the Manual of Importing Country Requirements (MICORe). This project aims to improve digital access to give exporters up-to-date market and export information. Since January 2020 we have made more than 5,500 updates to MICORe. We are also supporting Austrade's new Trade Information Service, which consolidates regulatory information (including MICORe content) for exporters.

Encourage and reduce risks to agricultural productivity

Supporting a \$100 billion agricultural sector

We are working to support industry in achieving its aim of an agricultural sector worth \$100 billion by 2030.

We set up a task force to consult governments and supply-chain organisations on challenges and opportunities over the next 10 years. Australia's agriculture ministers met twice during the year to discuss joint delivery to support the long-term growth and viability of producers. The ministers have agreed to develop a national program aimed at building business resilience by improving farm business management and planning skills. We and our state and territory colleagues will report to the ministers on the proposed program by the end of 2020.

The COVID-19 pandemic has reinforced the importance of a long-term strategy to enable continuing growth and productivity in the agricultural industry. In 2020–21 we will hold a workshop on innovation opportunities and work with the states and territories to align economic and industry recovery planning.

Agricultural innovation

We worked through the year on reforms to rural research and development, building on the 2019 report *Agricultural Innovation – A national approach to grow Australia's future*. In late 2019 we released a discussion paper for public consultation. We received 182 submissions from people and organisations including the 15 rural research and development corporations (RDCs), the Council of RDCs, 6 state and territory governments and key peak body and industry groups such as the National Farmers' Federation. Stakeholders made it clear that improving collaboration and partnerships across the system would make Australian agriculture cutting-edge and future ready.

The Australian Government is committed to modernising the agricultural innovation system, driving improvements focused on 5 'pillars of reform':

1. Strengthening ecosystem leadership, cohesion and culture.
2. Improving the balance of funding and investment to deliver incremental and transformational innovation and to grow private sector and international investment.
3. Embedding world-class innovation practices through greater collaboration and entrepreneurship.
4. Strengthening regions to achieve greater uptake of innovation.
5. Improving the foundations of agricultural innovation, including data and regulatory settings.

Developing an agricultural workforce strategy

A sustainable and skilled agricultural workforce is key to enabling the agricultural, fisheries and forestry industries to grow into the future.

In December 2019 the government established an 11-member National Agricultural Labour Advisory Committee to prepare a National Agricultural Workforce Strategy. We worked with the committee to prepare a discussion paper and literature review, and provided secretariat support for the committee's public consultation. Between March and June 2020 the committee consulted more than 250 stakeholders from the agricultural, education and training sectors.

The new strategy will help position the agricultural sector to attract, retain and develop the workforce it needs and identify the areas that require access to a migrant workforce. It will also identify options for responding to workforce challenges arising from the COVID-19 pandemic. The strategy is expected to be delivered to the government in October 2020.

Bushfire response

The 2019–20 Black Summer bushfires affected thousands of primary producers. In early January 2020 we supported our ministers to host round tables to discuss the impact of the bushfires and engage stakeholders on the government's bushfire response strategy and assistance measures.

We are working with the National Bushfire Recovery Agency, Emergency Management Australia and state and territory governments to ensure farmers and rural communities have the tools and assistance they need to recover from the bushfires. This includes:

- the \$75,000 Emergency Bushfire Response in Primary Industries Grants Program to support bushfire-affected primary producers, enabling them to deal with their immediate recovery and clean-up needs
- grants of up to \$10,000 for wine grape producers affected by smoke taint, acknowledging that the impact of the fires extends far beyond the burn scar
- grants of up to \$120,000 per hectare for apple growers, to help re-establish their orchards and ease the financial burden of a crop that can take up to 5 years to produce income.

We continue to meet other agencies through a primary producer working group to ensure grant funding is delivered consistently across the country.

We are also implementing a funding boost of \$15 million to the Rural Financial Counselling Service. This will provide an additional 60 rural financial counsellors and support workers to meet the increased demand from bushfire-affected individuals, families and businesses.

Drought response, resilience and preparedness

During the year we developed and implemented the government's response to the drought. In November 2019 the government released the Drought Response, Resilience and Preparedness Plan to support drought-affected farm businesses and rural communities.

The plan focuses on 3 parts:

1. Immediate action for those in drought – focused on measures to support farmers and their families facing prolonged drought conditions.
2. Support for wider communities – rural and regional communities depend on our farmers and are at the heart of Australia.
3. Long-term resilience and preparedness – building resilience and ability to withstand drought periods in the long term.

The plan considered the recommendations from the report by the Coordinator-General for Drought, Major-General Stephen Day DSC AM.

We worked with states and territories to deliver the 2018 National Drought Agreement and provided an interim report to the Council of Australian Governments in March 2020 on progress in implementing the agreement. Work is continuing on a reporting framework.

We are also responsible for [FarmHub](#), a website covering support from all levels of government, industry groups and not-for-profit organisations. FarmHub was developed to provide easy access to drought support information, but was expanded to include information on bushfire and COVID-19 relief and recovery programs. Key achievements include the Drought Preparedness e-Guide and associated Farm Risk Management Resources, which were launched in February 2020.

In late 2019 we implemented the government's changes to the Regional Investment Corporation's (RIC) farm business drought loan program, providing for a 2-year interest-free period. We also implemented a new interest-free concessional loan program that the RIC is delivering for drought-affected small businesses. Both loan programs are providing important and practical support to drought-affected farmers and communities.

Future Drought Fund

The Future Drought Fund is an important part of the Drought Response, Resilience and Preparedness Plan. We worked through the year to develop and implement the fund. We provided support to an independent consultative committee that supplied expert advice on programs to give farmers and communities the tools they need to manage and sustain their livelihoods during drought.

The first year of programs under the Future Drought Fund rolled out from July 2020. We will continue to monitor and adapt programs to make sure they are building resilience and delivering for farmers and the community.

Farm Household Allowance

In 2019–20, in collaboration with Services Australia, we finished implementing the government's response to the 2018 Farmer-led Independent Review of the Farm Household Allowance (FHA). These changes have simplified access to the FHA and improved the support available to recipients.

Since its establishment in 2014, the FHA has assisted around 15,000 recipients, providing support payments totalling more than \$459 million. Currently the program invests more than \$2 million into rural communities each week.

In 2020–21 we will focus on longer-term financial sustainability outcomes for FHA recipients and improving communication to the wider community about the program and its benefits. We want to highlight that the FHA is available to all farming families experiencing financial hardship, and is not just a drought payment.

Rural Financial Counselling Service

In 2019 we conducted a departmental review of the Rural Financial Counselling Service (RFCS). This involved nationwide consultation to consider the efficiency and effectiveness of the current RFCS operations for the 2016 to 2020 funding round.

The review made 30 recommendations to foster a professional workforce and target RFCS activities at an individual level to support outcomes at the industry level. The review proposed changes to improve service delivery and administration, with an emphasis on increasing the number of counsellors and support staff on the ground.

We are implementing the recommendations in consultation with RFCS providers. The current round of funding has been extended for one year to allow time for the design and roll-out of the next funding round from July 2021.

Promoting Australian agriculture

We implemented the Australian Government's program to help communities renew and reinvigorate ageing showground infrastructure and attractions across regional Australia. We awarded \$20 million in 122 grants to regional agricultural show societies and peak bodies. Projects range from small-scale upgrades to major overhauls. The grants will benefit showgrounds and their local communities by supporting activities through the year and providing for emergencies such as the Black Summer bushfires. Projects are due to be completed by 30 June 2021.

The \$10 million Educating Kids About Agriculture initiative aims to increase children's understanding of where and how their food and fibre is produced, and the importance of agriculture to Australia's way of life, regional communities and the economy. We awarded grants to 7 state farming bodies to sponsor school visits to farms and other primary production worksites, and one grant to establish 'mini farms' in up to 80 city schools.

We also implemented new programs to support the wellbeing and productivity of Australian farmers. We awarded a grant to help farmers, farm workers and their families manage work health and safety risks when operating machinery and farm vehicles. We awarded grants totalling \$3 million to 2 organisations to help establish farm cooperatives and other collaborative business models. The projects will give farmers a greater say in the food supply chain, help lower costs and improve the efficiency of production.

Streamlining the regulation of agricultural and veterinary chemicals

We are supporting an independent review of the legislative framework for the regulation of agricultural and veterinary (agvet) chemicals. We worked with the review panel to prepare an issues paper and are supporting the panel's national stakeholder consultations. The panel is expected to report to the government by May 2021.

During 2019–20 we worked to deliver other changes to improve the efficiency of agvet chemicals regulation. We prepared a Bill to streamline the regulation of agvet chemicals and establish a governance board for the Australian Pesticides and Veterinary Medicines Authority (APVMA). The House of Representatives passed the Bill on 3 December 2019. We are preparing regulation amendments to support measures in the Bill and have made other regulation changes to update the APVMA's fee-charging arrangements and ensure Australia meets its international treaty obligations.

Helping producers access agvet chemicals

The Access to Industry Priority Uses of Agvet Chemicals Grants program continues to help RDCs generate data. This data is used by smaller industries to support APVMA applications for minor uses of agvet chemicals.

In October 2019 we held a second collaboration forum to identify priority chemical needs for a range of plant and animal commodities. To address these needs, in April 2020 the government awarded 22 grants totalling \$2 million.

The grants program has delivered 171 grants totalling \$9.86 million. The work funded has resulted in 32 new permits and 5 new label uses for minor-use agvet chemicals. Numbers will increase significantly as more projects are completed.

ABARES conducted a study of a sample of finalised grants. The study estimated an average return to industry of \$117 per grant dollar invested, or an average of \$17 million per project over 20 years.

Building our policy capability

As a policy adviser to government, we have a strong focus on building our policy capability.

In March 2020 we held a policy masterclass attended by 41 participants from across the department. Our Senior Agriculture Industry Engagement Officer, Mark Tucker, facilitated the class. He drew on real case studies to provide insights into the craft of policy advising, policy in practice, challenges for evidence-based policymaking and fostering policy skills in teams.

In November 2019 we held a policy design workshop to give Environment staff an opportunity to put into practice the department's tools and resources for designing policy, supported by senior executives who shared their policymaking experience.

Both the masterclass and the workshop were a great success. We are using feedback to inform other initiatives that will be delivered through a newly created central policy office. This will provide targeted skills training to build policy capability and strengthen our ability to navigate our complex range of policy issues.

Support sustainable, high-quality natural resources

Supporting bushfire recovery in the forestry industry

The Black Summer bushfires severely affected forestry industries in southern and eastern Australia. More than 2 million hectares of productive forests were burnt, placing significant pressure on the people, businesses and communities that depend on those forests. The fires have depleted the forestry resource that many rural and regional areas depend on, and the effects will be felt over the next 3 decades.

We are working with the NSW and Victorian governments to deliver \$15 million in funding for Salvage Log Transport Assistance in 2020–21. This will help move hundreds of thousands of tonnes of burnt wood around the country and deliver immediate relief to affected forestry processors.

We are implementing the \$10 million Securing Forestry Resources for Economic Recovery program. This response to the bushfires and the COVID-19 pandemic is designed to help industries minimise resource loss and secure their supply chains for economic recovery.

We are also delivering a \$40 million Forestry Recovery Development Fund. Grants from the fund will support innovation and product diversity to address future wood supply shortages.

Progress on the National Forest Industries Plan

In the 2 years since the launch of the National Forest Industries Plan *Growing a Better Australia—A Billion Trees for Jobs and Growth*, we have made progress against each of the 4 key themes:

1. Creating regional forestry hubs.
2. Reducing barriers to forestry expansion.
3. Using our forest resources smarter.
4. Growing community understanding of forestry.

Progress includes establishing 9 Regional Forestry Hubs, tabling amendments in parliament to the Carbon Credits (Carbon Farming Initiative) Regulations 2011, funding an additional centre of the National Institute for Forest Products Innovation and publishing Australia's *State of the Forests Report 2018*. All of these activities support growth in Australia's sustainable forestry industries.

Regional Forest Agreements

Regional Forest Agreements (RFAs) are long-term, bilateral agreements for the sustainable management and conservation of Australia's native forests. In 2019–20 we reached agreement with the Victorian Government to modernise and extend the 5 Victorian RFAs until 30 June 2030. This is a significant achievement. The extensions will support the continued sustainable management of the state's public and private native forests and plantation estates, and the protection of forest-based wildlife.

The agreement in Victoria marked the culmination of our work to deliver the Australian Government's commitment to extend all RFAs across Australia. The RFAs in New South Wales, Tasmania and Western Australia are now covered by 20-year rolling extensions.

Carbon credits from plantations

We worked with the Department of Industry, Science, Energy and Resources (DISER) to reduce the regulatory burden associated with plantation expansion. This recognises the role of plantations in carbon sequestration. The work focused on regions that are appropriate for plantations and where sequestration is unlikely to have a material adverse impact on the availability of water.

Following public consultation, in April 2020 the government tabled the Carbon Credits (Carbon Farming Initiative) Amendment (Excluded Offsets Projects) Regulations 2020 in parliament. These regulations allow projects to be declared for offsets if they are in a region where tree planting for plantations is unlikely to have a material impact (where the annual average rainfall is above 600 mm).

DISER will maintain a map of these regions on its [website](#). Public consultation identified the 5 pilot Regional Forestry Hub regions established under the National Forest Industries Plan as appropriate sites. These are the first regions being considered for inclusion under the amended regulations.

Agricultural stewardship

We are working to implement the \$34 million Agriculture Stewardship Package. This initiative aims to encourage improved biodiversity practices on farms and promote greater recognition of best practice biodiversity management by Australian farmers.

The government provided funding to the National Farmers' Federation (NFF) to develop the Australian Farm Biodiversity Certification Scheme Trial as part of the package. The NFF is coordinating research on existing initiatives, management practices and sustainability frameworks. As part of the project, the Australian Farm Institute will consult extensively with stakeholders.

The Australian National University (ANU) has been engaged to lead the development of biodiversity certification. The ANU will use scientific and technical evaluation of biodiversity performance at the farm level, with an initial focus on native vegetation.

The ANU is also providing technical advice for the Agriculture Biodiversity Stewardship Pilot Program, which is developing scientifically robust methods for farmers to increase, maintain and monitor biodiversity on their farms. Small and medium-sized farm businesses will then receive incentive payments to pilot these methods.

Murray–Darling Basin Plan

We worked extensively to support key reforms in the Murray–Darling Basin Plan.

The government launched a comprehensive inquiry into water markets by the Australian Competition and Consumer Commission (ACCC). The ACCC report will provide options for improving the transparency, regulation, competitiveness and efficiency of the Basin water market.

We helped establish the office of the Interim Inspector-General of Murray–Darling Basin Water Resources. The interim inspector-general provided oversight of compliance with the Basin Plan and worked to improve community confidence in water management arrangements. We provided administrative support to the office.

The government opened a \$15 million second round of the Murray–Darling Basin Economic Development Program, bringing total funding for the program to \$40 million. This program addresses the socio-economic impacts of water recovery under the Basin Plan by providing funding for economic development projects that diversify, strengthen and increase the resilience of eligible communities.

Water for Fodder

We delivered the Water for Fodder drought relief program. The program allowed farmers in the southern connected Murray–Darling Basin to apply to buy South Australian River Murray water at a discounted rate.

The full 40 GL of water entitlements was delivered to successful applicants. Of the 800 irrigators who participated, more than 80% completed the required reporting obligations by 30 June 2020.

Managing the Great Artesian Basin

In 2019–20 there was substantial progress on the management of the Great Artesian Basin (GAB), including the development of a new \$27.6 million drought resilience program that will run over 5 years. This program will assist GAB jurisdictions in delivering water-saving infrastructure works, education and communication programs and studies to support new water management arrangements.

All GAB state and territory governments supported an updated Strategic Management Plan that will be released in 2020–21. The updated plan will take a principles-based approach to guiding GAB governments, industry and the community in actions to achieve economic, environmental, cultural and social outcomes.

National Water Initiative

The Productivity Commission’s 2017 review of national water reform found that further work is required to complete activities under the National Water Initiative (NWI). This includes responding to the challenges posed by population growth, climate change and changing community expectations.

We worked with states and territories to renew the NWI. Initially we are focusing on water security solutions for cities and towns and the water needs of First Nations communities.

In May 2020 the government announced the next triennial review into national water reform by the Productivity Commission. As well as reviewing progress since 2017, the inquiry will assess whether the reforms in the NWI are achieving their intended outcomes. The commission released a discussion paper on 26 May 2020 and is due to complete its inquiry in early 2021.

Water efficiency

The Water Efficiency Labelling and Standards (WELS) scheme continues to help householders and business owners choose water efficient products such as taps, toilets and showers. This has enabled consumers to reduce their water usage and utility bills. More than 29,000 product models are now registered under WELS.

We are working with co-regulators and industry stakeholders on our compliance monitoring. This year our focus on online sales platforms resulted in an improvement in retailer compliance.

We continued to work with Standards Australia and the International Organization for Standardization to improve product water efficiency standards in Australia and around the world.

Working with India

In June 2020 the Prime Minister of Australia and the Prime Minister of India renewed the memorandum of understanding (MoU) on cooperation in water resources management for another 5 years. Through the MoU, Australia and India are deepening policy and technical cooperation to improve water management and sustainable economic development.

Commonwealth fisheries resource sharing framework

We are working with the Australian Fisheries Management Authority to deliver the government's commitment to develop a Commonwealth fisheries resource sharing framework. The framework will outline how the Commonwealth approaches the sharing of fisheries resources with the states and the Northern Territory and across the commercial, recreational and Indigenous sectors.

During the year we consulted stakeholders across the country to ensure the new framework meets their needs. We released an online survey and a discussion paper, met stakeholders from all sectors and worked with the National Fishing Advisory Council. The draft framework is expected to be released in late 2020.

Southern bluefin tuna

In 2020 we prepared a determination by the Assistant Minister for Forestry and Fisheries to set aside 5% of Australia's share of the global Southern Bluefin Tuna Fishery for Australian recreational fishers. This is the first time that recreational catch has been explicitly recognised in sharing arrangements for a Commonwealth fishery.

Southern bluefin tuna (SBT) is highly prized and was heavily fished in the 1980s. To support the continued recovery of the stock, the international Commission for the Conservation of Southern Bluefin Tuna agreed that all sources of mortality should be accounted for in each nation's SBT allocation.

Australia conducted a scientific survey in 2019 to better estimate its national recreational catch. Almost 100% of recreational SBT fishers took part in the survey, which concluded that recreational fishers caught around 270 tonnes of southern bluefin tuna during the survey period. This is well below 5% (308 tonnes) of Australia's share of the global SBT fishery.

Setting aside 5% of the catch for recreational fishers allows for some growth in the SBT fishery and for annual fluctuations in catch rates. The decision enables recreational fishers to continue catching southern bluefin tuna, provides greater certainty to the commercial sector and ensures Australia meets its obligations to conserve fish stocks for future generations.

Manage biosecurity risks to agriculture and the environment

African swine fever

The threat to Australia from African swine fever (ASF) continued to grow in 2019–20, with detections in Indonesia, Papua New Guinea and Timor-Leste. In September 2019 we conducted a month-long operation that detected ASF viral fragments in almost 50% of banned pork products seized from international passengers and incoming international mail.

Under the government's African swine fever response package announced in December 2019, we implemented additional activities to prevent the disease entering Australia. This included increasing the number of frontline biosecurity officers and detector dogs and using technology such as 3D X-rays. We are undertaking targeted operations including testing some seized and commercially imported goods and checking for fraudulently labelled imported products.

We continue to raise public awareness about the threat of ASF, providing advice to pig producers, veterinarians, trading partners and importers on changes to import conditions and measures to strengthen on-farm biosecurity. In February 2020 the government appointed a National Feral Pig Coordinator to oversee a national approach to feral pig management as part of the defence against ASF.

Brown marmorated stink bug

In 2019–20 we marked our most successful season to date in overall compliance and minimising the biosecurity risk posed to Australia by brown marmorated stink bug (BMSB). This was the result of our increased engagement with industry, mandatory requirements for offshore treatments and the development of new systems.

During the 2019–20 season, detections of live and dead BMSB decreased by 29% and post-biosecurity intervention detections decreased by 72%. We had only 4 post-biosecurity intervention detections of live BMSB, and had to refer only one of those to the Consultative Committee on Emergency Plant Pests.

As part of our defence against BMSB we developed our new seasonal pest system, SeaPest. In our first season using SeaPest, more than 75,000 offshore treatment certificates were lodged in the system. This resulted in overall compliance of more than 97% of master consolidator lodgements.

Fall armyworm

The fall armyworm is native to tropical and subtropical regions of the Americas. Since 2016 it has spread into Africa, the Indian subcontinent, China and Southeast Asia. The fall armyworm is a priority plant pest in Australia because of the damage it could cause to a range of agricultural crops and native plant species.

We have been monitoring the pest's spread since early 2019 and working with our international partners, industry and governments to prepare for its arrival. In January 2020 fall armyworm moths were detected in our surveillance traps in Torres Strait. In February 2020 the pest was detected on the Queensland mainland.

Discussions between the Commonwealth and states and territories concluded that it is not feasible to eradicate fall armyworm moths because of their reproductive capacity, ability to fly long distances and wide host range. No country with suitable environmental conditions has successfully prevented the natural entry and establishment of fall armyworm once the pest is within the border.

Since the detections in Australia, we have been working with national and international forums to address the issue. We helped organise a national workshop in July 2020 to identify management and control strategies, information gaps and priority research needs, increase outreach activities and support projects to build Australia's capability to manage the pest.

Visa cancellations

In April 2019 the Australian Government introduced legislative measures to strengthen penalties under Australia's biosecurity laws. If international passengers breach the *Biosecurity Act 2015* at the border, the government can now cancel their visitor visa immediately and refuse them entry into the country.

In 2019–20 the Australian Border Force, on referral from biosecurity officers, cancelled 12 visas for biosecurity breaches. Eight visas were cancelled for failure to declare pork and pork products. Other visas were cancelled for failure to declare plant cuttings, meatballs and live bird eggs.

Under the new legislative measures, a person whose visa is cancelled cannot generally apply for another visa for 3 years. If they apply for a visa from another country, they may also be required to disclose the fact that the Australian Government has cancelled their visa.

Biosecurity – Towards 2025 and Beyond

Our Biosecurity – Towards 2025 and Beyond initiative aims to improve our biosecurity systems and processes to assist industries, and at the same time continue to protect human, plant and animal health and the environment. In 2019–20 we used a 'One Audit' approach to develop more efficient audit processes for freight forwarders.

Many freight forwarders are regulated under 3 pieces of legislation covering biosecurity import screening, imported food controls and export controls. These have similar objectives, elements and mechanisms, and manage similar risks, but their requirements have evolved separately. We worked with industry and across our business areas to develop a single audit checklist with consolidated requirements, to reduce duplication in compliance assessments.

The harmonised audit approach has shown a simplified audit process reduces costs and audit times. We are now considering rolling out the One Audit approach across our biosecurity, imported food controls and export controls.

Environmental biosecurity

We made a significant step forward in managing feral cats, when we obtained a registration from the APVMA to manufacture and market the Curiosity bait in Australia. Curiosity is Australia's first effective, broad-scale control tool for feral cats. Its development implements one of the highest priority actions in the Threat Abatement Plan for Predation by Feral Cats under the *Environment Protection and Biodiversity Conservation Act 1999*. The innovative technology used to encapsulate the toxin ensures that Curiosity targets feral cats but is safe for native animals.

We continued to build Australia's environmental biosecurity preparedness and response. This included:

- supporting the development of the Invasives Plan and National Invasive Ant Biosecurity Plan
- developing the National Priority List of Exotic Environmental Pests, Weeds and Diseases
- leading reviews of the *National Environment and Community Biosecurity Research, Development and Extension Strategy 2016–19* and the National Environmental Biosecurity Response Agreement.

Managing biosecurity risk in trade is critically important to protecting biodiversity and Australia's pest and disease status. In March 2020 we hosted the International Symposium on Limiting the Spread of Contaminating Pests. The symposium brought together around 70 government and industry delegates from more than 20 countries. Delegates focused on preventing and managing the global spread of contaminating 'hitchhiker' pests such as BMSB, spotted lanternfly, Asian gypsy moth and tramp ants.

World Organisation for Animal Health

The Australian Chief Veterinary Officer (ACVO) Dr Mark Schipp, is currently the elected president of the World Organisation for Animal Health (OIE). Dr Schipp is leading the organisation through challenging times. He helped implement administrative procedures to keep the OIE operating after COVID-19 forced the cancellation of its 88th General Session.

Since the beginning of the pandemic, the ACVO has led initiatives advocating for global reform of wildlife supply chains. As OIE President, Dr Schipp and the OIE Director General released an open letter to OIE delegates calling for reform to minimise the risks of zoonotic disease outbreaks emerging from wild animal wet markets. They encouraged policy discussions by national governments to reduce risks associated with wildlife wet markets, including possibly phasing them out.

Australia has provided financial support to the OIE for a global work program aimed at reducing and managing the risks of future spillover events arising from the wildlife trade.

International Plant Protection Convention

The global movement of pests and diseases threatens biodiversity and agriculture. The International Plant Protection Convention (IPPC) sets international standards to guide countries on how to protect plant resources and food security by preventing the introduction and spread of plant pests and facilitating safe trade.

During the International Year of Plant Health in 2020, Australia has made a significant contribution to the IPPC's work through the Commission on Phytosanitary Measures and its subsidiary bodies, technical panels and standards groups. Our leadership in these areas is important because Australia, as a contracting party, is obliged to implement the convention and its standards.

Despite the limitations imposed by the COVID-19 pandemic, work continued on phytosanitary treatments and audits, diagnostic protocols, guidance on pest status and sea container cleanliness requirements.

The pandemic has raised the profile of the IPPC's electronic certification platform ePhyto. Australia led the first ePhyto workshop in the Pacific to provide insights from a pilot program and to help determine which countries are ready to start implementing the system.

At a regional level, Australia worked through the Pacific Plant Protection Organisation to develop guidance on providing food and other aid to countries experiencing disasters. The guidance aims to reduce the spread of plant pests following a response to a humanitarian crisis.

At the Asia-Pacific Plant Protection Commission, Australia participated in the session meeting in Thailand that adopted a regional standard for the movement of fresh mango fruit. This regional commodity standard will help manage the risk from pests associated with the international mango trade, and inform the IPPC's work in this area.

Agriculture performance results

Our objectives

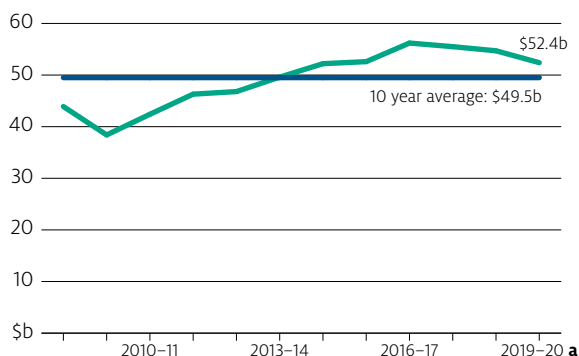
Increase, improve and maintain markets

Performance criterion: The trend in value of agricultural exports increases in real terms over time

Measure	The real value of agricultural commodity exports (adjusted for inflation) exceeds the average real value of the previous 10 years
Source	Department of Agriculture <i>Portfolio Budget Statements 2019–20</i> , p.26 Department of Agriculture <i>Corporate Plan 2019–20</i> , p.13
Result	Achieved

In 2019–20 the value of exports is forecast to be \$52.4 billion, which is above the 10-year average to 2018–19 of \$49.5 billion. The 10-year average is based on ABARES and Australian Bureau of Statistics data and reported in real (2019–20 constant dollar) terms (Figure 5).

Figure 5 Value of exports in real terms, 2008–09 to 2019–20



^a ABARES forecast

Agricultural exports include fisheries and forestry exports. Agricultural products are divided into farm-based agricultural commodities and processed products. Commodities include crops, livestock, wool and horticulture. Processed agricultural products include meat, dairy products, beverages such as wine and spirits, and processed fruit and vegetables. Fisheries products include edible fish, crustaceans and molluscs and non-edible manufactured fisheries products. Forest products include wood and wood-based products, paper and paperboard, paper manufactures, pulp and woodchips.

ABARES reports on agricultural, fisheries and forestry exports in its quarterly *Agricultural Commodities* report and annual *Agricultural Commodity Statistics* report.

Encourage agricultural productivity

Performance criterion: Portfolio industries report an increase in productivity

Measure	Average annual productivity growth for the past 10 years is equal to or exceeds average annual market sector productivity growth over the same period
Source	Department of Agriculture <i>Portfolio Budget Statements 2019–20</i> , p.26 Department of Agriculture <i>Corporate Plan 2019–20</i> , p.13
Result	Not achieved

Over the past 10 years, average annual productivity growth for the agriculture, forestry and fishing sectors was –0.4%. This was lower than annual market sector productivity growth, because adverse seasonal conditions affected agriculture in 2017–18 and 2018–19. Market sector productivity growth averaged 0.33% per year over 10 years to 2019–20.

Total factor productivity has been chosen as the measure of productivity and is calculated on a value-added basis. Average total factor productivity growth was used at the beginning of the 10-year period to mitigate the influence of seasonal volatility at the beginning of the period. The data are sourced from the Australia Bureau of Statistics, with a forecast for 2019–20. Agricultural productivity is susceptible to volatility due to seasonal conditions. Drought conditions in 2017–18 and 2018–19 have also influenced the result significantly.

Support sustainable, high-quality natural resources

Performance criterion: The quality of the resource base is maintained or improved

Measure	The status and productivity of agricultural land, water resources and Commonwealth fisheries is at least maintained, accounting for seasonal variations
Yearly measures	Sufficient water is registered to the Commonwealth Environmental Water Holder to Bridge the gap including 62 GL of efficiency measures to allow the full supply contribution of 605 GL to be utilised
	The percentage of fish stocks solely managed by the Commonwealth that are not overfished
	Sufficient ground cover to maintain the area of agricultural land protected from soil erosion above a threshold throughout the year
Source	Department of Agriculture <i>Portfolio Budget Statements 2019–20</i> , p.27 Department of Agriculture <i>Corporate Plan 2019–20</i> , p.13
Result	Partially achieved

Water

We continued to see progress on water recovery towards bridging the gap to meet the sustainable diversion limits (SDLs) in the Murray–Darling Basin Plan. Further recovery through efficiency measures is also required to meet the 62 GL target to allow the full supply contribution to be used.

The Australian Government is continuing to work with Basin state governments. All factors affecting the achievement of water recovery targets are being monitored. Water resource plans (WRPs) from the ACT, Queensland, South Australia and Victoria have all been accredited. The Murray–Darling Basin Authority is assessing all 20 of the NSW WRPs. The plans are an essential part of securing the long-term sustainable water management across the Basin.

Basin states have been updating factors (known as cap factors) that are used to compare different classes of water entitlements and to calculate the volumes of water recovered. The process of updating cap factors is affecting the remaining water recovery volumes. The final outcome will not be known until all state WRPs are finalised.

At 30 June 2020 water entitlements of 2,028.3 GL of surface water had been secured or agreed in funding contracts for bridging the gap to the SDLs in the Basin Plan. Of this, 1,938.5 GL is registered and held with the Commonwealth Environmental Water Holder (CEWH). Basin states have recovered 160 GL, which is not held by the CEWH. All water figures are in long-term average annual yield terms.

In 2019–20 the remaining surface water recovery task to achieve the Basin Plan target was influenced by several factors, including the accreditation of Victorian and South Australian WRPs and their updated cap factors. The remaining water recovery task remains uncertain in New South Wales until all WRPs are accredited.

Water recovery activities in 2019–20 included the launch of the revised Water Efficiency Program to progress the recovery of additional environmental water. The revised program takes into account the additional socio-economic criteria agreed at the December 2018 meeting of the Murray–Darling Basin Ministerial Council.

At 31 March 2020, 1.9 GL of efficiency measures had been recovered, counting towards the 62 GL efficiency measures target. A minimum of 62 GL of efficiency measures must be recovered for the full 605 GL supply contribution to take effect. The Basin Plan limits the amount by which SDLs can be adjusted. The adjustment mechanism means the limit can only be adjusted up or down by a maximum of 5% (around 543 GL).

At 30 June 2020 the CEWH holds 35.2 GL to help bridge the gap to the ground water SDL. In 2019–20 we completed a series of successful tenders to recover ground water in Queensland. All water has been registered and is held by the CEWH.

Snapshot: Growing fisheries and aquaculture

In 2019 the Australian Government committed to supporting recreational, commercial and Indigenous fishers and the aquaculture sector. We have been delivering on these commitments in partnership with our stakeholders.

The National Fisheries Plan sets out a pathway to grow Australia's fisheries and aquaculture sectors through sustainable development, increased environmental performance and social licence. We are working with the Fisheries Research and Development Corporation, the National Fishing Advisory Council and the states and the Northern Territory to develop the plan. We expect to release it for public consultation in early 2021.

We are working with the Australian Fisheries Management Authority and key representative bodies to deliver capacity-building training to help commercial, recreational, and Indigenous representatives participate in the Commonwealth fisheries management process. This includes identifying areas of focus, developing training materials and understanding the optimal delivery and extension approaches. The project will be delivered from 2020 to 2023.

We are working with recreational fishing groups and the Landcare Regional Land Partnership service providers to deliver the Fisheries Habitat Restoration Program. The program will provide habitat restoration services to support productive and sustainable fisheries in coastal and marine areas. These services will benefit recreational fishing groups by involving them in projects that support healthier waters and increase their fishing experience.

State and territory governments are supporting a national project agreement to deliver the Recreational Fishing and Camping Facilities Fund. The fund will directly benefit and increase people's experience of boating, fishing and camping by supporting projects to improve, maintain or build infrastructure.

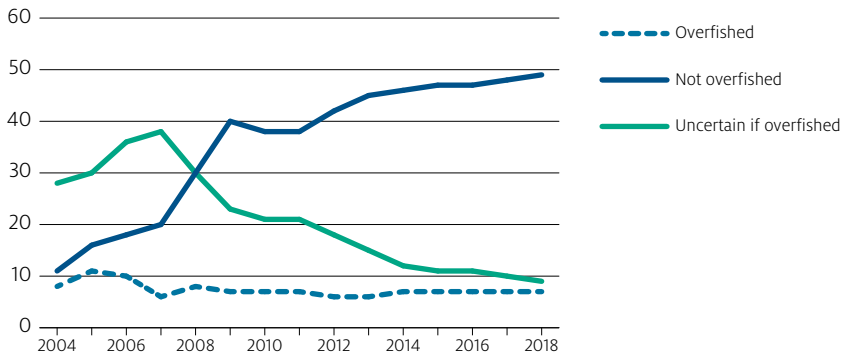


Fisheries

The percentage of fish stocks solely managed by the Commonwealth that are not overfished increased from 74% in 2017 to 75% in 2018.

The percentage of stocks classified as ‘uncertain if overfished’ fell from 15% in 2017 to 14% in 2018. The number of stocks that were overfished remained unchanged (Figure 6).

Figure 6 Australian managed fish stocks, 2004 to 2018



Notes: Based on the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) *Fishery Status Reports 2019*. Status is assessed retrospectively for the previous year.

Agricultural land

This indicator measures the area of agricultural land protected from soil erosion above a threshold throughout the year.

Table 4 shows that the annual wind and water erosion protection targets were not met in 2019–20, because the proportion of agricultural land area protected from erosion fell below the thresholds during that period.

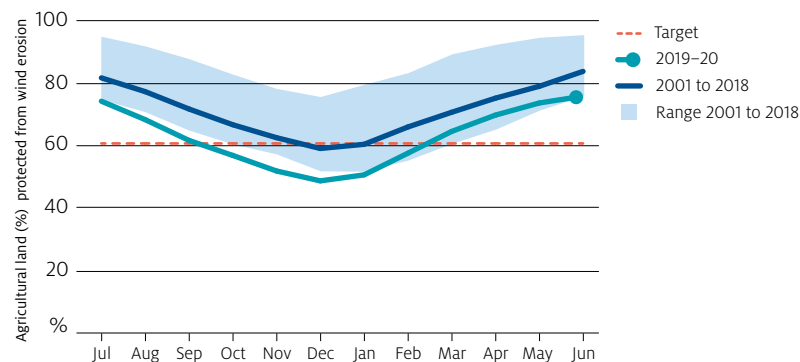
Table 4 Agricultural land protected from soil erosion, Australia, 2019–20

Item	National area threshold (% area protected)	Number of months area threshold not met	Number of years over period 2001 to 2018 with more months below the area threshold ^a
Wind erosion protection	61%	5	0
Water erosion protection	30%	5	0

^a 2019–20 was worse than any year in the period 2001 to 2018

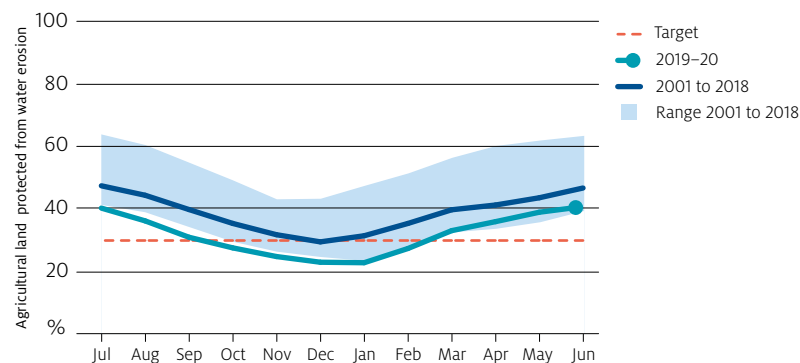
Figure 7 and Figure 8 show the results for 2019–20 against the target and median from 2001 to 2018.

Figure 7 Agricultural land protected from wind erosion, by percentage, Australia, monthly, 2019–20, and median and range, 2001 to 2018



Target is that more than 61% of Australia's agricultural land is protected from wind erosion for all months in the reporting period.

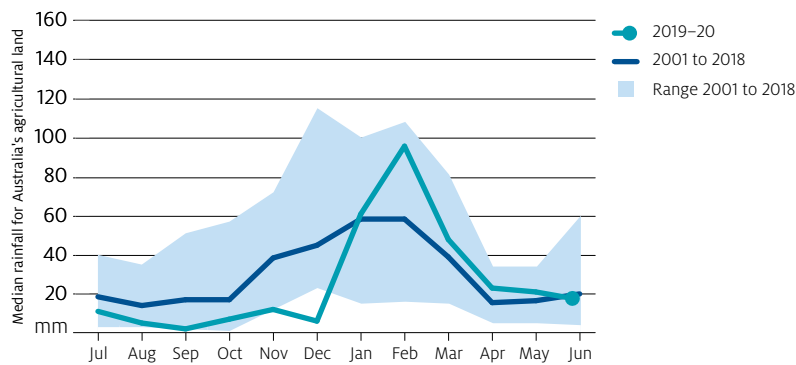
Figure 8 Agricultural land protected from water erosion, by percentage, Australia, monthly, 2019–20, and median and range, 2001 to 2018



Target is that more than 30% of Australia's agricultural land is protected from water erosion for all months in the reporting period.

The results were affected by rainfall deficiencies across much of Australia from 2018 until late January 2020 (Figure 9). For more information about rainfall deficiencies, see the Bureau of Meteorology Annual Climate Statement 2019. Large areas of Australia were also affected by fires, particularly during the summer of 2019–20.

Figure 9 Agricultural land median rainfall, Australia, monthly, 2019–20, and median and range, 2001 to 2018



The Australian Government is investing up to \$450 million under the Regional Land Partnerships (RLP) program, which is part of the National Landcare Program. Natural resource management service providers will be funded to deliver on-ground environment and sustainable agriculture projects over 5 years, from June 2018 to July 2023. Improving soil condition is a key investment priority. At the mid-point (2021) and the end of the program (2023) the RLP program will monitor and report on ground cover as a key indicator for soil condition at a regional scale.

We are also investing more than \$36 million through the RLP program to support Regional Agricultural Landcare Facilitators across Australia. The facilitators work to support farmers, industry and community groups to adopt new and innovative sustainable agricultural practices.

Up to \$135.9 million is being invested under the Smart Farms program, another component of the National Landcare Program. Funding will support the development and uptake of best practice, tools and technologies that help farmers, fishers, foresters and regional communities improve the protection, resilience and productive capacity of our soils, water and vegetation. This in turn supports successful primary industries and regional communities. Smart Farms focuses on protecting and improving the condition of soil, vegetation and biodiversity and helping producers adapt agricultural systems to address change.

The Smart Farms program is providing a total of \$56.7 million for projects with a focus on soils. Funding is being distributed through Smart Farms Small Grants, Smart Farming Partnerships and Building Landcare Community and Capacity. These projects fund soils activities such as ground cover management under a range of farming systems, soil pH and soil health, which all contribute to reducing wind and water erosion through improved ground cover of agricultural soils.

Our functions

Regulation and service delivery

Performance criterion: Effective intervention on compliance pathways

Measure	Rates of compliance with regulations administered by the department are maintained or improved
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.15
Result	Achieved

Biosecurity screening

The post-intervention compliance rate is the percentage of international mail articles and air passengers that were compliant after intervention. The rates (Table 5) show the department's effectiveness at promoting and enforcing compliance in these pathways.

Table 5 Post-intervention compliance rate, 2014–15 to 2019–20

Reporting period	International mail (%)	Air passengers ^a (%)
2014–15	99.9	97.3
2015–16	100	97.4
2016–17	99.9	96.9
2017–18	99.9	97.1
2018–19	99.9	97.0
2019–20	99.9	96.8

^a Travel restrictions related to COVID-19 reduced the number of air passengers entering Australia, particularly from April 2020 onwards. This change from the overall annual trend affects the reliability of data during these months, but it has not had a significant effect over the year.



Snapshot: Working with our neighbours to manage the spread of African swine fever

The past year has seen the spread of the contagious viral disease African swine fever (ASF) to our near neighbours. In September 2019 Timor-Leste reported the disease near its capital, Dili. In March 2020 Papua New Guinea (PNG) confirmed ASF as the cause of hundreds of pig deaths in its Southern Highlands.

The ASF response is being led by the countries' veterinary bodies, Timor-Leste's Ministry of Agriculture and Fisheries (MAF) and PNG's National Agriculture and Quarantine Inspection Authority (NAQIA). We sent 2 veterinary officers to Timor-Leste in October 2019 to support MAF's response, but in 2020 COVID-19 has presented challenges for ASF containment and the type of assistance we can offer. In a transition to remote support, we are maintaining communication with MAF and NAQIA through a variety of channels including regular coordinator teleconferences.

NAQIA's response efforts have included delimitation surveys to determine disease spread and using road checkpoints to restrict pig movements from the current disease zones.

We continue to support MAF and NAQIA with financial resources, technical advice, capacity-building and laboratory services through the Australian Centre for Disease Preparedness.

Containing ASF poses unique challenges for both countries, as pigs are an important form of wealth storage and symbols of prestige within village communities.

We will continue to support MAF and NAQIA to develop and maintain testing and diagnostic capabilities, conduct surveys and analyse results, and develop communication materials to inform pig producers and their communities about what to do if they suspect their pigs have contracted ASF.



Imported food safety

In 2019–20 the overall compliance rate for imported food inspections was 98.4%, compared with 98.3% for 2018–19. The compliance rate has remained steady.

The compliance rate is measured using pass or fail results. Imported food officers record the results in our import management system. For more information about the compliance rate see imported food inspection data on our [website](#).

Live animal exports

We are committed to ensuring compliance with the Exporter Supply Chain Assurance System (ESCAS). The system aims to ensure the humane treatment and handling of Australian livestock from arrival in an importing country to the point of slaughter. Since the implementation of ESCAS in July 2011, more than 25 million animals have been exported to 26 countries under the system.

In 2019–20 we received 17 reports of alleged regulatory infringements. Of these, 13 were self-reports by exporters and 4 were made by third parties. We have completed investigations into 15 of these reports.

Our response to investigation findings included removing facilities from approved supply chains and requiring exporters to provide further information about proposed exports. In some cases we applied additional conditions to export approvals, set further reconciliation requirements to account for animals in supply chains, and required exporters to provide more training to improve animal handling practices.

While undertaking investigations, our officers may need to communicate with relevant parties on multiple occasions over an extended period. This often requires us to make numerous requests for information and can considerably extend the time taken to complete an investigation. Information provided is often incomplete and may identify new issues for investigation.

Illegal logging

In 2019–20 we recorded around 20,000 importers of regulated timber products worth \$7.8 billion. Imports included approximately 2 million lines of product that were imported in more than 200,000 consignments from 128 countries. The self-declared compliance rate was 80%, compared with 82% in 2018–19.

Where self-declaration indicates non-compliance, we may use this information to request the importer provide their due diligence process for a compliance-based audit.

In January 2018 we ended our 'soft start' compliance approach to the illegal logging prohibition regulations. During the soft start, we did not enforce civil and criminal penalties associated with due diligence. Since then the compliance rate has increased from 77% to 80%. Our assessment is that compliance rates have been maintained.

We also conduct due diligence assessments of importers. In this area, compliance rates rose from around 10% in 2017, during the soft start period, to around 75% in 2019–20.

Water efficiency labelling and standards

The Water Efficiency Labelling and Standards (WELS) scheme aims to reduce demand for potable water by setting standards for a range of regulated water-using appliances, fixtures and fittings.

In 2019–20 WELS compliance activities continued to focus on internet-based sales. We used escalation action to address non-compliance and conducted all inspections and follow-up enforcement actions in accordance with the WELS Compliance and Enforcement Policy.

Non-compliance is addressed initially through a direct contact educational approach. If that is unsuccessful, we issue non-statutory warning letters.

If non-compliance persists, we send the supplier a notice of intent to use statutory powers under the *Water Efficiency Labelling and Standards Act 2005*. We then give the supplier a coercive remedial action notice.

After issuing 8 warning letters between July 2018 and June 2020, we have recorded nearly 90% compliance. The non-compliance associated with one notice of intent to give a coercive notice was successfully resolved without the need to issue a remedial action notice.

In 2018–19 the WELS regulator commenced civil litigation proceedings in the Federal Court against a non-compliant. This matter remains active.

Table 6 summarises case management and escalation action results.

Table 6 WELS website assessments and store inspections, compliance intervention effectiveness 2018–19 and 2019–20

Item	2018–19 a	2019–20
Case management		
Cases opened in reporting period	156	80
Cases carried over from previous period	35	30
Cases closed because compliance was achieved b	161	84
Cases remaining open at end of reporting period	30	26
Early escalation stages c		
Warning letters sent	7	1
Compliance achieved after warning letter sent d	11	0
Notice of intent to give coercive notice sent	2	0
Compliance achieved after notice of intent sent	1	1
Escalation to statutory actions		
Remedial Action Notices given	0	0
Compliance achieved after Remedial Action Notice given	0	0
Civil litigation	1	0

a Adjusted to include additional cases that should have been allocated to the previous year and minor issues with automated calculations and reporting. **b** Cases may also be closed because the business ceased operating, was subject to litigation, was referred to another agency or stopped supplying WELS products. **c** Includes non-statutory activities to achieve compliance. **d** Some cases where compliance was achieved relate to cases where warning letters were sent during previous periods.

We have achieved compliance in online marketplaces through a combination of direct contact with online sellers and collaborative intervention with online marketplace administrators. Table 7 shows the result of compliance activities in online marketplaces.

Table 7 WELS compliance activities in online marketplaces 2018–19 and 2019–20 **a**

Item	2018–19 b	2019–20
Cases opened in the reporting period	184	121
Cases carried over from the previous period	0	56
Cases closed because compliance was achieved	128	117
Open cases at the end of the reporting period	56	60

a 'Online marketplaces' refers to websites that facilitate shopping from many different sources, such as eBay or Amazon. **b** Adjusted to include additional cases that should have been allocated to the previous year, and minor issues with automated calculations and reporting.

In 2019–20, 34,481 products (including 22,951 products and 7,001 product variants such as colour options) were registered. This included 4,532 ceasing registrations that expired on 21 July 2020. At 30 June 2019, 30,905 products were registered, including 5,522 variants and 3,045 ceasing registrations.

More than 434 manufacturers, importers and wholesalers registered products.

The increase in registrations is partly because of compliance activities that increase the awareness among manufacturers and sellers about the WELS scheme and its requirements.

Performance criterion: Continuous improvement in regulatory practices

Measure	The department implements its regulatory practice framework
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.15
Result	Partially achieved

In 2018–19 we commenced work on a regulatory practice framework to strengthen our regulatory capability and culture. In 2019–20 we made progress on initiatives aimed at maturing departmental regulatory practice. This included commencing the development of a regulatory practice statement (RPS).

The RPS will identify the department as a principles-based regulator to staff and the broader public. It will guide the approach for our regulatory systems. The RPS will focus on achieving regulatory outcomes and improving effectiveness through deliberate engagement and partnership with regulated industries and participants.

Progress on the RPS was delayed following the machinery of government changes to establish the Department of Agriculture, Water and the Environment. Subject to further internal and external engagement, we expect to implement the RPS during the first half of 2020–21.

Performance criterion: Business processes and services are improved through the better use of modern technology and improved work practices

Measure	Agreed standards are met
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.15
Result	Partially achieved

In 2019–20 we met or exceeded our targets across 17 of 34 service standards:

- Client contact services – 3 of 3 met.
- Import services – 3 of 7 met and 2 partially met.
- Export services – 7 of 8 met and one partially met.
- Live animal export services – 5 of 16 met and 2 partially met.

For more information about our service standards performance, see Appendix E.

The COVID-19 pandemic affected our ability to achieve stated performance standards across a range of services, as we changed our operations to meet pandemic requirements and ensure the health and safety of our people.

In January 2020 we updated our process for booking inspections by phone and email. This made the process more efficient and helped reduce waiting times. As a result, our performance against this standard has reached 100%, exceeding the 95% target.

In import services our performance on the inspection of goods varied by state, and we did not meet the target in New South Wales and Victoria. We have taken steps to improve our performance. These include recruiting additional frontline biosecurity officers and building our capability to flexibly deploy staff to meet changing demands. We are working with industry to pilot technologies to carry out virtual inspections and are using data analytics to identify appointments that can be rescheduled to bring inspections back within our service standard.

We also delivered a supermarket priority pathway arrangement under the government's Supermarket Taskforce. This provided streamlined regulatory clearance to meet increased consumer demand for imported food and dry grocery items.

A change to our plant export Authorised Officer application process enabled us to receive assessment tools in several formats, including electronic versions via email and hard copy through the post. As a result our processing times for issuing deed of obligations has improved and we met all of our plant export services targets.

In live animal export services, performance fell compared with 2018–19. This was partly the result of the time taken for applicants to address unsatisfactory elements of their applications. Most applications require some amendment during this process, which can delay approvals. We also introduced a new system to record performance against these standards, which affected the results.

Snapshot: Cut flower imports

The biosecurity risk for Australia has changed significantly since we began importing flowers almost 50 years ago. During this time, the numbers of live pests arriving on imported flowers has increased with continued growth in import volumes and changes to source countries.

To ensure Australia's biosecurity status remains protected, we assessed the historic performance and risks of cut flower and foliage imports, changed import conditions to reduce pest approach rates and engaged source countries and importers to strengthen compliance.

Around 540 species of arthropod pests associated with the cut flower trade are of biosecurity concern for Australia.

We now require the risks posed by these pests to be managed before flowers arrive at Australia's border. This means that importers must source flowers from suppliers with strong in-country pest management systems. Overseas governments must certify that the flowers are free of live pests before they are shipped.

Under further changes introduced in 2019, importers must apply for a permit to import flowers from certain countries. The conditions we place on these permits give us oversight and assurance that the biosecurity risks are being managed in these countries.

Efforts by trading partners and importers to implement the changed conditions are improving biosecurity compliance for all cut flower and foliage imports.

These improvements are a testament to the strong coordinated efforts across our department. Biosecurity is a shared responsibility and the cut flower industry is now playing a crucial role in reducing biosecurity risks before their flowers reach Australia's border.



Policy and programs

Performance criterion: Policy advice is evidence-based and influential

Measure	Qualitative assessment using a case study of policy development
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.16
Result	Achieved

Australian agricultural industries and regional communities are dealing with an ongoing trend towards more frequent and severe droughts in most parts of Australia.

The Australian Government has invested \$3.9 billion, which will grow to \$5 billion, in the Future Drought Fund. The fund is part of the Australian Government Drought Response, Resilience and Preparedness Plan.

In 2019–20 we developed and implemented the Future Drought Fund. This included providing support to an independent consultative committee established under the *Future Drought Fund Act 2019*. The committee advises the Minister for Agriculture, Drought and Emergency Management on a high-level framework to guide funding decisions for Future Drought Fund programs.

From October 2019 the committee held national consultation over 6 weeks, meeting farmers, industries and communities. It held 73 sessions in 23 locations across Australia and received 243 survey responses and written submissions. The committee considered its feedback before advising the minister, who signed the funding plan on 10 February 2020.

In July 2020 the minister announced the first package of 8 Future Drought Fund programs to help farmers and rural communities strengthen drought resilience and consider the incremental, transitional and transformational changes needed to build capacity to deal with drought. These programs are being funded as an initial investment in the first year, to ensure that we are getting the foundations right for the future.

As the programs are rolled out, the Regional Investment Corporation board will provide ongoing independent advice, consistent with the funding plan, to guide the minister in making funding decisions.

The consultative committee will continue to play a key role in considering the effectiveness of the first year of programs and advising on investments made in the second year and beyond. The committee will review the plan every 4 years to ensure emerging priorities are captured.

In the third year of the funding plan, the Productivity Commission will conduct an inquiry into its effectiveness.

The rollout of the Future Drought Fund marks a successful outcome for a significant piece of work by our department, and an example of good policymaking based on extensive consultation with the people and communities that will benefit.

Snapshot: Dairy Code of Conduct

The mandatory Dairy Industry Code of Conduct came into effect on 1 January 2020 following more than 12 months of extensive engagement and consultation with Australian dairy farmers, processors, industry bodies and government agencies.

The code of conduct was a key recommendation from the 2018 Australian Competition and Consumer Commission inquiry into the dairy industry. The introduction of the code is an example of our successful engagement across the industry and government to deliver a government priority, in this case working with colleagues from the Treasury and the Attorney-General's Department.

The code provides a fairer process for negotiating contractual arrangements between dairy farmers and dairy processors, and sets out the key rights and obligations of each party. These requirements have improved transparency and certainty within the industry.

Since the code came into effect, processors have for the first time publicly released their standard forms of agreement, including the minimum prices they are offering farmers for milk. This increases visibility of prices to farmers and competition among processors, ultimately leading to better options for farmers.

We have also supported Dairy Australia and Australian Dairy Farmers to deliver on government commitments that help farmers understand the changes under the code and how they can use this information in their businesses.

The code and these initiatives are part of how we are working to help farmers contribute to industry's ambition of an agricultural sector worth \$100 billion by 2030.



Performance criterion: Effective programs are developed and delivered to achieve policy objectives

Measure	Intended program outcomes are being achieved and the department implements improvements from lessons learned
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.16
Result	Achieved

For more than 30 years, the Rural Financial Counselling Service (RFCS) has been providing free financial counselling to Australian primary producers experiencing, or at risk of, financial hardship.

In 2019 we carried out an internal review into the operation and structure of the RFCS program. The review assessed the performance of the program between 2016 and 2020. It examined the efficiency and effectiveness of funding, services and administration in meeting the program's objectives.

The review conducted targeted and public consultation with key stakeholders including:

- RFCS providers and counsellors
- clients
- relevant Commonwealth, state and territory government agencies
- peak bodies such as the National Farmers' Federation and Financial Counselling Australia.

The review panel spoke to around 150 individuals and received 34 written submissions.

The review found that stakeholders are positive about the overall contribution the RFCS makes to clients and rural communities. It made 30 recommendations to strengthen the service's role relating to regional service structure, funding arrangements, service delivery, coordination and support, and monitoring and evaluation. The recommendations focused on driving long-term behavioural change in clients.

The government has extended the current funding round by one year to 30 June 2021 to give us time to implement the recommendations as part of the next funding round. We are designing the new program to:

- ensure all RFCS activities lead clients onto a pathway of case management to drive long-term behavioural change
- enable service providers to engage in more proactive work to assist with preparedness
- provide increased funding certainty to help service providers manage demand
- streamline reporting requirements for service providers and employ alternative methods to determine compliance and performance
- improve training and development of counsellors
- improve national consistency in program messaging
- reduce the administrative burden for service providers, counsellors and government.

For more information about the review process and findings see the Rural Financial Counselling Service Program review on our [website](#).

Trade and market access

Performance criterion: Increased access to overseas markets generates more export opportunities for Australian primary producers

Measure	The number of export markets that are gained, maintained or improved
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.17
Result	Achieved

We play a lead role in opening, maintaining, improving and restoring access to markets for Australian agricultural, fisheries and forestry exports. We negotiate technical conditions and arrangements with trading partners and provide expert advice in negotiations to restore markets when trade is disrupted. In 2019–20 we reported 84 market access achievements.

Working through our agricultural counsellor network and with other agencies, we achieved:

- access to 29 new markets, including access into the Republic of Korea for all variety cherries from the Australian mainland (with the exception of Western Australia) – Australia's mainland cherry exports are predominantly from New South Wales, Victoria and South Australia
- improved access arrangements in 28 markets, including the approval of alternative fumigant options for Australian barley exported to India – this is an important step in expanding the export options for Australian malting barley growers
- maintained access arrangements for 21 commodities, including active engagement with trading partners to maintain supply chains during the COVID-19 pandemic
- restored market access for 6 commodities, including successfully advocating for the European Commission to reinstate Western Australia's citrus canker-free area, allowing trade to recommence.

Measure	New or improved markets show an increase in export volumes and values in trend terms
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.17
Result	Achieved

In January 2018 we achieved improved access into Vietnam for Australian oranges, mandarins and table grapes. The export value of these 3 commodities increased in 2018–19 and is on track to continue increasing (Table 8).

Table 8 Value of citrus and table grapes exports to Vietnam, 2016–17 to 2018–19

Commodity	2016–17 (\$)	2017–18 (\$)	2018–19 (\$)
Citrus (oranges and mandarins)	4,652,315	7,686,108	10,189,613
Table grapes	23,679,217	21,567,842	42,845,763

Before 2015, Vietnam was a key market for Australian citrus and table grape exports. Australia's access was significantly reduced when Vietnam introduced a protocol system for horticulture imports, requiring market access to be renegotiated on a commodity basis.

In collaboration with industry, we prioritised restoring access for citrus and table grapes. Through extensive negotiations and engagement with our Vietnamese counterparts, we were able to regain market access in July 2015.

This access was improved in 2018 with the addition of shorter cold treatment requirements for grapes from Australia's eastern states, and the option of cold treatment for some citrus. These improvements have enabled these industries to use their preferred treatment option and have resulted in an increase in the value of citrus and table grape exports to Vietnam.

The positive trend of orange, mandarin and table grape exports is testament to effective collaboration between industry and the department, particularly our network of agricultural counsellors overseas, who are crucial in developing and sustaining relationships with our trading partners.

The improved access to Vietnam is a prominent example of our efforts to give producers and exporters expanded opportunities in overseas markets.

Research and innovation

Performance criterion: Investment in rural research and development programs demonstrates positive results

Measure	Qualitative assessment using case studies of benefits from rural research and development and innovation programs
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.18
Result	Achieved

We deliver a range of programs that promote innovation, new technologies and new business processes to find ways of working better. These case studies report on 2 of these programs in the agricultural and biosecurity fields.

Rural Research and Development for Profit program

The Rural Research and Development for Profit program aims to realise productivity and profitability improvements for primary producers through:

- ▶ generating knowledge, technologies, products or processes that benefit primary producers
- ▶ strengthening pathways to extend the results of rural research and development, including understanding the barriers to adoption
- ▶ establishing and fostering industry and research collaborations that form the basis for ongoing innovation and the growth of Australian agriculture.

The Dryland Legume Pasture Systems project, funded under round 3 of the program, is a 5-year project led by the Grains Research and Development Corporation. It aims to increase the adoption of innovative legume pastures on mixed farms in drier areas of southern and western Australia.

As part of the project, organisers are evaluating a range of novel, non-commercialised legume species and varieties that might provide farmers with more productive and persistent alternatives or complements to annual medics (temperate legumes) on fine textured soils. The project has

identified several legume species that are either superior to or complement the current range of legumes used in lower rainfall regions. As a result the project is expected to make at least 4 new species or varieties of legumes available to farmers.

The project is generating information for growers on how to best manage these novel pastures to ensure more profitable and sustainable pasture and cropping production regimes. It includes grazing experiments and animal feeding trials, and bio-economic modelling to quantify the benefits in terms of whole-farm profit.

Project organisers are considering ways to overcome adoption barriers by using summer or twin sowing, header harvesting of seeds or pods and understanding hard seed breakdown patterns to benefit different farming systems. The adoption pathways are being strengthened by conducting much of the research in farmers' fields, rather than on research stations or in laboratories. Growers and farmers attending workshops and field days will see outputs under 'real life' conditions.

A mid-term review has highlighted the project's success in building cooperation and knowledge-sharing across a range of organisations and partners. The review found that:

- participating farmers are providing valuable feedback and ensuring the research meets their needs
- previous collaborations between organisations have been expanded
- positive linkages are forming across a range of disciplines and organisations.

The breadth of exchange between researchers, farming system groups and farmers is enabling the project to deliver useable, innovative, robust and flexible farming system options.

Biosecurity Innovation Program

The Australian biosecurity landscape is changing quickly and growing in complexity. We are operating in a 24-hour business context, facing increasing volumes of international trade, increasingly complex global supply chains and changes in the environment, including climate change. At the same time, the spread of pests and disease around the world is increasing.

Building a smarter, stronger biosecurity system is crucial to manage these challenges. It is more important than ever that we incorporate innovative technologies and approaches into our work.

Since 2018 the \$25.2 million Biosecurity Innovation Program has funded a range of projects that will enhance the capacity of the national biosecurity system. To date, the program has funded 47 projects, delivered in collaboration with the business sector, universities, and research entities.

These projects include developing a portable sensing device to enable automatic detection of brown marmorated stink bugs (BMSB) in or on cargo. BMSB is one of Australia's priority pests and a significant threat to industries and the environment. If successful, this device will provide a more efficient method for detecting this serious pest.

We are developing an app to enable biosecurity officers to capture data from passengers' passports. This will reduce manual effort and enable staff to focus on higher-value tasks.

In a world first, we are using 3D X-rays to automatically detect meat and fruit at airports and mail centres. We are building on this project to automatically detect seeds and illegal wildlife. The 3D X-ray project has been one of our most successful innovations and won the Digital and Data category at the 2020 Public Sector Innovation Awards.

In 2020–21 the program will fund further innovation projects including high throughput sequencing for plant diagnostics and drones for feral pig management.

Building a better national biosecurity system requires ongoing investment in innovation. We are excited to see the Biosecurity Innovation Program supporting the delivery of new technologies and approaches to manage biosecurity risk.

Performance criterion: The efficient collection and distribution of levies to fund rural research and development

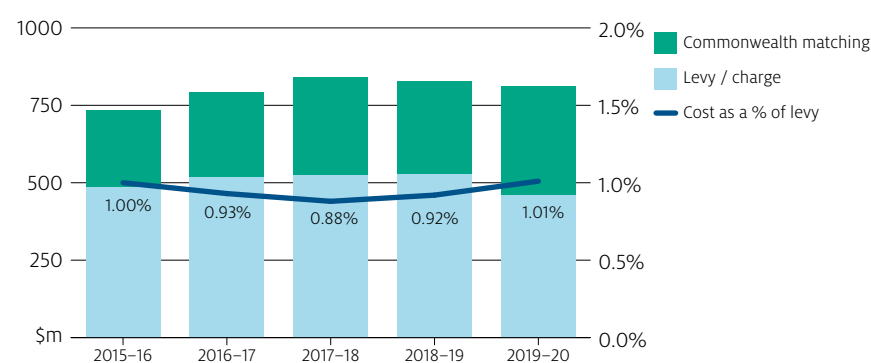
Measure	Levy collection processes cost no more than 1.2% of levies disbursed
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.18
Result	Achieved

In 2019–20 we disbursed \$461.505 million at a cost of \$4.758 million, which represents a cost of 1.01% of levies disbursed (Figure 10).

Although the monetary cost of levies collection fell in 2019–20, the relative cost increased slightly. This was because of a decrease in the amount of levies disbursed compared to 2018–19, when \$529.025 million was disbursed at a cost of \$4.841 million, or 0.92% of levies disbursed.

This decrease is mainly attributed to a reduction in costs associated with field record inspections, some of which were cancelled as a result of the Black Summer bushfires and the COVID-19 pandemic.

Figure 10 Levy administration revenue and costs, 2015–16 to 2019–20

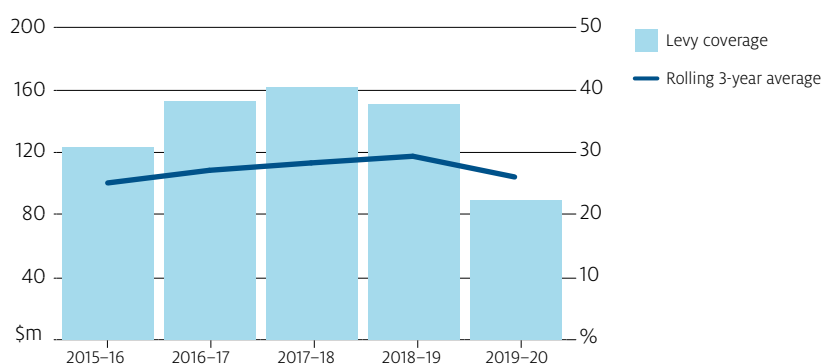


Note: The percentage is calculated by dividing the total cost-recovery charge by the total levy/charge disbursed for that financial year. It does not include Commonwealth matching payments.

Measure	Inspections of levy agent records cover at least 20% of levy revenue over a 3-year rolling average
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.18
Result	Achieved

The agents inspected under our national compliance program collectively contributed \$89.030 million, which represents 19.3% of all levies and charges collected in 2019–20. We achieved a rolling 3-year average of 26.2% coverage for levies and charges collected from 2017–18 to 2019–20 (Figure 11).

Figure 11 National compliance program levy coverage, 2015–16 to 2019–20



Note: The levy coverage for the national compliance program is made up of the annual levy contributions of agents inspected from the operational compliance program and targeted compliance assessment program.

Enterprise-wide enabling services

Performance criterion: Positive, professional and engaged workforce

Measure	The department's employee engagement measures in the APS Employee Census are maintained or improved
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.19
Result	Unable to measure

Following the machinery of government changes, comparison with the former Department of Agriculture's census results are of little value. The Australian Public Service Commission also delayed the 2020 APS Employee Census until October 2020. This means that data is unavailable. The census, when conducted, will provide a baseline for future analysis.

Further information about the department's human resources arrangements is provided in [Our people](#) (page 127).

Performance criterion: Safe and healthy workplaces

Measure	The notifiable workplace incident rate is maintained or reduced
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.19
Result	Achieved

Using the final staffing headcount for the department at 30 June 2020, the notifiable workplace incident rate in 2019–20 was 1.1 per 1,000.

This incident rate information is a collective of data from our former departments. An average headcount figure has not been applied because of the effect of machinery of government changes. As a result, an absolute comparison cannot be made against annual report information published by the former Department of Agriculture or the former Department of the Environment and Energy.

The number of notifiable incidents may include incidents relating to ‘workers’ under the *Work Health and Safety Act 2011* who are not counted in the employee headcount. This could result in a higher notifiable incident rate per 1,000.

Further information about the department’s work health and safety arrangements, including information on the number of notifiable incidents in the current and former departments during the year, is provided in *Our people* (page 130).

Performance criterion: Balanced and financially sustainable budget

Measure	The end-of-year financial position is consistent with the budget at the start of the reporting period
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.19
Result	Not achieved

In 2019–20 the operating loss attributable to the Department of Agriculture, Water and the Environment was \$50.2 million. This result was within the department’s approved loss.

Further information is provided in the Financial performance chapter (page 108).

Performance criterion: Information and communication technology meets business needs

Measure	The rate of high-severity ICT incidents is maintained or reduced
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.19
Result	Achieved

Following the machinery of government changes in February 2020, we assumed responsibility for 3 ICT environments, comprising the networks of the Australian Antarctic Division (AAD), the former Department of Agriculture and the former Department of the Environment and Energy (DoEE).

With a baseline measurement in place from 2018–19 for the Department of Agriculture network, we achieved an 8.2% reduction in the number of high-severity ICT incidents on this network, with 109 incidents reported in 2018–19 and 100 in 2019–20.

With no baseline comparison available for the DoEE and AAD networks, we have focused reporting on the number of high-severity incidents identified from 1 February 2020 to 30 June 2020. In this period there were 14 high-severity ICT incidents on the DoEE network and 2 on the AAD network.

Forecasting and strategic intelligence

Performance criterion: Fit-for-purpose economic and scientific modelling

Measure	Outcomes are consistent with forecasts, allowing for unforeseeable events
Source	Department of Agriculture <i>Corporate Plan 2019–20</i> , p.20
Result	Achieved

ABARES publishes quarterly agricultural forecasts in the *Australian crop report* and *Agricultural commodities*. These publications cover domestic and global production, consumption, exports and prices of agricultural commodities.

Analysis conducted in 2019 of forecasts from 2000–01 to 2017–18 found that ABARES forecasts have been within 15% of actual outcomes more than 80% of the time for most major commodities, including wheat and beef. This is well within global standards for public sector agricultural forecasting agencies.

We continue to improve our modelling capacity and forecasting methods. ABARES publishes near-term scenario-based outlooks for water prices in the Murray–Darling Basin using its water markets model, as well as longer-term scenario outlooks. ABARES has also developed the *farmpredict* model to assess a variety of issues for broad acre farming. We are collaborating with CSIRO on improvements to the GTEM-food global model, with a focus on analysing global agricultural production and trade.

ABARES also creates and uses a variety of economic, scientific and statistical models to inform the development and implementation of our biosecurity policy and operations. The bureau has played a significant role in improvements to our plant health surveillance system. For example, ABARES modelling methods and results are being used to update the early detection surveillance of Asian gypsy moth.

Snapshot: The effects of drought and climate variability on Australian farms

In December 2019 ABARES released *The effects of drought and climate variability on Australian farms*. This report measured the effects of climate on farm profits from 1950 to 2019, including long-term trends towards higher average temperatures and lower average winter rainfall in south-western and south-eastern Australia.

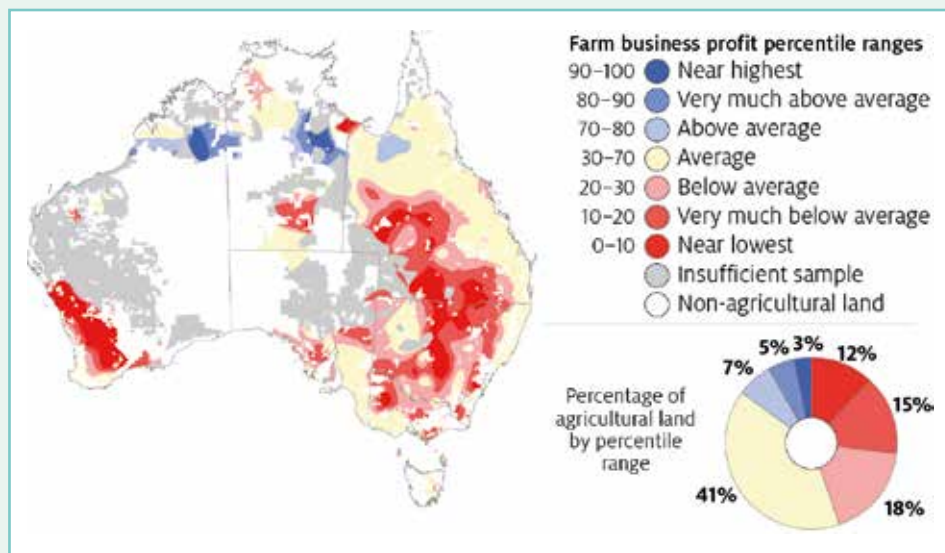
ABARES compared the effects of climate conditions from 1950 to 1999 with more recent conditions from 2000 to 2019. The findings were calculated holding all other factors constant, including commodity prices and farm management practices.

The report finds that climate conditions since 2000 have had a negative effect on the profits of cropping and livestock farms. ABARES estimates that annual broad acre farm profits since 2000 are around 22% lower than they would have been in the years 1950 to 1999, at an average of \$18,600 per farm per year, controlling for all other factors.

These effects have been most pronounced in the cropping sector, reducing average profits by 35%, or \$70,900 a year for a typical cropping farm. At a national level this amounted to an average loss in production of broad acre crops of around \$1.1 billion a year. Beef farms have been less affected than cropping farms overall. However, some beef farming regions such as south-western Queensland have been affected more than others.

As with previous ABARES research this study finds evidence of farmers adapting to dry conditions over time through improvements in technology and management practices. Without these adaptations, the observed shift in climate would have reduced cropping farms profits by 49% relative to pre-2000 conditions.

The report also shows that changed climate conditions since 2000 have increased risk and income volatility, particularly for cropping farms. ABARES estimates the frequency of low-profit years for cropping farms more than doubled as a result of the conditions between 2000 and 2019.



Environment

Introduction

These performance statements present results against the Department of the Environment and Energy's 2019–20 performance targets.

Purposes

The Department of the Environment and Energy *Corporate Plan 2019–20* listed 4 purposes. Two of these relate to the environmental responsibilities of the Department of Agriculture, Water and the Environment:

1. Conserve, protect and sustainably manage our environment and heritage.
2. Advance Australia's strategic, scientific and environmental interests in the Antarctic.

In 2019–20 we delivered major environmental initiatives relating to these purposes. We delivered additional outcomes through our cross-cutting science, information and research activity.

Outcomes

In the Department of the Environment and Energy *Portfolio Budget Statements 2019–20*, we had 2 relevant outcomes:

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.
2. Advance Australia's strategic, scientific, environmental and economic interests in the Antarctic region by protecting, administering and researching the region.

Table 9 shows the alignment of our purposes and outcomes.

Table 9 Alignment of Department of the Environment and Energy purposes and outcomes, 2019–20

Portfolio Budget Statements		Corporate Plan
Outcome	Program	Purpose
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.	Program 1.1: Sustainable Management of Natural Resources and the Environment	Conserve, protect and sustainably manage our environment and heritage.
	Program 1.2: Science, Information and Research ^a	
	Program 1.3: Commonwealth Environmental Water	
	Program 1.4: Conservation of Australia's Heritage and the Environment	
	Program 1.5: Environmental Regulation	
Outcome 3: Advance Australia's strategic, scientific, environmental and economic interests in the Antarctic region by protecting, administering and researching the region.	Program 1.6: Management of Hazardous Wastes, Substances and Pollutants	Advance Australia's strategic, scientific and environmental interests in the Antarctic.
	Program 3.1: Antarctic Science, Policy and Presence	

^a Contributes to all purposes.

Summary of performance

Table 10 shows the results against each of the performance measures towards our 2 environmental purposes.

Based on these results the department's assessment is that in 2019–20 we were on track to achieve these purposes.

Table 10 Summary of results against Environment performance measures, 2019–20

Target	Result
Program objectives are delivered under the National Landcare Program and other key programs, including the Improving Your Local Parks and Environment Program, the Australian Heritage Grants Program, the Communities Environment Program and the Environment Restoration Fund	Achieved
Contracts are in place to deliver Australian Government investment under the National Landcare Program and other key programs, including the Improving Your Local Parks and Environment Program, the Australian Heritage Grants Program, the Communities Environment Fund and the Environment Restoration Fund	Achieved
Native habitat condition: establish a baseline and methodology	Achieved
Native habitat connectivity: establish a baseline and methodology	Achieved
Native habitat extent: establish a baseline and methodology	Achieved
Percentage of terrestrial and inland water in protected areas: 17%	Achieved
Threatened Bird Index improves: establish a baseline	Achieved
Percentage of natural resource management projects that demonstrate an improvement in environmental outcomes: establish project baselines	Achieved
Reef programs deliver on the Reef 2050 Plan and Reef Trust objectives	Achieved
A reduction in nutrient, sediment and pesticide loads consistent with meeting targets in the Reef 2050 Water Quality Improvement Plan	Partially achieved
Program objectives are delivered under the National Landcare Program and other key programs, including the Improving Your Local Parks and Environment Program, the Australian Heritage Grants Program, the Communities Environment Program and the Environment Restoration Fund	Achieved
Contracts are in place to deliver Australian Government investment under the National Landcare Program and other key programs, including the Improving Your Local Parks and Environment Program, the Australian Heritage Grants Program, the Communities Environment Fund and the Environment Restoration Fund	Achieved
Percentage of World Heritage listed properties being managed under management plans that are consistent with the management principles in the EPBC Regulations: 100%	Partially achieved
Percentage of National Heritage listed properties being managed under management plans that are consistent with the management principles in the EPBC Regulations: 16%	Partially achieved
Number of times water quality in the Alligator Rivers Region exceeds statutory limits: 0	Achieved
Biological community structure in the Alligator Rivers Region: no significant change to dissimilarity values (over time or compared to background levels)	Achieved
Water-dependent ecosystems are protected and restored	Achieved
Contribute to flushing of salt from the Murray–Darling Basin into the Southern Ocean	Achieved

Table 10 Summary of results against Environment performance measures, 2019–20

Target	Result
Ramsar Information Sheets for Wetlands of International Importance listed under the Ramsar Convention (Ramsar sites) are prepared and updated, and include appropriate descriptions of the ecological character of the sites and threats to the sites	Partially achieved
Environmental regulation: activities required by legislation are conducted within statutory time frames	Achieved
Review baseline compliance of audited approved actions	Achieved
Annual radiation dose to the public remains below 1 mSv	Achieved
Import of controlled chemicals does not exceed the limits set out in the <i>Ozone Protection and Synthetic Greenhouse Gas Management Act 1989</i> and regulations	Achieved
The department tracks Australia's synthetic greenhouse gas emissions profile and implements policies and programs that contribute to reducing Australia's synthetic greenhouse gas emissions	Achieved
Management of hazardous wastes, substances and pollutants: activities required by legislation are conducted within statutory time frames	Achieved
Compliance activities are undertaken to deliver environmental health outcomes	Achieved
Level of chemicals or wastes of concern in the environment: establish baseline for some chemicals or wastes; establish trends for other chemicals	Achieved
Human health impacts: establish baseline	Achieved
National Pollutant Inventory Data published by 31 March each year	Achieved
Australian Government agencies effectively manage climate risk	Partially achieved
Australian Antarctic Strategy and 20 Year Action Plan is delivered in accordance with stated time frames and priorities	Partially achieved
Number of institutions collaborating in the Australian Antarctic Program (target: average of at least 100 over previous 5 years)	Achieved
Number of scientific publications published in peer-reviewed journals (target: average of at least 100 over previous 5 years)	Achieved
National Environmental Science Program projects deliver collaborative, practical and applied research to inform decision-making and/or on-ground action	Achieved
National environmental-economic accounts are developed, publicly released and used by decision-makers	Achieved
Geological and bioregional assessments are completed for the Cooper, Isa and Beetaloo regions by June 2021 to inform decision-makers and the community	Substantially achieved

Key activities

Responding to the COVID-19 pandemic

COVID-19 affected a range of our environment and heritage work, in some cases adding to challenges following the Black Summer bushfires. We worked with our partners to ensure the continued safe delivery of projects under a range of programs. Some of the on-ground works continued without major disruption, but local restrictions have caused some delays. We worked with partners to extend project end-dates and to adapt to new ways of delivering where appropriate to achieve outcomes.

Parks Australia closed its national parks and botanic gardens to comply with health restrictions. Key operational staff continued to maintain these significant protected natural and cultural environments. The closure presented an opportunity to undertake maintenance work on buildings, fencing and visitors' displays.

To support the tourism industry the government waived and reimbursed the cost of permits and licence fees for commercial tourism businesses operating in Commonwealth National Parks starting from 1 January 2020. For the parks that have reopened, tourism businesses are still required to hold a valid licence or permit to resume operations. However, no fees will be charged to operators until 31 March 2021.

Parks Australia is focusing on infrastructure improvements to support the recovery of tourism and create new and improved tourism offerings.

We worked with the Great Barrier Reef Marine Park Authority to waive all Environmental Management Charge categories from 1 January 2020 to assist tourism operators.

We recognised the impact of movement restrictions on the waste management industry and coordinated \$7.8 million in temporary emergency funding for oil recycling facilities affected by the pandemic.

The pandemic had a significant effect on the Australian Antarctic Program. Careful management of the program prevented COVID-19 from spreading to teams on our stations in the Antarctic and on Macquarie Island. However, the pandemic forced substantial changes to our operations in the Antarctic and the Southern Ocean. Our precautions included:

- limiting movement of people travelling by ships and planes
- decreasing our operational capacity
- changing our supply chains, which resulted in increased costs.

We have scaled back our program for the 2020–21 summer season. All expeditioners will go through quarantine before they travel to the Antarctic. The 2020–21 program will focus on changing over teams and resupplying stations. We will not conduct major construction activities and will limit science projects to automated data collection.

Conserve, protect and sustainably manage our environment and heritage

Bushfire recovery

We implemented the initial \$50 million package of the Australian Government's \$200 million investment to support the recovery of our native wildlife and their habitat following the 2019–20 bushfires.

We brought together environmental groups, scientists, wildlife carers, land managers, heritage experts, traditional owners, philanthropists and finance and investment institutions from across the country to discuss recovery needs. We also established the Wildlife and Threatened Species Bushfire Recovery Expert Panel, chaired by our Threatened Species Commissioner, Dr Sally Box.

We worked with all levels of government to produce the National Indicative Aggregated Fire Extent Dataset to assess fire severity. Guided by the expert panel, we worked with state and territory governments to assess the impact of the bushfires and identify priority animals, plants, invertebrates and threatened ecological communities requiring urgent management action. This science has helped direct the government's investment to where it is most needed.

The recovery package provided \$25 million for immediate support to wildlife rescue organisations, zoos, natural resource management groups, Greening Australia and Conservation Volunteers Australia. The funding is being used to carry out activities on the ground and to establish seed supplies and a volunteer base for a longer-term restoration effort.

A \$25 million emergency intervention fund is supporting the recovery of affected animals, plants and ecological communities. This includes grants to 19 projects approved in the first tranche of the Wildlife and Habitat Bushfire Recovery Program.

In response to the bushfires, the Australian Government established the Royal Commission into National Natural Disaster Arrangements. The Royal Commission is considering Australia's preparedness for, response to, and recovery from natural disasters. During 2020 we made a significant contribution to the Royal Commission, providing responses to notices. Department witnesses provided evidence on the impact of the bushfires on biodiversity, the operation of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) and forest management and tenure across the country.

The Royal Commission is due to release its final recommendations on 28 October 2020.

Congestion-busting under environmental law

In November 2019 the government committed \$25 million through to June 2021 for our department to reduce unnecessary delays in environmental approvals under the EPBC Act. We have focused on:

- improving service delivery
- recruiting extra assessment officers
- reducing the backlog of decisions
- progressing the assessment of major projects.

In the first 6 months of 2020 we significantly accelerated environmental assessments and approvals. In the December quarter of 2019 only 19% of key decisions were made on time. That improved to 87% in the March 2020 quarter. In the June 2020 quarter we made 98% of key decisions on time. We are committed to reaching and maintaining the benchmark of making 100% of key decisions on time.

We have been able to reduce the backlog of decisions by more than 60% – from 78 key decisions across 57 projects to 26 decisions across 22 projects. We are on track to clear this backlog of decisions by the end of 2020. These improvements have supported strong economic development while ensuring the protection of Australia's unique heritage and environment.

We are implementing the Digital Environmental Assessment Program to move the Commonwealth environmental assessment and approval process to a user-focused digital platform that integrates systems and data across jurisdictions. We are also building a biodiversity data repository that will store and share information, enabling proponents to reuse data and reduce assessment costs.

The Australian Government is providing funding to Western Australia to develop a system that other jurisdictions could use to build a nationally consistent digital environmental assessment system.

Reviewing the EPBC Act

We provided administrative support to Professor Graeme Samuel AC in his independent review of the EPBC Act. The legislation requires a review to be undertaken every 10 years, to consider how the Act is operating and to what extent its objectives have been achieved.

Professor Samuel released a discussion paper in November 2019, which generated around 30,000 submissions and comments.

In July 2020 Professor Samuel released his interim report, to share and test his early thinking on key reforms to environmental protection. We will support public consultation on the interim report, ahead of the release of the final report in October 2020.

Investing in biodiversity and natural resource management

The National Landcare Program is a key element of the Australian Government's commitment to natural resource management, with an investment of \$1 billion over 6 years from 2018–19. This includes \$450 million over 5 years for the Regional Land Partnerships program. At the end of 2019–20 a total of 223 projects were delivering on the 6 Regional Land Partnerships outcomes.

In 2019–20 we delivered on the Australian Government's commitment to design and roll out the \$22.65 million Communities Environment Program and the \$100 million Environment Restoration Fund.

The Communities Environment Program is supporting community-led environment projects that address local environmental priorities across Australia.

The Environment Restoration Fund is supporting on-ground environmental projects that aim to protect and restore Australia's environment. Projects focus on:

- › protecting threatened and migratory species and their habitat
- › protecting Australia's coasts, oceans and waterways by addressing erosion, improving water quality and protecting coastal threatened and migratory species
- › the clean-up, recovery and recycling of waste.

Commonwealth environmental water

The Commonwealth Environmental Water Office (CEWO) collaborated with governments, industries and communities to manage watering events that delivered more than 1,197 GL of water. These events maintained habitat refuges during the drought.

In partnership with other water holders, we delivered more than 530 GL of Commonwealth-owned water for the environment through the River Murray and its tributaries, as part of connected winter–spring watering events. This provided much-needed food and shelter for a range of native plants and animals all the way to the Coorong. These winter–spring releases were grouped under a flow event labelled 'the Southern Spring Flow', which is referred to in our reporting on the *Water Act 2007* (see page 190).

We used around 22 GL of Commonwealth environmental water in the Lachlan River system to improve native fish, plant and animal health along the river and in key sites including Booberoi Creek, Yarrabandai Lagoon and parts of the Great Cumbung Swamp.

We provided up to half of the 90 GL inflow into the culturally significant, Ramsar-listed Narran Lakes – the first significant flows since 2013.

In a world first, the CEWO also conducted an assessment of possible per- and poly-fluoroalkyl substances (PFAS) contamination of a Ramsar site and developed a Ramsar site climate change vulnerability assessment methodology for use by natural resource managers, stakeholders and site owners.

Protecting the Great Barrier Reef

The *Reef2050 Long-Term Sustainability Plan* is Australia's strategy for protecting and managing the Great Barrier Reef. The Australian and Queensland governments are investing more than \$2.7 billion through to 2023–24 to implement the Plan, including the Australian Government's \$443.3 million Reef Trust Partnership with the Great Barrier Reef Foundation.

Since the plan was launched in 2015 progress has been made on:

- › improving water quality
- › tackling outbreaks of crown-of-thorns starfish
- › doubling the on-ground joint field management program
- › rehabilitating island and coastal habitats.

The sustainability plan is formed as a rolling series of plans, and must be reviewed and updated every 5 years. In 2019–20 we worked with the Great Barrier Reef Marine Park Authority and the Queensland Government to begin the first 5-yearly review. In the first stage, we engaged the plan's scientific and stakeholder advisory bodies and representatives of the Reef's traditional owners. We will undertake public consultation on the draft updated plan in the second half of 2020.

During the year, we also worked with the Great Barrier Reef Marine Park Authority to secure funding of \$40.1 million for upgrades to Reef HQ in Townsville.

Managing Australia's waste

In August 2019 the Council of Australian Governments agreed to ban the export of waste plastic, paper, glass and tyres, while at the same time building Australia's capacity to generate high-value recycled commodities and associated demand.

We worked with state and territory governments, the Australian Local Government Association and industry on a national response strategy to implement the waste export ban. The strategy sets out the actions needed from all levels of government and industry to make the transition to the export ban and drive long-term change in the waste and recycling sector.

We are developing Commonwealth legislation and implementing systems to commence the export ban, which will be phased in from 1 January 2021. We are also implementing the Australian Government's \$190 million Recycling Modernisation Fund to build Australia's recycling infrastructure.

We worked with stakeholders to develop the National Waste Policy Action Plan, which sets a new unified direction for improving waste management and recycling. The government provided \$35 million for the department to deliver on Commonwealth commitments under the action plan. In March 2020 we held the National Plastics Summit, hosted by the Minister for the Environment, to identify solutions to the plastics waste challenge and mobilise further action.

National Waste Account

We partnered with the Australian Bureau of Statistics to compile and release an Experimental National Waste Account. This is the first account to be released under the national strategy and action plan for environmental-economic accounting.

The National Waste Account is a comprehensive account of all waste material in Australia in 2016–17. The account provided information about waste flows in the Australian community, including:

- › how much waste is produced by households and industry
- › how much waste is directed to landfill or recycling, is used for energy recovery or is exported
- › how much Australians spend on waste disposal
- › how many people are employed in the waste management industry
- › how much the waste industry earns by managing waste.

In September 2019, as part of Australia's participation in the High-Level Panel for a Sustainable Ocean Economy, we awarded funding to the United Nations Economic and Social Commission for Asia and the Pacific to advance ocean accounting capacity-building activities in the region.

The grant supported delegates from Papua New Guinea and Palau to attend the Global Dialogue on Ocean Accounting, held in November 2019 in Sydney. Funding is also being used to develop an ocean waste account pilot in partnership with the Samoan Government.

Product stewardship review

Product stewardship is an area of focus under the National Waste Policy Action Plan. It ensures a shared responsibility between producers, users and governments to manage the impact of a product from the beginning to the end of its life.

In 2019–20 we finalised the first review of the *Product Stewardship Act 2011*. The government supported the review's 26 recommendations, which we will implement in 2020–21.

We also support the establishment of industry-led schemes for priority products. In June 2020 we brought together the major battery industry stakeholders to establish a national battery stewardship scheme.

Managing chemicals

Chemicals are an important part of everyday life, but some can pose a significant environmental risk. We work to ensure these risks are properly managed. In 2019–20 we conducted risk assessments of more than 1,300 industrial chemicals.

We are leading work to strengthen chemicals management through a new National Standard for Environmental Risk Management of Industrial Chemicals. In January 2020 we consulted on an exposure draft of the legislation to establish the national standard.

We delivered several key pieces of work on PFAS and published a *National PFAS Position Statement*, setting out nationally agreed objectives for phasing out the use of PFAS chemicals of concern in Australia. We also published updated national guidance on the environmental management of PFAS contamination, following 2 years of work with states and territories.

Ozone and air quality

The world's ozone layer continues to recover. CSIRO data showed the ozone hole over Antarctica in 2019 was the smallest since it was first discovered in the early 1980s. Our management of ozone-depleting substances and synthetic greenhouse gases continues to reduce emissions of these chemicals in the economy.

Air quality and emissions of pollutants and harmful gases into the atmosphere were key concerns in 2019–20. Many Australians were affected by bushfire smoke over the summer.

We continue to manage priority activities under the *National Clean Air Agreement* to address the release of harmful pollutants. We monitored the imports of 5.6 million products to ensure compliance with product emissions standards for outdoor power equipment and marine applications.

Geological and bioregional assessments

We manage the Geological and Bioregional Assessment Program, a series of independent scientific studies undertaken by CSIRO and Geoscience Australia, supported by the Bureau of Meteorology. The assessments provide independent scientific advice to governments on the potential impacts of shale, tight and deep coal gas development on water and the environment.

In May 2020 we released the baseline analysis reports for the Beetaloo, Cooper and Isa regions. The baseline analysis reports support the government's efforts to increase regulatory efficiency by improving reporting, data provision and management. This will encourage industry development and growth while maintaining the highest possible environmental standards.

Australasian Environmental Law Enforcement and Regulators Network

In 2019–20 the Assistant Secretary of our Environment Compliance Branch, Monica Collins, was elected chair of the Australasian Environmental Law Enforcement and Regulators Network (AELERT). AELERT is a high-profile and well-regarded network of environmental regulators from across Australia and New Zealand, and its membership includes countries from Guyana to Canada.

AELERT provides a forum to share regulatory innovations and collaborate to find regulatory practice solutions to emerging environmental issues and challenges. Ms Collins' election supports our commitment to collaboration and capability-building in environmental regulation.

Advancing Australia's strategic, scientific and environmental interests in the Antarctic and the Southern Ocean

Australian Antarctic Strategy

The *Australian Antarctic Strategy and 20 Year Action Plan* sets out whole-of-government actions to support Australia's national Antarctic interests. In 2019–20 we made progress across a range of objectives.

We successfully established the Australian Antarctic Program Partnership, funded through the Antarctic Science Collaboration Initiative. The initiative is providing \$5 million a year for 10 years to support Antarctic researchers. We also developed a draft strategic plan for the new Australian Antarctic Science Council. The council was established in June 2019 to provide independent expert advice to government on the Australian Antarctic Science Program.

We completed the most comprehensive synthesis of tagging and tracking of Antarctic wildlife ever produced. The results show that the importance of the Southern Ocean for these animals varies, but that relationship will be affected by climate change. We also delivered the most detailed map of the Antarctic ice sheet's coastal grounding line. The map has revealed areas of vulnerability for ice loss such as beneath the Denman Glacier, the deepest point on continental Earth. This work builds on a decade of ICECAP airborne surveys.

Other research work during the year included:

- › an international workshop on the Southern Ocean Clouds, Radiation, Aerosol Transport Experimental Study (SOCRATES)
- › research providing new insights into the importance of aerosols over the Southern Ocean for climate models
- › a key study showing past ocean response to warming and the resulting CO₂ rise.
- › research showing the importance of Antarctic krill in cycling of nutrients and the export of carbon to the deep ocean
- › a major review study specifying past progress and future requirements for delivering sustained coordinated and integrated observations of the Southern Ocean.

Building our capability

In 2019–20 we made progress across all the capability projects outlined in the strategy and action plan.

Construction and testing of Australia's new icebreaker, RSV *Nuyina*, continued until the outbreak of COVID-19. We continued the development of Australia's inland traverse and deep-ice coring capability throughout the year, and this work remains on track.

The Davis Aerodrome Project moved into its planning phase. We are continuing the planning phase for the Macquarie Island Research Station Modernisation Project. Stabilisation works are underway on Macquarie Island's infrastructure to allow it to be used for future construction activities. We also commissioned stabilisation works on current station infrastructure across all Antarctic stations.

Commission for the Conservation of Antarctic Marine Living Resources

We contributed to important decisions by the Commission for the Conservation of Antarctic Marine Living Resources (CAMLR). The 26-member commission met in Hobart in October 2019.

The commission improved environmental protections by prohibiting the discharge of plastics into the sea, and expanding restrictions on the dumping and discharge of oil or fuel to the whole CAMLR area.

We achieved agreement on updated catch limits for toothfish and icefish at Heard Island and McDonald Islands for our fishing industry. The commission also agreed to a work plan to deliver contemporary management of the krill fishery by 2021.

The Hobart meeting endorsed Australian Antarctic Division scientist Dr Dirk Welsford as chair of its Scientific Committee. This will enable us to continue to lead work to protect and sustainably manage marine life in the Southern Ocean.

Environment performance results

Conserve, protect and sustainably manage our environment and heritage

Intended result: Ecosystem diversity, extent and function are maintained or improved

Performance criterion: Australia's biodiversity including priority threatened species, ecological communities, cetaceans and migratory species, and significant heritage places, are conserved and protected via targeted investments and collaborative partnerships

Targets	<p>Program objectives are delivered under the National Landcare Program and other key programs, including the Improving Your Local Parks and Environment Program, the Australian Heritage Grants Program, the Communities Environment Program and the Environment Restoration Fund</p> <hr/> <p>Contracts are in place to deliver Australian Government investment under the National Landcare Program and other key programs, including the Improving Your Local Parks and Environment Program, the Australian Heritage Grants Program, the Communities Environment Fund and the Environment Restoration Fund</p> <hr/>
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.45
Result	Achieved

Regional Land Partnerships

In 2019–20 we procured an additional 83 projects that are delivering against the Regional Land Partnerships (RLP) program objectives. At the end of 2019–20 a total of 223 projects were delivering on the program's 6 outcomes:

1. Improving the trajectory of priority threatened species.
2. Improving the condition of threatened ecological communities.
3. Reducing threats to our Ramsar wetlands.
4. Reducing threats to our world heritage sites.
5. Improving soil, biodiversity and vegetation.
6. Increasing the capacity of our farms to adapt to climate change and evolving market demands.

We have procured services totalling \$448.6 million of the \$450 million available under the RLP program and engaged 50 service providers across 54 management units. Most of the procured projects are ongoing and not due to finish until June 2023. Project baselines and monitoring regimes are established and outcome reporting will occur after year 3 of the program (2021) and year 5 (2023).

Environment Restoration Fund

We contracted 45 projects under the Environment Restoration Fund in 2019–20 and are in the process of contracting a further 13 projects. Projects focus on:

- › protecting threatened and migratory species and their habitat
- › protecting Australia’s coasts, oceans and waterways by addressing erosion, improving water quality and protecting coastal threatened and migratory species
- › cleaning up, recovering and recycling waste.

Project and program outcomes will be reported at the end of the program in 2023.

Improving Your Local Parks and Environment

We managed 39 contracts that delivered against Improving Your Local Parks and Environment Program objectives. The program ended in June 2020. However, 2 projects were granted short extensions due to exceptional circumstances.

Because of the impact of COVID-19, we made an offer to grantees to extend the time frame for the completion of contracted projects to June 2021.

Communities Environment Program

A total of 1,333 projects were contracted under the Communities Environment Program, supporting community groups to address local environmental priorities and connect with their local natural environment.

Because of the impact of COVID-19, we have made an offer to grantees to extend the time frame for completion of contracted projects to June 2021. At 30 June 2020 responses were still being received and processed.

Performance criterion: Native habitat condition

Target	Establish a baseline and methodology
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.13
Result	Achieved

Tracking change in the condition, connectivity and extent of habitats is important to determine the effectiveness of policy, regulatory and program interventions. Tracking also helps conserve native ecosystems and the species they support.

In 2019–20 we developed a baseline for measuring condition using the Habitat Condition Assessment System (HCAS) and the major vegetation groups (MVG) spatial layer.

The HCAS combines environmental data, remote sensing data and intact condition reference sites to provide a consistent estimate of habitat condition for all locations across Australia. The 2020 version is at 250-metre resolution. The department publishes the MVG spatial layer as part of the National Vegetation Information System (NVIS) 5.1 suite of products

Table 11 shows the habitat condition baseline.

Table 11 Habitat Condition Assessment (HCAS) scores for 25 major native vegetation groups, Australia, 2019–20

Major vegetation group (NVIS 5.1, pre-1750)	Median HCAS score
Acacia Open Woodlands	0.92
Hummock Grasslands	0.91
Acacia Shrublands	0.91
Other Open Woodlands	0.91
Acacia Forests and Woodlands	0.89
Tropical Eucalypt Woodlands/Grasslands	0.86
Melaleuca Forests and Woodlands	0.86
Mallee Open Woodlands and Sparse Mallee Shrublands	0.84
Chenopod Shrublands, Samphire Shrublands and Forblands	0.83
Eucalypt Open Woodlands	0.83
Other Forests and Woodlands	0.83
Eucalypt Tall Open Forests	0.82
Eucalypt Low Open Forests	0.82
Callitris Forests and Woodlands	0.81
Other Shrublands	0.80
Heathlands	0.79
Mallee Woodlands and Shrublands	0.78
Eucalypt Woodlands	0.74
Tussock Grasslands	0.74
Eucalypt Open Forests	0.73
Rainforests and Vine Thickets	0.73
Low Closed Forests and Tall Closed Shrublands	0.67
Other Grasslands, Herblands, Sedgelands and Rushlands	0.67
Casuarina Forests and Woodlands	0.65
Mangroves	0.33

Performance criterion: Native habitat connectivity

Target	Establish a baseline and methodology
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.13
Result	Achieved

In 2019–20 we developed an indicative baseline for habitat connectivity using the National Connectivity Index (NCI). The NCI is a multiscale index of the amount of remaining natural area, its condition and spatial separation. It is based largely on information in the extant MVG product of the NVIS.

Table 12 shows the habitat connectivity baseline.

Table 12 National Connectivity Index scores for 25 major native vegetation groups, Australia, 2019–20

Major vegetation group (NVIS 5.1, pre-1750)	NCI median connectivity (%)
Eucalypt Low Open Forests	100
Acacia Forests and Woodlands	100
Melaleuca Forests and Woodlands	100
Other Forests and Woodlands	100
Eucalypt Open Woodlands	100
Tropical Eucalypt Woodlands/Grasslands	100
Acacia Open Woodlands	100
Acacia Shrublands	100
Other Shrublands	100
Tussock Grasslands	100
Hummock Grasslands	100
Other Grasslands, Herblands, Sedgeland and Rushlands	100
Chenopod Shrublands, Samphire Shrublands and Forblands	100
Mangroves	100
Other Open Woodlands	100
Mallee Open Woodlands and Sparse Mallee Shrublands	100
Heathlands	97
Eucalypt Woodlands	95
Mallee Woodlands and Shrublands	95

Table 12 National Connectivity Index scores for 25 major native vegetation groups, Australia, 2019–20

Major vegetation group (NVIS 5.1, pre-1750)	NCI median connectivity (%)
Rainforests and Vine Thickets	92
Low Closed Forests and Tall Closed Shrublands	91
Eucalypt Tall Open Forests	88
Eucalypt Open Forests	85
Callitris Forests and Woodlands	77
Casuarina Forests and Woodlands	67

In 2020–21 we intend to develop a significantly revised NCI product based on the HCAS to establish a repeatable time series. We expect the indicative baseline provided in [Table 12](#) will change substantially once that work is done. For example, many of the MVGs with values of 100% might be shown to be less connected using a revised, HCAS-derived, NCI.

Performance criterion: Native habitat extent

Target	Establish a baseline and methodology
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.13
Result	Achieved

In 2019–20 we used the HCAS and the NVIS to develop a baseline for the extent of major vegetation groups. The baseline derives percentages by calculating areas of HCAS pixels above a threshold determined by referring to NVIS extant mapping of native vegetation cover. Extant areas are compared with pre-1750 MVG areas to derive the percentages.

This differs from previous calculation methods. We used the HCAS to enable time series reporting, which was impossible under previous NVIS-only methods.

[Table 13](#) shows the baseline for vegetation extent.

Table 13 Estimated percentages remaining for 25 major native vegetation groups, Australia, 2019–20

Major vegetation group (NVIS 5.1, pre-1750)	Percentage remaining (%)
Hummock Grasslands	98.9
Acacia Open Woodlands	98.4
Acacia Shrublands	96.8
Tropical Eucalypt Woodlands/Grasslands	95.7
Other Open Woodlands	95.4
Chenopod Shrublands, Samphire Shrublands and Forblands	91.6
Melaleuca Forests and Woodlands	91.1
Eucalypt Open Woodlands	88.1
Eucalypt Low Open Forests	87.1
Acacia Forests and Woodlands	86.9
Eucalypt Tall Open Forests	86.5
Tussock Grasslands	85.7
Other Forests and Woodlands	85.2
Callitris Forests and Woodlands	84.9
Heathlands	80.2
Rainforests and Vine Thickets	78.4
Other Grasslands, Herblands, Sedgelands and Rushlands	75.0
Eucalypt Open Forests	74.7
Mallee Open Woodlands and Sparse Mallee Shrublands	74.0
Other Shrublands	73.7
Eucalypt Woodlands	71.4
Mallee Woodlands and Shrublands	65.9
Casuarina Forests and Woodlands	62.4
Low Closed Forests and Tall Closed Shrublands	59.7
Mangroves	37.9

Performance criterion: Percentage of terrestrial and inland water in protected areas

Target	17%
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.13
Result	Achieved

Every 2 years, the Australian Government collects information on protected areas from state and territory governments and other protected area managers. This information is published in the Collaborative Australian Protected Area Database (CAPAD).

CAPAD 2018 includes 12,052 terrestrial protected areas covering 151.79 million hectares (19.74%) of the Australian landmass. The data are current to 30 June 2018.

Intended result: Species diversity, range and abundance are maintained or improved**Performance criterion: Threatened Bird Index improves relative to 2019–20 baseline**

Target	Establish a baseline
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.14
Result	Achieved

We have developed the Threatened Bird Index through the Threatened Species Recovery Hub under our National Environmental Science Program (NESP). The index provides an annual indicator of the change in threatened bird populations for approximately 28% of Australia's threatened bird species for which data are available. It presents data from across academia, community monitoring programs, government data sources and more to develop an index that shows population trends of monitored threatened bird species.

The Threatened Bird Index will include additional species over time as data contributors increase, and data are collected consistently and repeatedly. The baseline and trajectories are important for conservation managers and communities, and will inform policy and investment decisions. For example, the index can be used to drill down and obtain species and subspecies information. Where the trend line stabilises from a decline, we can undertake further investigation to establish if this is in response to recovery actions.

The Threatened Bird Index is available on the [Threatened Species Index for Australia](#) website.



Snapshot: Saving the Northern Corroboree Tree Frog

In the wake of the Black Summer bushfires, the Australian Government provided a \$1 million grant to Taronga Zoo for wildlife rescue and rehabilitation. Of this, \$495,000 was allocated to establish an insurance colony of the critically endangered Northern Corroboree Tree Frog from the Fiery Range.

The Wildlife and Threatened Species Bushfire Recovery Expert Panel, which was established to help inform the Australian Government's response to the bushfires, identified the Northern Corroboree Tree Frog as one of 119 animal species in need of urgent management intervention.

The expert panel chose the animals most in need by examining how much of each species' range was burnt, their vulnerability to fire based on factors like behaviour and habitat needs, and whether the species was threatened before the bushfires.

The Northern Corroboree Tree Frog was classified as critically endangered before the fires and the recent drought has left the tiny frog particularly at risk. Being dependent on the Alpine Sphagnum Bogs and Associated Fens ecological community, which was significantly affected by the fires, the remaining populations were at heightened risk.

Taronga Zoo has been working to protect the Northern Corroboree Tree Frog for more than a decade. Setting up additional captive colonies is critical for the frog's recovery. The first 100 Northern Corroboree Tree Frog eggs were collected from the wild in March 2020 and are now being cared for at the zoo.

The Taronga Zoo captive breeding program will enable experts to plan ahead, manage the production of many more eggs and deliver offspring for translocation trials once the frog's natural habitat is healthy again.



Percentage of natural resource management projects that demonstrate an improvement in environmental outcomes relative to the established project baseline

Target	Establish project baselines
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.14
Result	Achieved

We are continuing to deliver natural resource management projects under the Regional Land Partnerships program, which is the Australian Government's flagship natural resource management program. Of the 200 multi-year Regional Land Partnerships projects underway, 99.5% had established a project baseline at 30 June 2020.

One project was assessed as not having an established baseline. The project managers advised that COVID-19 restrictions had resulted in the cancellation of activities and prohibited baseline data collection.

Intended result: The Great Barrier Reef is resilient

Performance criterion: Through investment and in collaboration with others, the department contributes to building the Great Barrier Reef's resilience and capacity to respond to threats

Target	Reef programs deliver on the Reef 2050 Plan and Reef Trust objectives.
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.45
Result	Achieved

The department's investments and collaboration in 2019–20 are contributing to the resilience of the Great Barrier Reef. We continue to implement the *Reef 2050 Long-Term Sustainability Plan*.

In 2019 key actions and achievements included:

- progress in tackling outbreaks of crown-of-thorns starfish
- improving water quality and coastal habitats
- protecting threatened and migratory species
- addressing plastic pollution.

Partnership was central to our work. We focused on working with traditional owners to support fulfilment of their aspirations as custodians of the Reef, invested in new projects managed by the Great Barrier Reef Foundation through the Reef Trust Partnership, and celebrated 40 years of the Australian and Queensland governments' Joint Field Management Program.

In collaboration with our Reef 2050 Partners – the Great Barrier Reef Marine Park Authority and the Queensland Government's Office of the Great Barrier Reef – we are undertaking the first 5-yearly review of the Reef 2050 Plan. The review is being undertaken in consultation with the Reef 2050 Advisory Committee and the Reef 2050 Independent Expert Panel.

The review aims to ensure the plan continues to focus on key threats and actions to support the health and resilience of the Great Barrier Reef. It will build on the plan's mid-term review, which was completed in 2018.

We have continued our productive engagement with the World Heritage system. In November 2019 the Australian Government submitted a *State Party report on the state of conservation of the Great Barrier Reef World Heritage Area* to the World Heritage Centre. The State Party report includes an assessment of our progress against targets in the Reef 2050 Plan.

We supported the provision of \$26.25 million for Great Barrier Reef projects. An additional \$58 million was allocated through the Reef Trust–Great Barrier Reef Foundation Partnership Annual Work Plan 2019–2020 to fund protection actions including:

- › regional water quality programs
- › crown-of-thorns starfish control
- › community action planning
- › a co-design framework with traditional owners.

We managed 38 projects funded under the Reef Trust and the Natural Heritage Trust (Reef 2050 Implementation) budgets. We also contracted 7 new projects under these budgets. All new projects align with the Reef Trust and Natural Heritage Trust objectives, outcomes and investment principles.

The COVID-19 pandemic has affected the delivery of existing projects and the design and implementation of new projects. We worked with delivery partners to ensure the continued safe delivery of existing projects and the adjustment of milestones where necessary.

Some on-ground works continued safely without major disruption, and many workshops and meetings were held by phone or video conferencing. Access was restricted to many Indigenous communities across Far North Queensland, causing delays in delivering projects in these areas. Planning for new investments continued but at a slower pace, because of the reduced capacity of delivery partners to engage.

Performance criterion: Pollutant loads

Target	A reduction in nutrient, sediment and pesticide loads consistent with meeting targets in the Reef 2050 Water Quality Improvement Plan Water quality targets for pollutant reductions by 2025: <ul style="list-style-type: none">• 60% reduction in anthropogenic end-of-catchment dissolved inorganic nitrogen loads• 20% reduction in anthropogenic end-of-catchment particulate nutrient loads• 25% reduction in anthropogenic end-of-catchment fine sediments loads• To protect at least 99% of aquatic species at the end-of-catchments
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.16
Result	Partially achieved

The *Reef Water Quality Report Cards* detail progress towards the *Reef 2050 Water Quality Improvement Plan* targets. Progress is a result of the combined efforts delivered through Australian and Queensland government investments. The *Great Barrier Reef Report Card 2017 and 2018* was released in August 2019, detailing progress from July 2017 to June 2019. The report card for 2019 is expected to be released in the second half of 2020.

Projects that delivered on-ground actions to address the quality of water entering the Great Barrier Reef report data to the Paddock to Reef Integrated Monitoring, Modelling and Reporting Program. The program is funded jointly by the Australian and Queensland governments. These results are captured in the report cards.

In 2019 Australian Government Reef Trust project contributions included:

- Reverse tender pilot projects in the Wet Tropics and Burdekin regions – supported farmers covering more than 7,500 hectares of sugarcane land to reduce their nitrogen surplus (project completed).
- Reef Alliance Growing a Great Barrier Reef project – aided improved management practices across the cane, grazing, dairy, horticultural, bananas, grains and cropping industries by providing a combination of extension, training and incentives. Improved farm management practices have reduced sediment, dissolved inorganic nitrogen (a drop of around 360 tonnes leaving farms) and pesticide loads generated from broad-scale agriculture in priority Reef catchments (project completed).
- Gully and Streambank Erosion Control Program – preventing more than 37,000 tonnes per year in fine sediment from entering the Reef (9 active projects up to 2022–23).
- Project Uplift Farming Systems Initiative – under the leadership of MSF Sugar, we are working with sugar growers to improve soil health and reduce operational time and cost, while at the same time improving water quality for better Reef outcomes. In November 2019 the project reported practice change over more than 14,500 hectares, resulting in a reduction of more than 76,000 kg in anthropogenic (DIN) load, a 21 kg reduction in pesticide load and a 23,000 tonne reduction in sediment load (project active to 2022–23).

The Australian and Queensland governments are investing more than \$600 million to deliver actions in the *Reef2050 Water Quality Improvement Plan 2017–22*.

Further progress towards meeting the targets will be delivered through ongoing Australian Government investments including:

- additional Wet Tropics and Burdekin repeated tenders for sugarcane
- Project Uplift Farming Systems Initiative
- Trialling and uptake of Enhanced Efficiency Fertilisers
- Complete Nutrient Management Planning for Cane Farming
- 9 projects under the Reef Trust Gully and Streambank Erosion Control Program.

New Reef Trust investments, including those delivered under the \$201 million water quality component of the Reef Trust – Great Barrier Reef Foundation Partnership grant, will continue to build on this progress and contribute to achieving the intended result of a resilient Great Barrier Reef.

The water quality targets for reduction of pollutants are long-term targets – set to be achieved by 2025. *Reef Water Quality Report Cards* document the progress towards these on an annual basis. The 2017 and 2018 report card assessed the progress made between July 2017 and June 2018. The 2019 report card, due for release later in 2020, will assess the progress made between July 2018 to June 2019 and the cumulative reduction up to June 2019.

The Paddock to Reef Integrated Monitoring, Modelling and Reporting Program provides the framework for evaluating and reporting progress towards the targets. The program integrates monitoring and modelling across a range of attributes and at a range of scales including paddock, sub-catchment, catchment, regional and Great Barrier Reef-wide. The complexity of the program results in a time lag of 12 months from data capture to reporting.

Intended result: Heritage is recognised and protected

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

Target	Program objectives are delivered under the National Landcare Program and other key programs, including the Improving Your Local Parks and Environment Program, the Australian Heritage Grants Program, the Communities Environment Program and the Environment Restoration Fund
	Contracts are in place to deliver Australian Government investment under the National Landcare Program and other key programs, including the Improving Your Local Parks and Environment Program, the Australian Heritage Grants Program, the Communities Environment Fund and the Environment Restoration Fund
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.45
Result	Achieved

The Australian Heritage Grants Program (AHG) funded 32 projects in 2019–20, 3 more than in 2018–19. We executed 32 contracts for National Heritage List place projects, with committed funding \$7.4 million. Project work is scheduled to commence in 2020–21.

The Black Summer bushfires and the COVID-19 pandemic had a direct impact on projects. In the first 2 rounds of AHG we approved variations to extend the end dates for 23 projects. These approvals will enable organisations to meet contracted project outcomes within committed grant amounts, and support AHG program outcomes.

Using administered funds from this program and following a competitive process, we executed a contract with CSIRO valued at \$436,000. CSIRO will update climate vulnerability assessments for Australia’s World Heritage properties and provide practical guidance on adaptation planning for property managers.

All Australian World Heritage properties are also on the National Heritage List. The guidance tools that will be tested by property managers through the CSIRO project will have wider applicability to other National Heritage places in future.

Performance criterion: Percentage of World Heritage listed properties being managed under management plans that are consistent with the management principles in the EPBC Regulations

Target All Australian properties included on the list of World Heritage are well managed

Source Department of the Environment and Energy *Portfolio Budget Statements 2019–20*, p.49

Performance information for this measure is reported against the updated measure published in the Department of the Environment and Energy *Corporate Plan 2019–20*.

Target 100%

Source Department of the Environment and Energy *Corporate Plan 2019–20*, p.17

Result Partially achieved

In 2019–20 Australia had 20 World Heritage listed properties. All World Heritage properties have management arrangements in place. Provisions in the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) seek to ensure that management plans for these properties are consistent with the management principles in the EPBC Regulations.

We assessed, and subsequently approved, updated management plans for 2 World Heritage properties:

- Wet Tropics of Queensland.
- Fremantle Prison (part of the Australian Convict Sites property).

We assessed, but have not yet approved, updated management plans for 2 further sites:

- Old Government House and Domain (part of the Australian Convict Sites property).
- Old Great North Road (part of the Australian Convict Sites property).

Management planning documents for the Greater Blue Mountains and the Gondwana Rainforests of Australia are being revised.

A grant under the 2018–19 Australian Heritage Grants Program is supporting the revision of the World Heritage management plan for the Royal Exhibition Building in Melbourne. At June 2020 the management plan was under review. A draft is expected to be available for public comment in late 2021.

The 2017 International Union for Conservation of Nature (IUCN) World Heritage Outlook Report assessed all Australia's World Heritage properties with natural heritage values as having effective or highly effective management arrangements in place. For assessments of all World Heritage properties see the [IUCN World Heritage Outlook](#) website. The next World Heritage Outlook report is due in late 2020.

Performance criterion: Percentage of National Heritage listed properties being managed under management plans that are consistent with the management principles in the EPBC Regulations

Target	16%
Source	Department of the Environment and Energy Portfolio <i>Corporate Plan 2019–20</i> , p.17
Result	Partially achieved

At 30 June 2020 there were 117 places on the National Heritage List.

The management plan for the former Fremantle Prison was assessed against the National Heritage management principles and approved.

In 2019–20 we assessed the management plans of a further 9 places against the National Heritage management principles. The places were:

- Australian Cornish Mining Sites (Burra)
- Australian Cornish Mining Sites (Moonta)
- Old Government House and Domain
- Old Great North Road
- Point Cook Air Base
- HMS Sirius
- Australian War Memorial and the Memorial Parade
- High Court National Gallery Precinct
- Batavia Shipwreck Site and Survivor Camps Area 1629 – Houtman Abrolhos.

At 30 June 2020 we had not finalised the reviews.

For places not entirely within a Commonwealth area, the Australian Government must use its best endeavours to ensure a management plan consistent with the National Heritage Principles is in place. In January 2019 we reported the majority of National Heritage Places were known to have management arrangements in place. In 2020–21 we will undertake an exercise to verify if these arrangements are consistent with the requirements of the EPBC Regulations.

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

Target	There has been no detrimental effect to the people and the environment of the Alligator Rivers Regions, including Kakadu National Park, as a result of mining activities.
Source	Department of the Environment and Energy Portfolio <i>Budget Statements 2019–20</i> , p.50

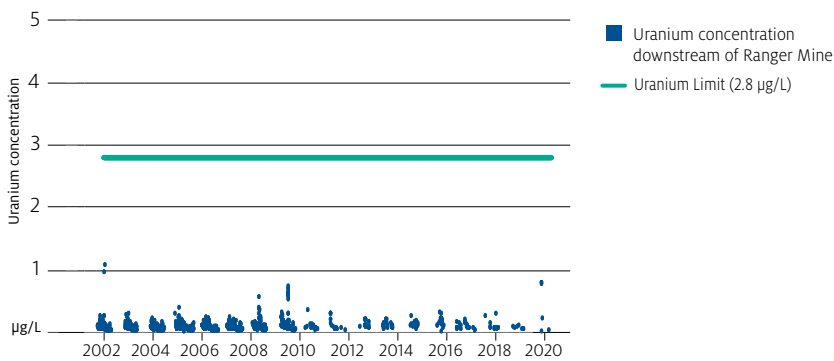
Performance information for this measure is reported against 2 measures published in the Department of the Environment and Energy *Corporate Plan 2019–20*.

Performance criterion: Number of times water quality in the Alligator Rivers Region exceeds statutory limits

Target	0
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.17
Result	Achieved

Results of the Supervising Scientist's surface water chemistry monitoring program during 2019–20 showed zero exceedances of statutory limits. The results are similar to previous years. For example, concentrations of uranium in surface water downstream of the Ranger mine, Northern Territory, remained well below the limit of 2.8 µg/L (Figure 12).

Figure 12 Uranium concentration downstream from the Ranger mine, Northern Territory, 2002 to 2020



Reports for the surface water chemistry monitoring program can be found on our [website](#).

Sampling was undertaken at 2 sites, downstream of the Ranger uranium mine, and results were reviewed by the Supervising Scientist Branch. Chemical analysis of samples was conducted by Envirolab Services. Radium-266 and total ammonia nitrogen analysis was conducted in-house by the Environmental Research Institute of the Supervising Scientist.

Industry standard quality assurance and quality control practices were used to validate results.

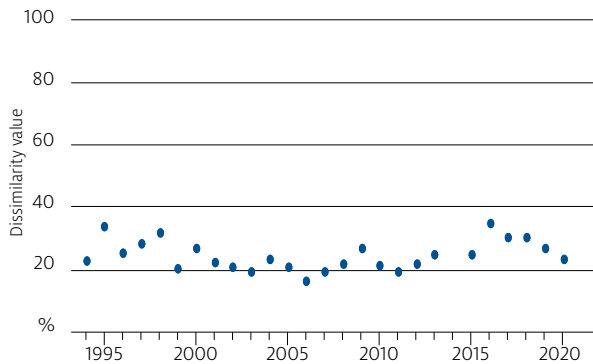
Performance criterion: Biological community structure in the Alligator Rivers Region

Target	No significant change to dissimilarity values (over time or compared to background levels)
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.17
Result	Achieved

The Supervising Scientist conducts annual biological community monitoring on downstream fish and macroinvertebrate communities. This year we found that data were statistically similar to previous years' data and reference sites, indicating that there was no impact on biological communities as a result of mining.

For example, Figure 13 shows paired control-exposed dissimilarity values of fish assemblages in the Mudginberri and Sandy billabongs.

Figure 13 Paired control-exposed dissimilarity values of fish assemblages in Mudginberri (exposed) and Sandy (unexposed) billabongs, Northern Territory, 1994 to 2020



Data collection methodology for fish communities in deep channel billabongs changed from visual observations to videography in 2016, due to safety concerns. Results are based on the observations and data that had been analysed at 30 June 2020. Data reported for macroinvertebrates were collected during the 2018–19 wet season. The 2019–20 macroinvertebrate data are currently being processed and will be reported next reporting cycle.

Detailed data analysis for biological monitoring results is available in the Supervising Scientist annual reports on our [website](#).

Intended result: Protect and restore water-dependent ecosystems in the Murray–Darling Basin through the management and use of Commonwealth environmental water

Performance criterion: Protect and restore water-dependent ecosystems and their functions in the Murray–Darling Basin

Target	Water dependent ecosystems are protected and restored
Yearly target	Commonwealth environmental water contribution to the restoration of the hydrological regime which includes relevant flow components set out in the Basin Plan (section 8.51(1)(b)) Commonwealth environmental water contribution to hydrological connectivity between the river and floodplain and between hydrologically connected valleys
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.48 Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.18
Result	Achieved

Restoring the hydrological regime

We managed Commonwealth environmental water to consolidate environmental outcomes achieved in previous years.

In the record-breaking dry conditions of 2019–20, Commonwealth environmental water contributed to the restoration of a range of flow components across the Murray–Darling Basin. This helped achieve environmental outcomes for native aquatic fauna such as fish, as well as vegetation communities. The outcomes achieved are considered within the context of a sustained drought in the Basin.

In 2019–20 more than 1,197 GL of Commonwealth environmental water was delivered across a range of flow components, including base flows and freshes, consistent with the Basin Plan.

The volumes of Commonwealth environmental water reported as delivered during 2019–20 are based on operational reporting provided by state-based delivery partners. These volumes are the best available. However, they are subject to minor revision by the responsible state authorities as they finalise state water accounts. Final acquitted volumes of Commonwealth environmental water delivery will be published on our [website](#).

The analysis of hydrological data for this measure is complex and involves multiple parties. Therefore, there is a lag time of around 9 months between the end of the year and the publication of results. Data from 2019–20 will be published by the Commonwealth Environmental Water Office on our [website](#) when it becomes available.

Figure 14 and Figure 15 show progress over the 5 years to 2018–19.

Figure 14 Progress towards target outcomes for base flows, 2014–15 to 2018–19

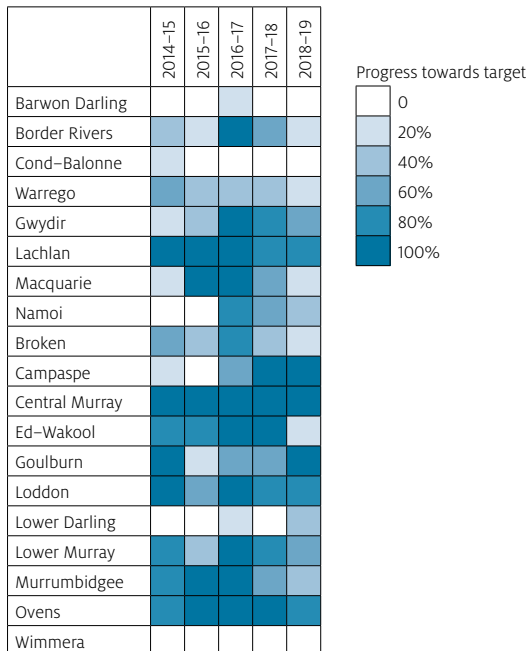
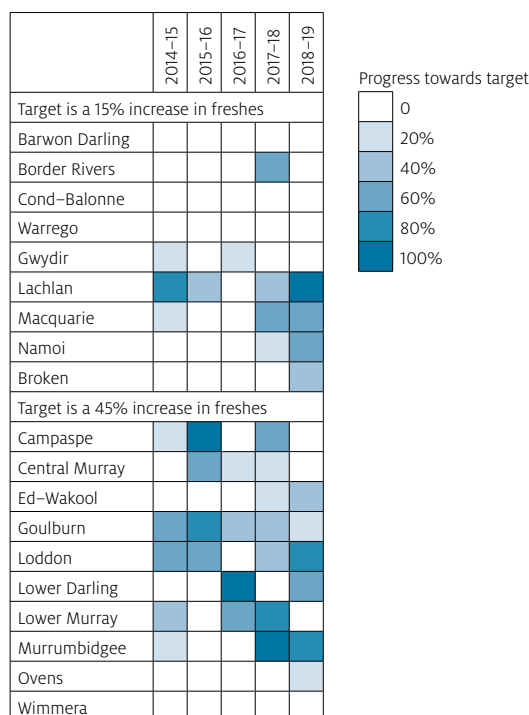


Figure 15 Progress towards target outcomes for increased freshes as a result of Commonwealth environmental water, 2014–15 to 2018–19



Delivery of volume and area of Commonwealth environmental water is limited by the water resource conditions, water resource managers (rules, constraints, risk management) and portfolio management or behaviour of the Commonwealth Environmental Water Holder. Behaviour of other water holders and water resource managers will influence outcomes. Outcomes vary year to year. Contribution relates to the relative contribution of delivered Commonwealth environmental water to an achieved outcome.

A range of other factors influence the success of outcomes achieved by the delivery of Commonwealth environmental water. These include seasonality (atmospheric and water temperature), biological response of biota to cues, changes to land use (for example, waterbird foraging flats becoming urbanised or otherwise disturbed) and changes to international and national policies and agreements. As such, outcomes vary year to year.

Hydrological connectivity

In 2019–20 the delivery of Commonwealth environmental water contributed to lateral and longitudinal connectivity consistent with the previous year's delivery.

In 2018–19 Commonwealth environmental water contributed to improved lateral connectivity and included 219,612 ha of lakes and wetlands (including the Coorong, Lower Lakes and Murray Mouth) and 26,568 ha of floodplain inundation.

In 2018–19 Commonwealth environmental water contributed to watering actions (by flow component) along approximately 14,379 km of waterway (Table 14). The outcomes achieved are considered within the context of a sustained drought in the Murray–Darling Basin.

Table 14 Watercourses, wetlands and floodplains influenced by Commonwealth environmental water in 2018–19

Catchment name	LTIM Selected Area	Lakes and wetland area influenced (ha)	Floodplain area inundated (ha)	Length of waterways influenced (km)
Avoca	–	–	–	–
Barwon Darling	–	–	–	833
Border Rivers	–	–	–	819
Broken	–	–	–	172
Campaspe	–	–	–	117
Castlereagh	–	–	–	–
Central Murray	–	30,606	4,135	2,196
Condamine Balonne	–	–	–	–
Edward–Wakool	Edward–Wakool river system	3	33	970
Goulburn	Goulburn River	–	–	395
Gwydir	Gwydir river system	7,096	3,238	1,132
Kiewa	–	–	–	–
Lachlan	Lachlan river system	4,054	1,183	1,363
Loddon	–	–	–	365
Lower Darling	–	–	–	–
Lower Murray a	Lower Murray River a	7,270	766	1,123
Lower Murray (CLLMM) b	–	Estuarine: 23,802	22	–
	–	Freshwater: 103,335	–	–
Macquarie	–	32,237	3,208	1,054
Mitta Mitta	–	–	–	–
Murrumbidgee	Murrumbidgee river system	11,209	13,983	1,626
Namoi	–	–	–	506
Ovens	–	–	–	320

Table 14 Watercourses, wetlands and floodplains influenced by Commonwealth environmental water in 2018–19

Catchment name	LTIM Selected Area	Lakes and wetland area influenced (ha)	Floodplain area inundated (ha)	Length of waterways influenced (km)
Paroo	–	–	–	–
Upper Murray	–	–	–	–
Warrego	Junction of the Warrego and Darling rivers	–	–	1,208
Wimmera	–	–	–	180
Total	–	219,612	26,568	14,379

LTIM Long Term Intervention Monitoring. **a** Excludes the Coorong, Lakes Alexandrina and Albert and the Murray Mouth. **b** Includes the Coorong, Lakes Alexandrina and Albert, and the Murray Mouth.

Target	Contribute to flushing of salt from the Murray–Darling Basin into the Southern Ocean
Yearly measure	Murray–Darling Basin salt export: volume of flow and salt load (tonnes) over the Lower Lakes barrages
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.48 Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.18
Result	Achieved

In 2019–20 more than 685 GL of Commonwealth environmental water was delivered through the barrages to the Coorong, contributing to the export of salt from the Murray–Darling Basin.

The volumes of Commonwealth environmental water reported above as delivered during 2019–20 are based on operational reporting provided by state-based delivery partners. These volumes are the best available. However, they are subject to minor revision by the responsible state authorities as they finalise state water accounts. Final acquitted volumes of Commonwealth environmental water delivery will be published on our [website](#).

Commonwealth environmental water has consistently contributed to the export of salt through the Murray barrages. Salt export results for 2019–20 will be reported in the 2020–21 annual report.

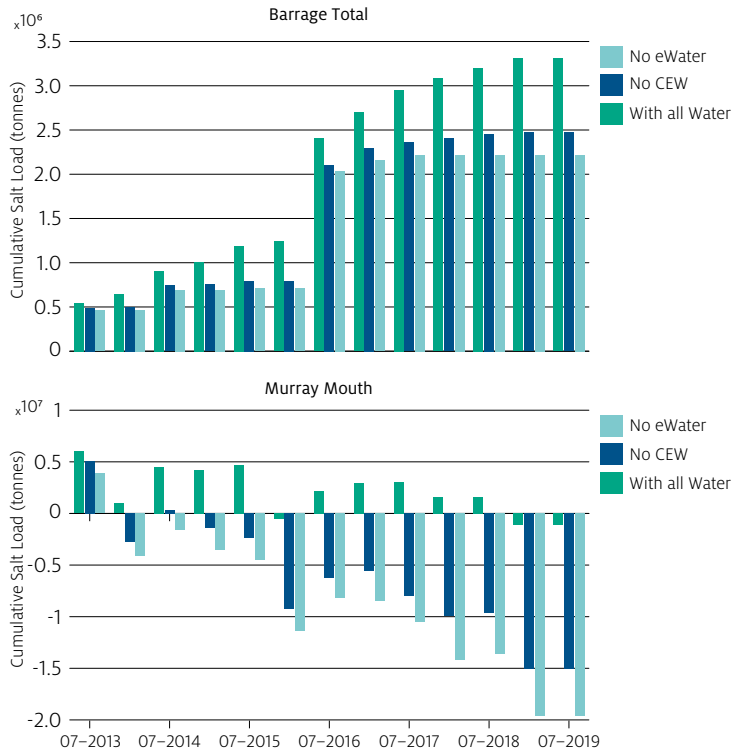
In 2018–19 environmental water that flowed to the Coorong contributed to the export of 228,293 tonnes of salt from the Murray–Darling Basin (Table 15 and Figure 16).

Table 15 Five-year record of modelled salt export (tonnes) through the barrages to the Coorong

Scenario	2014–15	2015–16	2016–17	2017–18	2018–19
With all water	446,855	288,516	1,504,541	349,893	228,293
Due to CEW	285,064	251,632	120,867	240,722	160,897
Due to eWater	294,449	257,485	186,750	300,970	228,293

CEW Commonwealth environmental water. **eWater** Environmental water. Note: The results are based on modelled barrage flows, eWater and CEW for matter transport modelling.

Figure 16 Modelled cumulative salt exports, Murray–Darling Basin, 2013 to 2019, including with all water, without Commonwealth environmental water (CEW) and without any environmental water (eWater)



Snapshot: Flows to Narran Lakes

Water delivery in the Lower Balonne in early 2020 was the largest Commonwealth watering event in the northern Basin in the 10-year history of the Commonwealth Environmental Water Holder (CEWH). At 163 GL, it was the CEWH's third largest event in the Murray–Darling Basin in 2019–20.

Prolonged drought meant areas in the Lower Balonne floodplain have been under stress for many years. Large areas of the Narran Lakes had no decent inflow since April 2013. Welcome rain returned to the Condamine-Balonne catchment in January 2020. A total of 1,442 GL flowed past St George between 11 February and 25 April.

The flows in the Lower Balonne split into multiple natural river channels, including the Culgoa, Bokhara, Birrie and Narran rivers, and over the floodplain. These flows supported the ecological values of large areas of the Lower Balonne floodplain, including sections of the Culgoa National Park and the Narran Lakes.

Around 163 GL of Commonwealth water for the environment was delivered against permanent entitlements, including 95 GL from overland flow licences. An additional 9 GL reached Narran Lakes from a pilot project where an upstream licence holder was reimbursed for not pumping.

Early outcomes

Flows reconnected important waterholes that provided refuge for native fish. More than 30 waterbird species have been recorded at Narran Lakes in 2020, including the freckled duck, blue-billed duck and black necked stork, which are listed by Basin states as threatened species. All key waterbird breeding habitat was inundated at Narran Lakes. Around 4,500 hectares of the Ramsar site within the Narran Lake Nature Reserve was watered.

Due to the extended drought, there were concerns about the health of key habitat in Narran Lakes. Although waterbird breeding has not occurred this time, we are seeing positive signs of recovery such as the flowering of lignum.

This event will replenish and reinvigorate habitat that was in critical condition and prime the site for improved outcomes in future flow events.



Intended results: Manage Australia's obligations under the Ramsar Convention; and improve the knowledge of, and inform decision-making on, the impacts to and management of water-dependent ecosystems consistent with international and national obligations

Performance criterion: Australia's priority wetlands are identified, conserved and protected

Target	Ramsar Information Sheets for Wetlands of International Importance listed under the Ramsar Convention (Ramsar sites) are prepared and updated, and include appropriate descriptions of the ecological character of the sites and threats to the sites
Yearly measure	Ramsar Information Sheet updates completed for 10 Ramsar sites in 2019–20
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.48 Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.19
Result	Partially achieved

Ramsar Information Sheet updates include information on the ecological character of each Ramsar site, threats to each site, management arrangements and monitoring activities.

In 2019–20, 8 Ramsar Information Sheet updates were completed, against the target of 10. Delays in completing Ramsar Information Sheet updates were due in part to delays of information from state-based site managers and in sourcing the best available scientific and monitoring data for those sites.

The updates have been submitted to the Ramsar Secretariat and will be published on our [website](#) in due course. The Ramsar sites that have updated Ramsar Information Sheets are:

- Blue Lake
- Fivebough and Tuckerbil swamps
- Little Llangothlin Nature Reserve
- Myall Lakes
- Narran Lakes Nature Reserves
- Paroo River Wetlands
- Lake Pinaroo (Fort Grey Basin)
- Cobourg Peninsula.

Monitoring data is gathered by the jurisdictional agency responsible for updating the Ramsar Information Sheets. The states are responsible for developing Ramsar Information Sheets for Commonwealth approval.

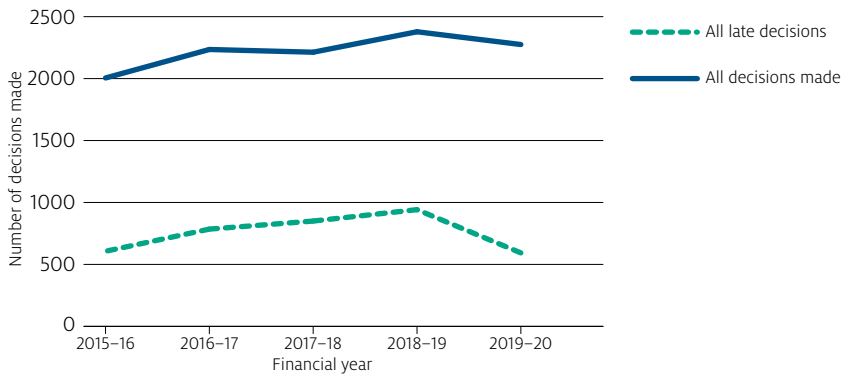
Intended result: Development is ecologically sustainable

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

Target	Activities required by legislation are conducted within statutory time frames.
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.50
Result	Achieved

In 2019–20, 74% of project decisions under the EPBC Act were made within statutory time frames. A total of 2,275 decisions were made, of which 593 were late. In 2018–19, 60% of decisions were made within statutory time frames. A total of 2,378 decisions were made, of which 942 were late (Figure 17).

Figure 17 Total number of *Environmental Protection and Biodiversity Conservation Act 1999* project decisions made on time and late, 2015–16 to 2019–20



Note: These statistics vary from one annual report to another due to improvements in data quality and methodology. The figures in this graph are a revised and updated set of data on decisions made from 1 July 2015 to 30 June 2020.

For more information on referrals made under the EPBC Act see the report on the operation of the *Environment Protection and Biodiversity Conservation Act 1999* (page 144).

Performance criterion: Percentage of non-compliant projects that cause unapproved environmental harm

Target	Review baseline compliance of audited approved actions
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.20
Result	Achieved

In 2019–20 we found that 16 out of 42 (38%) reviewed non-compliant projects had caused unapproved environmental harm.

We conducted 11 compliance audits that assessed the approval holder's compliance with the conditions of their EPBC Act approval. We identified 4 instances of non-compliance during these audits.

In 2019–20 we received 288 annual compliance reports. Of the 233 reports that we reviewed:

- 91 cases commenced.
- 67 cases closed, of which
 - 42 commenced in 2019–20
 - 22 commenced in 2018–19
 - 3 commenced in 2017–18.

We conducted 8 site visits.

In 2019–20 we issued 5 infringement notices in relation to offences that caused environmental harm.

We commenced building the capability of our staff to conduct program auditing for EPBC Act approvals. Staff have undertaken training and developed standard procedures. We planned a trial of our methodology, but COVID-19 travel restrictions inhibited our capacity to undertake field assessments. Program auditing will provide a greater assurance level of compliance with approval conditions.

Of the 474 approved actions that commenced in 2019–20, 40% were subject to a compliance review. Instances of non-compliance may still be under assessment following the completion of the 2019–20 program.

Where non-compliance with the conditions of the EPBC Act approval is identified, all instances are treated in accordance with the department's compliance policy.

The COVID-19 pandemic and the Black Summer bushfires significantly affected our compliance activities. For example, they reduced the number of site inspections and audits. In response, we implemented remote auditing guidelines. This enabled us to continue compliance activities to ensure EPBC Act approval holders continue to meet the requirements under their approval.

Intended result: The environment and people are not harmed by waste, chemicals or pollutants

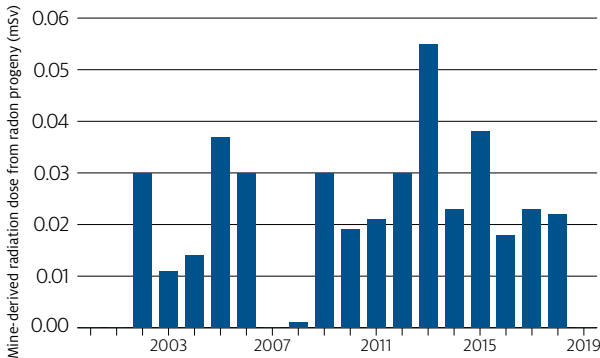
Performance criterion: The annual radiation dose to members of the public remains below the statutory limit

Target	Annual radiation dose to the public remains below 1 mSv
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.20
Result	Achieved

Results of the Ranger mine operator's atmospheric radiation monitoring program in 2019 demonstrated that any mine-derived radiation dose to the public from radon in air was well below the statutory limit of 1 mSv. The result is consistent with that of previous years.

Figure 18 shows dose estimates for the radon inhalation pathway since 2000.

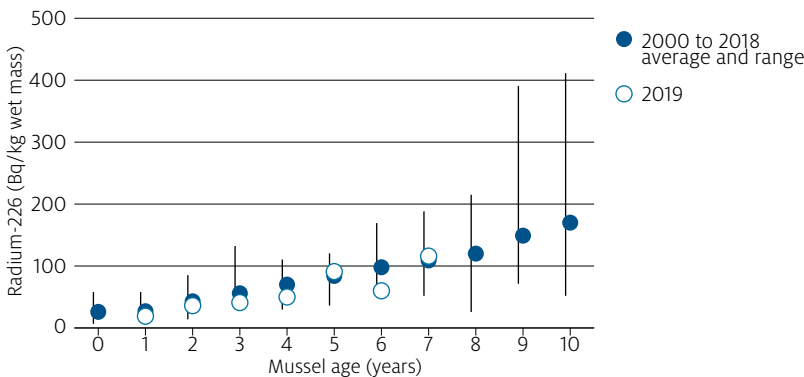
Figure 18 Mine-derived radiation dose to the public at Jabiru, Northern Territory, from the radon inhalation pathway, 2000 to 2019



The Supervising Scientist monitors freshwater mussel bioaccumulation. The 2019 monitoring program demonstrated that any mine-derived radiation dose to the public from radium-226 radioactivity in mussels was well below the statutory limit. The radium-226 radioactivity measured in freshwater mussels during 2019 was within the range measured in previous years and predominantly of natural origin.

Figure 19 shows radium-226 radioactivity in mussels since 2000.

Figure 19 Radium-226 radioactivity in freshwater mussels downstream of Ranger mine, Northern Territory, 2019, and average and range, 2000 to 2018



Performance criterion: The department's regulatory activities and policies relating to management of hazardous waste and air quality pollutants support environmental health outcomes.

Target	Import of controlled chemicals does not exceed the limits set out in the <i>Ozone Protection and Synthetic Greenhouse Gas Management Act 1989</i> and regulations.
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.52
Result	Achieved

In 2019, 2,497 ozone-depleting potential (ODP) tonnes of hydrochlorofluorocarbons (HCFC) were imported into Australia. This compared with the import of 2,498 ODP tonnes in 2018. The limit set in legislation is 2.5 ODP tonnes and the limit under the Montreal Protocol on Substances that Deplete the Ozone Layer is 55 ODP tonnes.

In 2019, 29.73 tonnes of methyl bromide was imported for non-quarantine and pre-shipment purposes as approved under the Montreal Protocol.

For more information see the report on the operation of the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989* (page 183).

Target	The department tracks Australia's synthetic greenhouse gas emissions profile and implements policies and programs that contribute to reducing Australia's synthetic greenhouse gas emissions.
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.60
Result	Achieved

In 2019, 7,829 million tonnes carbon dioxide equivalent (CO₂e) of hydrofluorocarbons (HFC) were imported into Australia. This compared to 7,906 million tonnes CO₂e in 2018. The limit set in legislation is 8 million tonnes CO₂e, and the limit introduced in 2019 under the Montreal Protocol is 9,732,119 tonnes CO₂e.

2018 was the first year of Australia's legislated phase-down of HFC imports.

For more information see the report on the operation of the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989* (page 183).

Target	Activities required by legislation are conducted within statutory time frames
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.52
Result	Achieved

The *Product Emissions Standards Act 2017* and Product Emissions Standards Rules 2017 set a time frame of 60 days to make decisions on applications for certifications and exemptions.

In 2019–20 all decisions on exemption applications were made within the 60-day statutory time frame. The average time to make decisions was 10.5 days, an improvement on 2018–19.

No applications for certifications were made in 2019–20.

In 2019–20 we met all applicable statutory time frames under the *Hazardous Waste (Regulation of Exports and Imports) Act 1989*, which controls the export, import and transit of hazardous waste through a permitting system.

In 2019–20 we met all statutory time frames in the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989* and *Ozone Protection and Synthetic Greenhouse Gas Management Regulations 1995*.

Target	Compliance activities are undertaken to deliver environmental health outcomes.
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.52
Result	Achieved

In 2019–20 we carried out compliance activities under the *Hazardous Waste (Regulation of Exports and Imports) Act 1989* and the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*.

We work with the Australian Border Force to prevent illegal exports of hazardous waste. In 2019–20 we received 5 referrals from the Australian Border Force and other government agencies. We continued to develop strategic intelligence products in relation to hazardous waste to improve our understanding of the nature and extent of hazardous waste exports.

We received 119 reports of non-compliance with the *Ozone Protection and Synthetic Greenhouse Gas Management Act*. Of these, 103 reports were referred to compliance sections for follow-up action. All allegations were assessed in accordance with the department’s compliance policy to determine the most appropriate response. Responses in 2019–20 included educational engagement, site inspections and regulatory notices.

We issued 4 infringement notices. Two notices were issued to an entity found to be in possession of scheduled substances in non-refillable containers without the appropriate permit. The entity subsequently paid the notices and obtained a permit. Two notices were issued to an entity that imported bulk scheduled substances without holding an appropriate import licence and used non-refillable containers for the storage of scheduled substances.

On 27 November 2019 the Minister for the Environment commenced a proceeding in the Federal Court of Australia against an entity under the Act. The department subsequently filed for assisted dispute resolution, with mediation to occur in 2020–21.

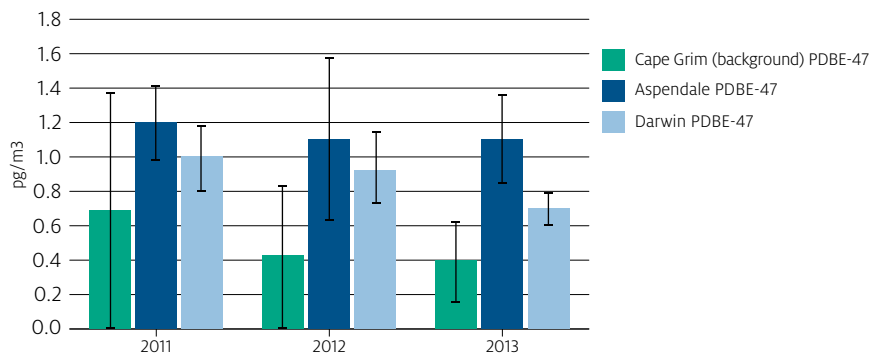
Performance criterion: Level of chemicals or wastes of concern in the environment improves relative to baseline

Target	Establish baseline for some chemicals or wastes; establish trends for other chemicals
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.21
Result	Achieved

The effectiveness of regulatory interventions or standards-setting in reducing exposure to chemicals and waste can be established by measuring the amounts of these substances in the environment over time.

There are established baselines in air for selected per-and-polyfluoroalkyl substances (PFAS), brominated flame retardants, dioxins and furans, polychlorinated biphenyls, pesticides, and short-chain chlorinated paraffins (Figure 20). Chemicals of interest were selected based on considerations such as international restrictions and persistence in the environment. We conducted sampling at various locations across Australia as part of the Australian Pilot Monitoring Program (2010–2015), National Dioxins Program (2001–2004), and ad hoc environmental sampling.

Figure 20 Polybrominated diphenyl ether (PBDE-47) in air, by location, Australia, 2011–2013



Preliminary trends can be observed for some chemicals. These trends generally reflect international and national controls on these chemicals, including international phase-outs and restrictions in accordance with chemical conventions such as the Stockholm Convention on Persistent Organic Pollutants. Future analysis of more recent air samples from 2019–20 will provide additional trend data.

Responsibility for managing chemicals and wastes is complex and rests with a range of Commonwealth, state, territory and local government agencies. We are responsible for the assessment and management of chemicals and wastes in our role as the lead Australian agency for international agreements to reduce or eliminate some chemicals.

Performance criterion: Human health impacts caused by chemicals or wastes of concern in the environment improve relative to baseline

Target	Establish baseline
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.21
Result	Partially achieved

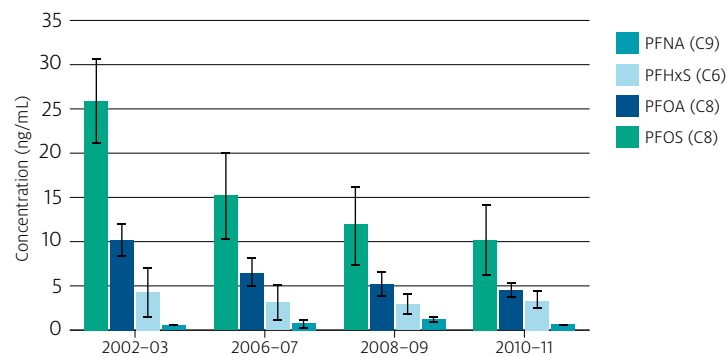
We collect information on levels of certain chemicals in humans as part of Australia’s responsibilities under the global monitoring plan and under the effectiveness evaluation of the Stockholm Convention. The effectiveness of regulatory interventions or standards-setting in reducing exposure to chemicals can be established by measuring the amounts of these substances in people over time. The Department of Health has administrative responsibility for assessing any potential health impacts.

Baselines have been established in blood or urine for selected PFAS, brominated flame retardants, dioxins and furans, pesticides, polycyclic aromatic hydrocarbons, phenols, parabens, and certain plasticisers. Chemicals of interest were selected based on considerations such as international restrictions, national assessments and persistence in the environment.

These data are drawn from a range of our past activities, including the Australian Pilot Monitoring Program (2010–2015), National Dioxins Program (2001–2004) and ad hoc sampling.

Trends are available for PFAS and brominated flame retardants. Trends generally reflect international and national controls on these chemicals. An example is the significant decline in human blood of certain internationally restricted PFAS, such as PFOS and PFOA, and brominated flame retardants such as penta-BDE (Figure 21).

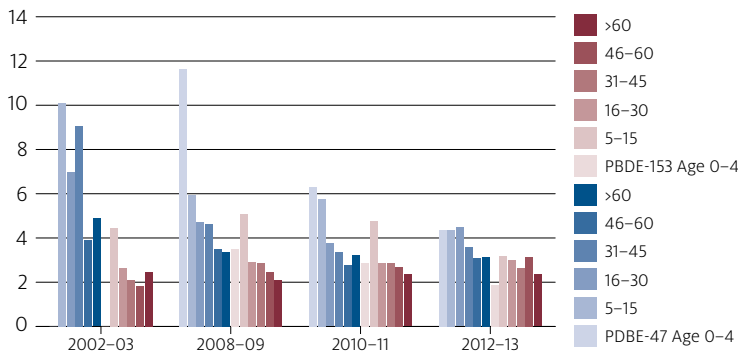
Figure 21 Per- and polyfluoroalkyl substance in blood serum, 2002–03 to 2010–11



PFNA (C9) Perfluorononanoic acid. **PFHxS (C6)** Perfluorohexane sulfonic acid. **PFOA (C8)** Perfluorooctanoic acid. **PFOS (C8)** Perfluorooctane sulfonic acid.

Figure 22 shows that other PFAS and brominated flame retardants have relatively constant concentrations. This is likely to reflect continued exposure.

Figure 22 Brominated flame retardants in blood serum, 2002–03 to 2012–13



PBDE Polybrominated diphenyl ether

Performance criterion: Access for all Australians to timely, high-quality data on emissions and transfers of listed pollutants

Target	National Pollutant Inventory data published by 31 March each year
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.52 Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.21
Result	Achieved

We published the National Pollutant Inventory (NPI) data for 2018–19 on 31 March 2020. This was the 21st year of the NPI publication of emissions from industry.

The NPI provides the community, industry and governments with free information about emission estimates for 93 toxic substances and the source and location of these emissions. The 2018–19 data, collected by state and territory governments, also details emissions from 4,151 industry facilities.

In 2019–20 the NPI was the most frequently viewed dataset we published on data.gov.au, attracting 9,888 views.



Snapshot: Partnering to understand recycling behaviours and the circular economy

The National Waste Policy calls for knowledge sharing around behaviour change strategies that improve the value that Australia harnesses from disposed materials. We partnered with the BehaviourWorks Australia (BWA) Research Consortium to better understand what can be done to:

- reduce contamination in kerbside comingled recycling
- explore if consumer labelling can improve circular economy outcomes
- help businesses adopt circular economy practices.

Tackling complex problems like these is difficult because there are many factors influencing decisions and behaviours. This partnership gave us the opportunity to approach the task in an innovative and collaborative way.

Our Behavioural Analysis Team participated in project teams with BWA members that also have a focus on improving household recycling behaviours and encouraging circular economy business practices. Each team included representatives from BWA and participating state government agencies. Together we developed the research plan and steered projects to ensure each member's objectives were being met. The collaborative model allowed members to provide their individual expertise and perspective while sharing the risk and resource costs.

The project involved evidence reviews, interviews, stakeholder dialogues, co-design workshops, system mapping, surveys and online and field experiments. Twenty local government bodies and 12 business field trial partners helped test the behaviour change interventions designed using the research.

We have shared the findings with state, territory and local government agencies and other stakeholders to inform their efforts towards a circular economy.



Develop and implement a response 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

Performance criterion: Effective management of climate risk and effective adaptation action by Commonwealth agencies and state and territory governments

Target	Australian Government agencies effectively manage climate risk.
Yearly measure	Number of departments mapping climate risks and implementing climate risk strategies
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.61 Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.24
Result	Partially achieved

In 2019–20 we held 2 climate risk masterclasses, which were attended by officers from 16 Commonwealth agencies. We also held a climate risk scan workshop for the Department of Infrastructure, Transport, Cities and Regional Development.

The impact of the COVID-19 pandemic reduced the number of masterclasses held in 2019–20. We are exploring options for online training modules to future-proof against similar circumstances.

The Black Summer bushfires highlighted the need to adapt to and build resilience across government and the community. The Australian Government Disaster and Climate Resilience Reference Group continues to play an important role in coordination of these efforts. The Royal Commission into National Natural Disaster Arrangements and the CSIRO Report on Climate and Disaster Resilience will provide further advice on possible government action.

Advance Australia’s strategic, scientific and environmental interests in the Antarctic

Intended result: Strengthen Australia’s leadership in Antarctica and the Southern Ocean, including by conducting world-leading science, promoting environmental best practice, and developing economic, educational and collaborative opportunities

Performance criterion: Antarctica and the Southern Ocean are protected, valued and understood

Target	Australian Antarctic Strategy and 20 Year Action Plan is delivered in accordance with stated time frames and priorities
Source	Department of the Environment and Energy <i>Portfolio Budget Statements 2019–20</i> , p.66 Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.29
Result	Partially achieved

We made progress on all of the capability projects outlined in the Australian Antarctic Strategy and 20 Year Action Plan:

- Construction and testing of RSV *Nuyina* was conducted until the impact of the COVID-19 pandemic compromised the ability of all parties to participate in finalising the testing program. The impact of the pandemic on the delivery schedule is still being determined.
- Development of Australia’s inland traverse and deep ice coring capability remains on track.
- The Davis Aerodrome Project successfully moved to the planning phase.
- The Macquarie Island Research Station Modernisation Project is still in the planning phase. Stabilisation works are underway on current infrastructure to enable it to be used for future construction activities.
- Stabilisation works were commissioned and undertaken on current station infrastructure across all Antarctic Stations.

As reported in the Department of the Environment and Energy *Annual Report 2018–19*, the delivery of year 2 activities was partially achieved. There were 2 remaining activities.

In 2019–20 the Australian Antarctic Science Council released a new 10-year Antarctic Science Strategic Plan, completing this activity.

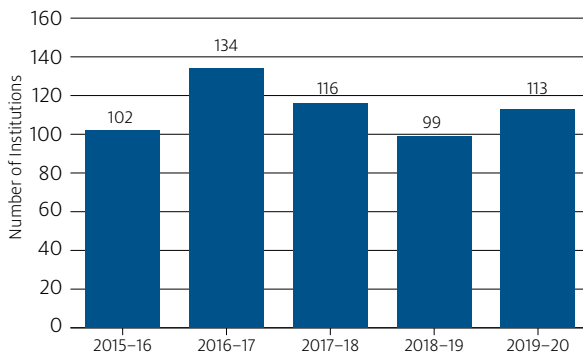
Management voyages to Heard Island and McDonald Islands that were due to occur in 2016–17 are still to be undertaken, because of competing priorities and the impact of COVID-19.

The pandemic has had a significant effect on the 2020–21 Antarctic season and may have further implications for delivery time frames under the Antarctic Strategy and Action Plan.

Target	Number of institutions collaborating in the Australian Antarctic Program (target: average of at least 100 over previous 5 years)
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.29
Result	Achieved

In 2019–20, 206 international collaborators from 113 international institutions participated in the Australian Antarctic Science Program. This brings the average to 113 international institution collaborations per year over 5 years (Figure 23).

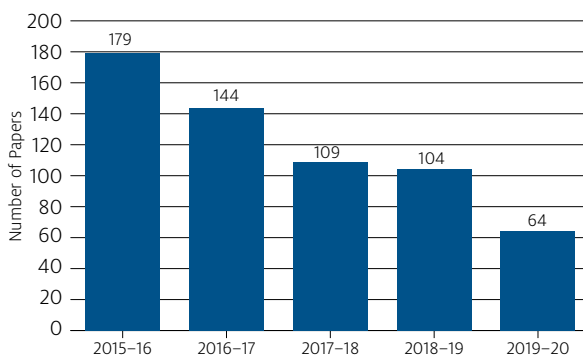
Figure 23 Number of international institutions collaborating in the Australian Antarctic Program, 2015–16 to 2019–20



Target	Number of scientific publications published in peer-reviewed journals (target: average of at least 100 over previous 5 years)
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.29
Result	Achieved

In 2019–20, 64 peer-reviewed publications were lodged in the Australian Antarctic Division's publications database. Publications in the database average 112 publications per year over 5 years (Figure 24).

Figure 24 Number of scientific papers published in peer-reviewed journals, 2015–16 to 2019–20





Snapshot: 60 years of international cooperation in the Antarctic

Our Australian Antarctic Division helps deliver Australia's strategic interests in Antarctica through the Australian Antarctic Program and engagement in the international forums of the Antarctic Treaty system. In 2019 Australia marked the 60th anniversary of the signing of the Antarctic Treaty in an event at Parliament House, attended by representatives of many of the other Treaty nations.

The Treaty and its Environmental Protocol provide for inspections to be conducted by any Antarctic Treaty nation, to ensure transparency, and confirm compliance with key requirements including non-militarisation and environmental protection.

In early 2020 Australian officials from the Australian Antarctic Division and the Department of Foreign Affairs and Trade completed an extensive program of inspections. The tour started in the Ross Sea region with the Republic of Korea's Jang Bogo Station and China's temporary station on Inexpressible Island, where China plans a year-round facility. Neither had previously been inspected.

We then inspected Germany's Gondwana Station as a follow-up to an Australian inspection in 2011. After transiting to Australia's Davis Research Station in East Antarctica, the team carried out the first inspection of China's Taishan Station, high on the inland plateau. It then continued to Russia's Molodezhnaya Station, formerly the United Soviet Social Republic's largest Antarctic station, for the first on-ground inspection since 1983 and following up on an Australian aerial inspection in 2010.

The final inspection was Belarus' new Mountain Evening Station, which had not previously been inspected. Belarus plans to operate the station year-round in the near future.

The Australian team was warmly welcomed at all locations, and found a high level of compliance with the provisions of the Treaty and Environmental Protocol. The Antarctic Treaty parties will consider the inspection reports before making them publicly available.



The Australian Antarctic Division inspection team at Russia's Molodezhnaya Station. Left to right: Phil Tracey, Chris Gallagher, Kim Ellis and Justin Whyatt.

Science, information and research activity

Intended result: 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

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

Target	National Environmental Science Program projects deliver collaborative, practical and applied research to inform decision-making and/or on-ground action
Yearly measure	Completed NESP projects inform policy or management action, with a target of at least one user in all cases (projects include those from all 6 hubs and emerging priorities funding)
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.30
Result	Achieved

The National Environmental Science Program (NESP) has approved 294 projects, with 96 of these completed by December 2019. Seventeen projects have been approved under emerging priorities funding, and 15 have been completed.

All projects have at least one end user. This includes those undertaken by the 6 research hubs and funded under emerging priorities. Many of the projects have multiple research users and the outputs are already being considered in decisions about environmental policy and on-ground action.

These data are drawn from annual reporting by the hubs and from research plan development and emerging priorities project reporting.

The impact of the Black Summer bushfires on biodiversity and habitat has resulted in the development of a number of new projects, with the support of the Bushfire Recovery Taskforce. These projects will be approved and undertaken in 2020–21.

Target	National environmental-economic accounts are developed, publicly released and used by decision-makers
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.30
Result	Achieved

On 18 September 2019 we partnered with the Australian Bureau of Statistics to compile and release the National Waste Account, the first account to be released under *Environmental economic accounting: a common national approach strategy and action plan*.

During the year, we progressed several other environmental-economic accounts, which are scheduled to be released in 2020–21. These include the:

- ▶ National Land Account (in partnership with the Australian Bureau of Statistics)
- ▶ Second National Waste Account (in partnership with the Australian Bureau of Statistics)
- ▶ Ocean ecosystem pilot account for the Geopraphe Marine Park, Western Australia (in collaboration with Parks Australia)
- ▶ Ocean waste pilot account in Samoa (in collaboration with the United Nations Economic and Social Commission for Asia and the Pacific and the Government of Samoa)
- ▶ Ecosystem pilot account for the Gunbower–Koondrook–Perricoota Forest Icon Site (in collaboration with the Murray–Darling Basin Authority).

Snapshot: Counting the value of the environment

A healthy natural environment is crucial to a healthy economy and quality of life. Australia's environment meets a range of our practical, cultural and social needs. As our population and economy expand, it is increasingly important to have a reliable evidence base for considering environmental values in decision-making.

Environmental-economic accounting (EEA) is an accounting framework being used around the world to organise statistical information to help government and private sector decision-makers better understand how the economy and the environment interact. EEA expands the System of National Accounts used by governments to track the progress of their economies and to calculate key indicators such as Gross Domestic Product.

EEA brings together environmental and economic information, including ecosystem services, to help us understand and quantify the contribution the environment makes to our economy and the impact the economy has on our natural assets. This information is used to make more holistic decisions, enabling:

- strategic and coordinated investment in, and management of, the environment
- decision-making that balances economic, social and environmental outcomes
- policy and planning that reflects the benefits of a healthy environment
- the environmental, economic and social return on investments in the environment to be clearly demonstrated.

In 2018 Australia's environment ministers approved a [national strategy and action plan for EEA](#). We are leading the implementation of the strategy and have committed to developing priority accounts in 2020–21.



Intended result: Improve the knowledge of, and inform decision-making on, the environmental impacts of unconventional gas and coal mining development

Target	Geological and bioregional assessments (GBAs) are completed for the Cooper, Isa and Beetaloo regions by June 2021 to inform decision-makers and the community
Source	Department of the Environment and Energy <i>Corporate Plan 2019–20</i> , p.31
Result	Substantially achieved

The 2019–20 yearly targets for this criterion were:

1. stage 2 baseline synthesis reports published at www.bioregionalassessments.gov.au
2. analysis work to underpin Stage 3 impact and risk analysis reports 80% complete
3. stage 3 progress reports 1 and 2 submitted to Program Implementation Board
4. up to 6 user panel meetings hosted.

Three of the measures were achieved and one was partially achieved.

In May 2020 we released and published the stage 2 reports for each geological and bioregional assessment (GBA) region. We submitted stage 3 progress reports 1 and 2 to the Program Implementation Board, and we held one user panel meeting for each GBA region. Three additional user panel meetings had to be delayed because of COVID-19 travel restrictions and ICT limitations. These meetings were rescheduled to early 2020–21.

We completed 75% of analysis work to underpin stage 3 impact and risk assessment (against the target of 80%). The remaining individual tasks vary from 35% to 95% complete.

The COVID-19 pandemic halted or delayed all uncompleted field work to inform the analysis. Completion of this field work would likely exceed the target.

To address this minor underachievement the Program Implementation Board updated the risk assessment register and program plan to ensure the program will deliver its outcomes. The board identified and implemented treatments to address key risks caused by COVID-19.

Based on a detailed schedule developed with our GBA program partners, the program remains on track for completion and delivery by the end of June 2021.

Financial performance

Introduction

In 2019–20 we implemented initiatives to improve financial management across the Department of Agriculture, Water and the Environment. These included integrating financial reporting and a review and consolidation of financial policies and procedures. The initiatives supported the integration of financial capability and resource allocation to meet the needs of the new department.

Revenue from the provision of cost-recovered services funds a significant portion of departmental expenditure. In 2019–20 the impact of the COVID-19 pandemic had a negative effect on the amount of revenue collected. We continued our focus in this area to ensure services are efficient and appropriately funded.

Our 2019–20 internal budget aligned to the Department of Agriculture, Water and the Environment *Portfolio Additional Estimates Statements 2019–20* (PAES), with an approved deficit position. The 2019–20 full-year result was a deficit of \$50.2 million after allowable losses.

Table 16 summarises the department's entity resource statement for 2019–20. For further details on the department's resourcing, see Appendix B: Entity resource and outcome statements (page 218).

Table 16 Entity resource statement subset (2019–20)

	Actual available appropriation for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance remaining 2019–20 \$'000
	(a)	(b)	(a)–(b)
Departmental			
Annual appropriations – Ordinary annual services	1,070,750	944,216	126,534
Annual appropriations – Other services – Non-operating	171,340	47,113	124,227
Total departmental annual appropriations	1,242,090	991,329	250,761
Departmental special appropriations	16,000	16,000	–
Total special appropriations	16,000	16,000	–
Special accounts	605,556	580,290	25,266
Total special accounts	605,556	580,290	25,266
Less departmental appropriations drawn from annual/special appropriations and credited to special accounts	(153,065)	(153,065)	–
Total departmental resourcing	A 1,710,581	1,434,554	276,027
Administered			
Annual appropriations – Ordinary annual services	924,750	738,492	186,258
Annual appropriations – Other services – Nonoperating	1,295,245	417,786	877,459
Annual appropriations – other services – specific payments to States, ACT, NT and local government	–	–	–
Annual appropriations – other services – new administered expenses	–	–	–
Total administered annual appropriations	2,219,995	1,156,278	1,063,717
Administered special appropriations	1,121,997	1,121,997	–
Total administered special appropriations	1,121,997	1,121,997	–
Special accounts	2,618,043	741,682	1,876,361
Total special accounts receipts	2,618,043	741,682	1,876,361

Table 16 Entity resource statement subset (2019–20)

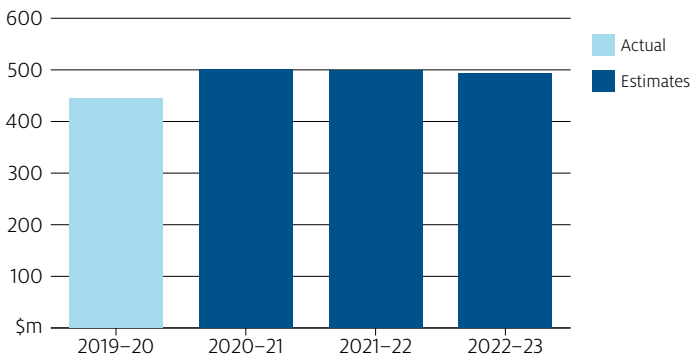
		Actual available appropriation for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance remaining 2019–20 \$'000
Less administered appropriations drawn from annual/special appropriations and credited to special accounts		(258,267)	(258,267)	–
Less payments to corporate entities from annual/special appropriations		(680,510)	(662,775)	(17,735)
Total administered resourcing	B	5,021,258	2,098,915	2,922,343
Total resourcing and payments for Department of Agriculture, Water and the Environment	A+B	6,731,839	3,533,469	3,198,370

Revenue

Our own-source revenue for 2019–20 was \$444.3 million. The department had appropriation revenue of \$818.5 million.

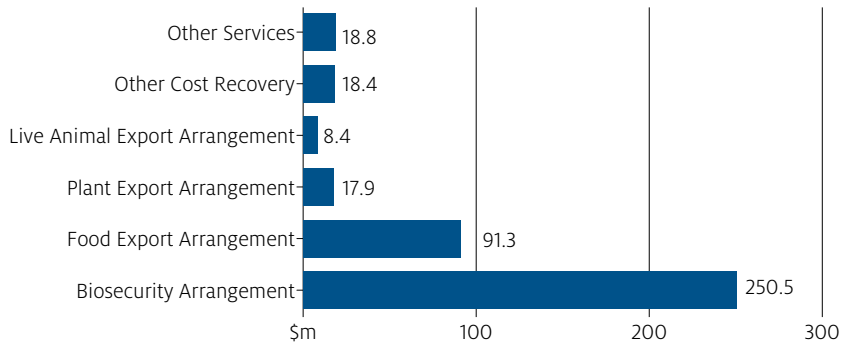
Figure 25 shows the actual own-source revenue for 2019–20 and budgeted revenue figures from 2020–21, as per the 2019–20 PAES.

Figure 25 Own-source revenue, 2019–20 to 2022–23



The department's own-source income is mainly derived from its regulatory cost-recovery activities. Figure 26 shows the breakdown of our contract revenue by cost-recovery.

Figure 26 Revenue from contracts with customers, by cost-recovery activity, 2019–20



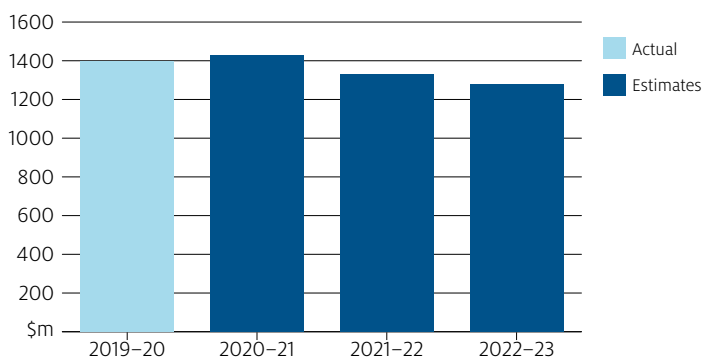
Note: 'Other Cost Recovery' comprised the International mail, Offshore, Passenger and National Residue Survey arrangements. 'Other Services' includes *Public Governance, Performance and Accountability Act 2013*, s.74 receipts from ABARES, biosecurity plant and animal health, and Antarctic programs.

Departmental expenses

Our expenses totalled \$1,394.5 million in 2019–20 against the revised budget of \$1,406.4 million published in the 2019–20 PAES. This is the first budget available for the new department.

Figure 27 shows the actual departmental operating expenses for 2019–20 and budgeted expenditure figures from 2020–21, as per the 2019–20 PAES.

Figure 27 Departmental expenses 2019–20 to 2022–23

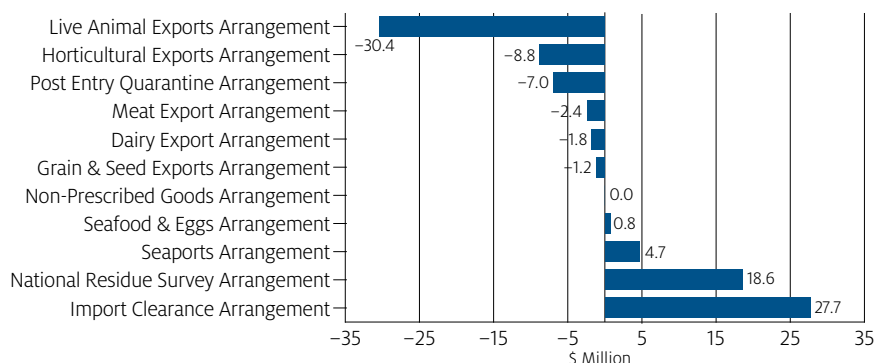


Cost-recovery reserves

We operate a number of cost-recovery arrangements across biosecurity, export certification and other services in accordance with the Australian Government charging framework.

Figure 28 outlines the cost-recovery reserve balances at the end of 2019–20.

Figure 28 Cost-recovery reserve balances at 30 June 2020



Note: Only surplus reserves are recorded in the department's financial statements.

Managing our assets

Departmental activities

Our major investments are in land, buildings, heritage and cultural assets, ICT hardware and software and right of use assets. At 30 June 2020 our asset base was valued at \$1,469.6 million. Of this:

- \$695.2 million are assets located in the Australian Antarctic Territory. During 2019–20 we managed and maintained Australia's Antarctic stations – Casey, Davis and Mawson – and a research station on sub-Antarctic Macquarie Island.
- \$420.4 million are right of use (ROU) assets, which were accounted for as the department's assets for the first time in 2019–20. The majority of these assets relate to property leases for office accommodation, laboratories, data facilities and residences in remote locations. For more information see the department's 2019–20 financial statements overview (page 271).

We make strategic investments to maintain and improve services to the government and to clients, consistent with government priorities and ongoing business needs. We manage capital investment through a comprehensive process that involves multiple governance bodies. The process is designed to help prioritise and evaluate capital proposals and ensure investments are made effectively.

Following the machinery of government changes, the response to COVID-19 and the need to support flexible work arrangements, the department is in the process of strengthening governance arrangements for, and ensuring the sustainability of, its ICT investments. One of our integration activities will be centralising ICT asset management systems in order to provide greater visibility of ICT asset utilisation, cost and maintenance across the department.

Administered activities

Commonwealth environmental water holdings

We manage Commonwealth environmental water holdings, which 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 we have 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 adopted appropriate curatorial and preservation policies for these assets. More information about cultural heritage management in Antarctica is on our [website](#).

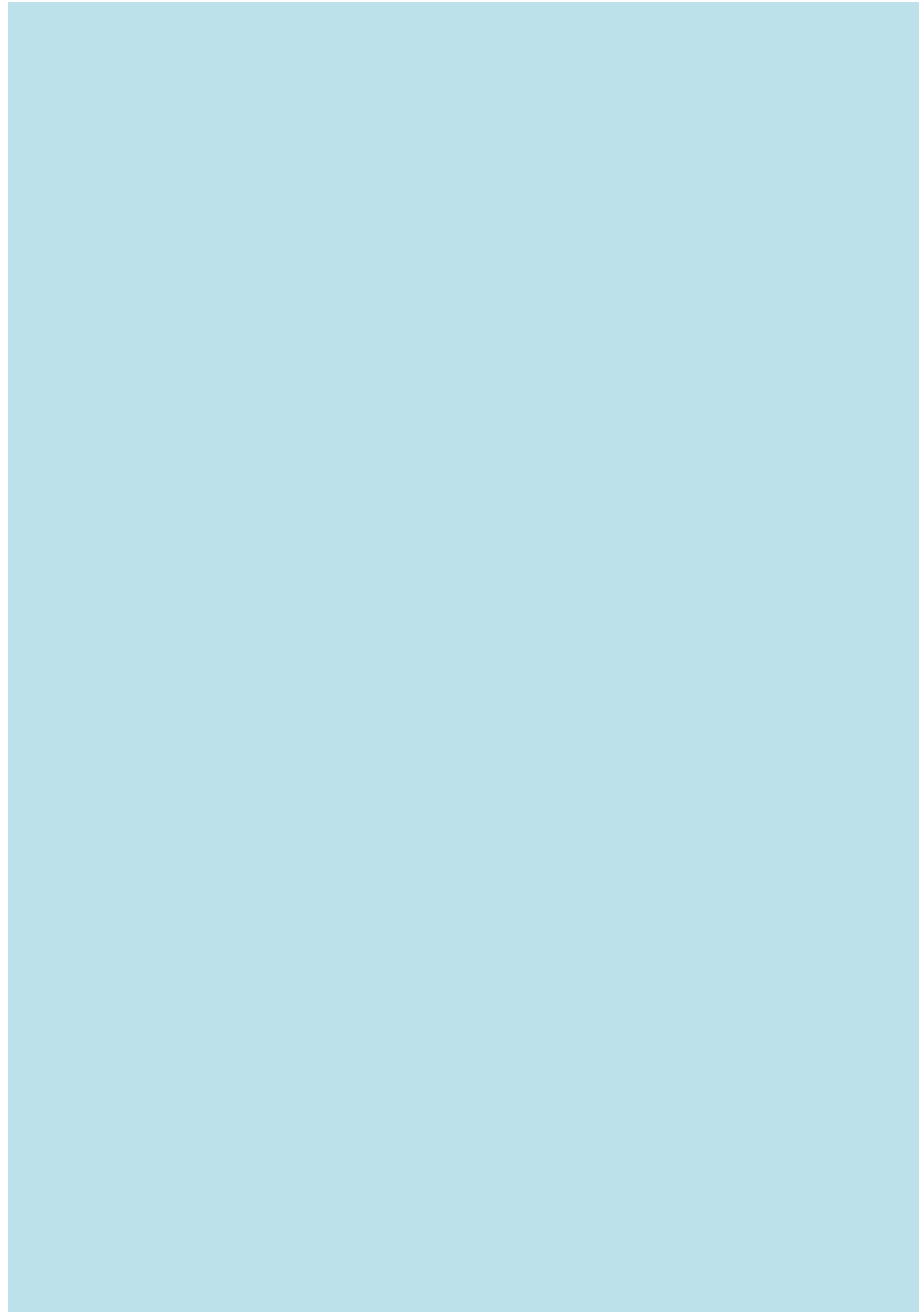
Administered program performance

In 2019–20 we managed administered assets of \$8,677.8 million on behalf of the Australian Government. This largely comprised \$4,011.9 million in water entitlements and \$2,111.8 million in loans and investments in 10 portfolio entities.

Administered income for 2019–20 was \$758.7 million. The main source of administered income is primary industry levies and charges.

Administered expenditure for 2019–20 was \$2,035.1 million. These expenses are primarily made up of:

- levy disbursements and Commonwealth contributions
- grants
- payments to corporate entities
- income support for farmers
- concessional loan discounts.



Part 2

Management and accountability



Governance

Governance framework

Our executive

On 1 February 2020 Mr Andrew Metcalfe AO commenced as the secretary of the Department of Agriculture, Water and the Environment. Mr Metcalfe is the department's accountable authority and is responsible for its efficient and effective operation. His other roles include chairing the:

- › National Biosecurity Committee
- › National Management Group for nationally coordinated emergency responses to pest and disease incursions
- › Agriculture Senior Officials Committee
- › Environment Senior Officials Committee.

Table 17 provides details of the accountable authorities for the current and former departments in 2019–20.

Table 17 Accountable authorities, 2019–20

Period as the accountable Authority			
Name	Position title	Date of commencement	Date of cessation
Department of Agriculture, Water and the Environment			
Andrew Metcalfe	Secretary	1 February 2020	30 June 2020
Department of Agriculture a			
Daryl Quinlivan	Secretary	1 July 2019	31 January 2019
Department of the Environment and Energy a			
David Fredericks	Secretary	12 October 2019	31 January 2020
Finn Pratt	Secretary	1 July 2019	11 October 2019

a On 1 February 2020 the Department of the Environment and Energy was renamed the Department of Agriculture, Water and the Environment. The new department assumed the functions of the former Department of Agriculture.

Governance committees

The Executive Board oversees the implementation and improvement of our governance structures and business operations, shares responsibility for building capability and promotes collaboration between business areas, other agencies and our stakeholders.

Following the establishment of the new department the Executive Board approved a revised governance structure, comprising the following committees:

- People and Culture Committee
- Work Health and Safety Committee
- Security Committee
- Investment Committee.

As part of building the department's performance and capability, the Executive Board and its subcommittees have focused on strategic considerations, including key risks to the achievement of the department's purpose and objectives, particularly in response to the COVID-19 pandemic. Committee meeting agendas are aligned to the department's business priorities, ensuring structured and integrated delivery of governance functions.

Governance committee memberships have been revised to ensure best practice arrangements are in place for effective decision-making and optimal tracking of action items reporting (Table 18).

Table 18 Executive committee – roles and membership at 30 June 2020

Committee	Roles	Membership
Executive Board – met 23 times in 2019–20	<p>The Executive Board is responsible for:</p> <ul style="list-style-type: none"> • setting, and overseeing implementation of, the department's strategic priorities and direction • shaping organisational culture and building a shared understanding of policy and delivery priorities • monitoring progress and performance of major projects and strategic priorities • ensuring effective governance, operations, use of resources (financial and non-financial) • monitoring and responding to strategic risks, and risks which may materially impact the achievement of objectives • ensuring the department's capacity to provide reliable, evidence-based advice • ensuring the department is operating in accordance with legislative and regulatory requirements. 	<ul style="list-style-type: none"> • Secretary • Deputy secretaries <p>Advisors comprise:</p> <ul style="list-style-type: none"> • Deputy secretary (reviewer on secondment) • Chief of Staff and Deputy Chief of Staff • Two SES Band 1 officers on 12-month rotation (selected via secretary's call for an expression of interest, including regional SES officer) • Chief Security Officer (role held by deputy secretary and Chief Operating Officer) • Chief Finance Officer • Chief People Officer • Chief Counsel • Communications Officer

Portfolio Audit Committee

The Portfolio Audit Committee provides independent advice to the secretary (as the accountable authority) on the department's risk, finance, control and compliance frameworks and its external accountability responsibilities.

The committee met 5 times in 2019–20, covering operations in the department and the former Department of the Environment and Energy. In addition, the former Department of Agriculture's Audit Committee met 3 times in 2019–20 prior to the establishment of the new department on 1 February 2020.

The committee oversees an annual internal audit work program, undertaken by an internal audit team and contracted service providers. The work program is developed in consultation with senior management and is reviewed regularly to ensure that it is relevant and responsive to changes and business risks. The secretary approves the work program.

The Portfolio Audit Committee's charter is available on our website at awe.gov.au/about/reporting/portfolio-audit-committee-charter-feb-2020.

In accordance with the Public Governance, Performance and Accountability Rule 2014, the Portfolio Audit Committee has a majority of independent members. Following the establishment of the new department the committee updated its membership to include members of the former Department of Agriculture Audit Committee.

Table 19 provides information about the Portfolio Audit Committee members, their qualifications, knowledge, skills or experience, their attendance during 2019–20 and their remuneration.

Table 19 Portfolio Audit Committee and former Department of Agriculture Audit Committee membership, 2019–20

Member	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of committee meetings attended a	Total annual remuneration (GST incl.)
Mr Geoff Knuckey Independent member and chair Former Department of Agriculture Audit Committee independent member and chair Financial Statements Subcommittee member Performance Reporting Subcommittee attendee	Mr Knuckey's career has included 32 years with Ernst and Young specialising in the areas of financial statements auditing and reporting, internal audit, corporate governance and risk management. In 2009 Mr Knuckey commenced his current full-time role as a professional director comprising board non-executive director roles and audit and risk committee positions in the private and public sectors.	7	\$57,321
Ms Jenny Morison Independent member Financial Statements SubCommittee chair Performance Reporting SubCommittee attendee	Ms Morison FCA, B.Ec (Sydney University) has 38 years of broad experience in accounting, commerce and government. She was a National Board Member of the Chartered Accountants of Australia and New Zealand for 4 years, Chief Finance Officer of a public company and has held senior positions in major international accounting firms. Ms Morison founded Morison Consulting in 1996, specialising in government financial reforms, governance and consulting. She was awarded a Centenary Medal in 2000 for services to women and accounting. Ms Morison brings a wealth of experience having held roles as an independent member and chair of Commonwealth audit and risk committees and financial statement subcommittees for large and small government entities for the past 17 years.	5	\$44,330

Table 19 Portfolio Audit Committee and former Department of Agriculture Audit Committee membership, 2019–20

Member	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of committee meetings attended a	Total annual remuneration (GST incl.)
Mr Michael Roche Independent member Performance Reporting SubCommittee chair	Mr Roche is an independent management consultant. He has a wide range of experience at senior levels in the Australian Government in both central and operational departments. His background includes corporate and financial management, program management and policy development. Since leaving the public sector, he has consulted widely on strategic management issues, and has been a member of private sector boards and public sector advisory boards. He has been a member of, and chaired, both private sector and public sector audit committees. His qualifications include BA (Accounting), FCPA and MACS (senior).	5	\$44,000
Dr David Bryant Independent member Former Department of Agriculture Audit Committee independent member	Dr Bryant has 35 years of experience in delivering IT/Business alignment and project management consultancy services across the Australian Public Service. He currently lectures on accounting information systems at the Australian National University. Dr Bryant's expertise in ICT and Business management has enabled him to provide valuable advice and assurance to a range of government departments through consultancy and audit committee services. Dr Bryant has experience in delivering audit committee services to the Department of Human Services, IP Australia, Department of Education and the Department of Industry, Innovation, Science and Resources.	5	\$19,740

Table 19 Portfolio Audit Committee and former Department of Agriculture Audit Committee membership, 2019–20

Member	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of committee meetings attended a	Total annual remuneration (GST incl.)
Mr Dean Knudson Internal member	Mr Knudson is a deputy secretary in the Department of Agriculture, Water and the Environment with responsibility for overseeing the Australian Government's efforts to protect Australia's biodiversity and heritage – ranging from the Murray–Darling Basin to the Great Barrier Reef. Prior to moving to Australia in 2012, Mr Knudson worked for 20 years with the Canadian Government. He led a range of key economic and environmental reforms, in the Prime Minister's department, the Treasury, and the Environment and Industry departments. Mr Knudson has a Master's degree in Economics from Queen's University in Canada and is certified in conflict resolution.	5	\$0 b
Ms Kristin Tilley Internal member	Ms Tilley is the First Assistant Secretary in the Department of Agriculture, Water and the Environment with responsibility for the Environment Protection Division. Ms Tilley commenced in this role in August 2019. In this role, she has responsibility for the National Waste and Recycling Taskforce, Waste Management Branch, Ozone Protection and Air Quality Branch and the Chemicals Management Branch. Ms Tilley has more than 12 years' experience working on climate change issues in the Australian Public Service, including 2 years as a senior advisor to the Climate Change Minister. Prior to joining the public service, Ms Tilley worked for an environmental law non-government organisation in Brisbane.	4	\$0 b

Table 19 Portfolio Audit Committee and former Department of Agriculture Audit Committee membership, 2019–20

Member	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of committee meetings attended ^a	Total annual remuneration (GST incl.)
Mr Malcolm Thompson Former Department of Agriculture Audit Committee internal member	Mr Thompson joined the Department of Agriculture in July 2017 and was responsible for the Water, ABARES, Exports, and Trade and Market Access divisions. Mr Thompson was previously a Deputy Secretary with the Department of the Environment and Energy where he oversaw work on environment policy, environmental regulation, and managed the National Reserves System, Australia's Antarctic program, and corporate and strategic functions. Mr Thompson has more than 30 years' experience in the Australian Government. He studied economics at the University of Queensland before beginning his career in the Department of the Prime Minister and Cabinet. He has also worked in the Treasury, the Assistant Treasurer's office and the Department of Transport and Regional Services.	3	\$0 ^b

^a Includes meetings of the Portfolio Audit Committee and the former Department of Agriculture Audit Committee, the Performance Reporting Subcommittee and the Financial Statements Subcommittee. ^b Internal members do not receive remuneration from the department specifically relating to audit committee duties. Information about the department's Executive remuneration can be found at Appendix D.

Managing our risk

Our Enterprise Risk Management Framework is administered in line with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the Commonwealth Risk Management Policy (CRMP). While each of the former departments had mature risk management frameworks in place, we are working to further develop and strengthen these frameworks to meet the complex operating environment of our new entity.

The Enterprise Risk Management Framework is overseen by the Executive Board and the Portfolio Audit Committee. The framework sets out the department's risk management approach, including how risks are identified, assessed and managed, and how risk management performance is monitored, measured and improved. The framework also articulates risk roles and responsibilities, including shared risk, and how risk management practices will be embedded into existing business operations.

Our approach to risk management includes identifying areas of strategic risk that, if realised, could affect our ability to achieve our purpose and objectives.

We aim to raise the profile and significance of risk management in the department. Both former departments participated in the Comcover Awards for Excellence in Risk Management in 2019.

The former Department of the Environment and Energy's Climate Compass Project received a *Highly Commended* award in the Risk Initiative category. The Climate Adaption, Risk and Science Section, in partnership with CSIRO, developed a climate risk management framework for Commonwealth entities to consider when identifying the impact of climate risk on policies, programs and assets. This initiative will help entities consider and manage the risks and opportunities arising from the changing climate.

The former Department of Agriculture received a *Highly Commended* award in the Enterprise-Wide Risk Management category. This award recognised the department's mature approach to managing risk as evidenced by:

- the commencement of a risk culture program
- supporting the development of a comprehensive risk management plan for the implementation of the proposed new Export Control Act
- facilitating workshops to identify and review risks relating to the department's new Live Animal Exports processing schedule.

The former Department of Agriculture's Grain Import Risk Assessment Project received an *Honourable Mention* for its contemporary risk management approach to the importing of bulk grain for stock feed and milling. The drought in eastern Australia has led to certain classes of grain being in short supply, potentially requiring importation. This could have broader economic and biosecurity risks that could impact our agriculture and livestock industries. To address these risks, the department adopted a highly consultative and collaborative approach with industry to develop a regulated grain import system.

The former departments also performed well in Comcover's risk management benchmarking program, which is compulsory for all entities subject to the PGPA Act. This program is being restructured and has changed from an annual survey to one conducted every 2 years. The last survey was conducted in February 2019. Comcover rated the enterprise risk framework of both departments as Mature. The next survey is scheduled for early 2021 and will adopt a new maturity model.

We are a key contributor to initiatives to strengthen risk management across the Australian Public Service. The department is currently the chair of the whole-of-government Commonwealth Risk Managers Forum. This forum provides an avenue for public sector risk practitioners to discuss and share risk management approaches, issues, lessons learned and best practices to improve risk management across the Commonwealth.

Enhancing our pro-integrity culture

Maintaining and enhancing our pro-integrity culture is essential to meet our legislative and parliamentary requirements, and to maintain the trust of the Australian Government, the public and our business partners.

We are committed to actively promoting the standards of behaviour and obligations outlined in the:

- APS Values, Employment Principles and Code of Conduct
- *Public Interest Disclosure Act 2013*
- *Public Governance, Performance and Accountability Act 2013*
- Australian Government's Protective Security Policy Framework (PSPF).

Building a holistic integrity framework supports our priority to shape an integrated, inclusive and high-performing culture, aligned with broader APS reforms.

Strengthening integrity

The Integrity Framework provides the department and our people with the tools to navigate integrity and personnel security risks in a simple and transparent manner, and to satisfy employee suitability obligations across the employment lifecycle.

Aligning the existing employment frameworks and practices for the Department of Agriculture, Water and the Environment has been critical. The new framework includes an overarching Integrity Policy and a Drug and Alcohol Policy framework. We are also implementing guidelines on:

- conflict of interest
- secondary employment
- receiving gifts and benefits
- assessing disclosable criminal outcomes.

The framework is founded on clear and concise policies, updated and contemporary training and easily accessible reporting mechanisms that reinforce a pro-integrity culture.

Our Fraud and Corruption Control Plan is informed by independent fraud and corruption risk assessments. These assessments evaluate existing and emerging fraud and corruption risk, and detail controls and treatment strategies to address these risks.

We are investing in capability to better detect indicators and investigate incidences of wrongdoing, fraud and corruption. Our fraud, corruption and integrity teams partner across the portfolio to strengthen our controls.

Our security

The department's commitment to a strong security culture is outlined in our Agency Security Plan and Security Governance Framework. The plan details our obligations to mitigate security risks to our people, information and assets, in accordance with the PSPF.

We continually identify and address security concerns and risks through our security governance processes and implement mitigations to enhance our security maturity. We report regularly on security maturity development and capabilities to our Security Committee and Chief Security Officer, and annually in our PSPF Maturity Assessment Reports to the Attorney-General's Department.

In 2019–20 we embarked on a range of security-focused enhancement projects to further strengthen our protective security maturity and capability. These projects included:

- migrating electronic access control systems and CCTV from our regional offices, including Adelaide, Brisbane, Cairns, Carrington, Darwin and Perth, onto the national security network
- establishing a 24/7 security monitoring capability in Canberra to monitor the security systems of our major regional offices
- developing a new security awareness training package, delivered through our online learning platform
- implementing the Security Breach Policy and breach program to identify and manage information security vulnerabilities
- undertaking a range of electronic security upgrades to our John Gorton Building offices in Canberra to change-out end-of-life security systems.



Snapshot: Improving protective security

Our protective security protects our people, information and assets. Protective security enables the business of government and supports the efficient and effective delivery of services.

In 2019–20 we undertook a security reform project to continue to improve our security maturity and address aspects highlighted in the 2018–19 Protective Security Policy Framework assessments of our former departments.

We conducted a personnel security risk assessment across key divisions to understand where high-value aspects of the department and the performance of its functions were at risk. The report highlighted several security risk events and made recommendations to mitigate those risks. The Security Committee supported the recommendations and we will implement them in 2020–21.

The project also examined our security governance arrangements. As a result we have developed a Security Governance Framework that includes an agency security plan, a security risk framework and a range of supporting policies and procedures. The project team collaborated with our Integrity Coordination and Security sections to develop the framework, and consulted subject matter experts across the department. The framework sets a well-defined approach for the management of protective security for the department and provides clarity for all staff on their security responsibilities.

Finally, we conducted research to understand the department's requirements for systems to support security incident reporting and the eligibility and suitability assessments of new employees. We have implemented an enterprise Security Register and are considering several systems to address these requirements. We expect to roll out new systems in 2020–21.

Disclosure of protected information under the Biosecurity Act

Section 590 of the *Biosecurity Act 2015* requires the Director of Biosecurity to prepare a report on the use of protected information for the period from 1 July 2019 to 30 June 2020.

During the reporting period, there were 13 written authorisations to disclose protected information under section 580(3) of the Act.

Grants

Information on grants awarded by the Department of Agriculture, Water and the Environment and our former departments during 2019–20 is available on the GrantConnect [website](#).

Our people

Bringing together our people

On 1 February 2020 we began operating as a new department, bringing together people from the former Department of the Environment and Energy (DoEE) and the former Department of Agriculture into one large and diverse workforce.

The Department of Agriculture, Water and the Environment has more than 7,000 people working across Australia, in our external territories, including the Antarctic, and in overseas posts around the world.

We are inspectors, policy officers, assessment, licensing and permitting officers, program administrators, biosecurity and compliance officers, investigators, veterinarians, scientists, researchers, economists, accountants, legal officers, ICT specialists, data analysts, expeditioners, food safety meat assessors, auditors, park managers and more.

Our new purpose statement – *Partnering and regulating to enhance Australia's agriculture, unique environment and heritage, and water resources* – along with our objectives and priorities, means that everyone in the department, wherever they are, can now see where their work fits into the department's purpose.



Snapshot: Building a new department

Following the Prime Minister's announcement of machinery of government changes on 5 December 2019, we have worked throughout 2020 to create our new organisation. In the 34 working days leading up to the beginning of the new department, we carried out a major program of work to ensure the Department of Agriculture, Water and the Environment would be operational by 1 February 2020.

In accordance with the Administrative Arrangements Order, former agriculture employees transferred onto the DoEE Enterprise Agreement. To ensure continuity of critical business functions a number of specific Biosecurity, Veterinary and Meat Inspection terms and conditions were preserved through section 24 (3) and section 24 (1) determinations under the *Public Service Act 1999*.

An urgent task was to review all of the former Department of Agriculture's instruments of delegation and authorisation. There were more than 600 instruments needed to legally carry out the former department's work. We made sure updated instruments were ready to be executed immediately after the stroke of midnight on 1 February 2020 to ensure business continuity and, in particular, to make sure our biosecurity operations continued without interruption.

We now work with 5 ministers and we worked early in the process to provide a seamless transition for the ministerial offices to the new portfolio. Thanks to our work we were able to continue a high level of service to our ministers and to coordinate the new department's first appearance at Senate Estimates hearings in February 2020. We have moved to a single set of ministerial IT systems to make sure that services and support continue to operate smoothly.

We are now working to consolidate our strategies and policies for the new department. This has included setting up a new governance framework to make sure we continue to comply with our legislative and accountability obligations. The secretary immediately established an Executive Board, which has now approved a set of committees to support the department's operations. The audit committees of the previous departments merged to provide the secretary with continuing advice and assurance.

We are updating and integrating a range of information technology systems to help us work more efficiently and effectively. Our work has ranged from introducing common email addresses to launching common learning management and recruitment systems. Work will continue to integrate our intranet, internet and several management information systems such as those that support our finance and human resources. This work will streamline our processes and provide our staff with the right tools to do perform their roles.

Flexible working

In 2020 flexible working arrangements have been critical to our continued operations. Like most Australian Government agencies, we shifted the majority of our staff who were able to work from home onto home-based arrangements as part of the response to the COVID-19 pandemic. This included providing them with a range of tools, including mobile devices and online applications such as Microsoft Teams, to enable them to keep working and stay connected with their colleagues.

The experience of working through the pandemic has highlighted the benefits of supporting staff to work flexibly. We are continuing to manage our working arrangements to ensure that our people are working safely and in compliance with local health orders.

In the longer term, we will apply the lessons learned in 2020 to explore new, flexible and varied ways of working to support the delivery of our broad responsibilities, and provide a working environment that responds to the diverse needs of our skilled and knowledgeable workforce.

Integrating our systems

The implementation of the machinery of government changes resulted in the department operating 2 Human Resource Management Information Systems (HRMIS). Processes have been put in place to support our critical workforce management requirements while planning towards the integration of the systems occurs. The integrated system will be a fit for purpose HRMIS capable of meeting the department's workforce requirements.

Learning and development

In June 2020 we launched a new and improved Learning Management System, available to all of our staff, contractors and authorised officers. Learnhub 2.0 provides a combined library from our former departments, offering learning and development modules and access to training opportunities.

We also combined mandatory and compliance training into an Essentials e-learning package. The package provides a single consistent set of mandatory training for all staff, in addition to role-specific learning requirements.

To support our own set of learning modules, our people now have access to LinkedIn Learning, an online library of courses, including learning packages that provide a pathway to accreditation in some fields.

Learnhub and our new training opportunities will be the first step in establishing our department's learning and development approach through the new People Strategy.

Supporting a diverse workplace

Having a large and diverse workforce enables our department to support Australians by ensuring that we reflect the communities that we serve. We are developing a new Inclusion Strategy that will embed inclusion in all that we do. Its implementation will ensure every employee can contribute and bring their authentic self to work.

In addition, we are developing action plans to implement the Commonwealth's Aboriginal and Torres Strait Islander Workforce Strategy 2020–24, Disability Strategy and Gender Equity Strategy. Our Inclusion Strategy will complement these APS-wide strategies.

This work builds on the commitment of our former departments to support our diverse workforce. In June 2020 we celebrated achieving 'Gold' status in the Australian Workplace Equality Index, recognising our ongoing commitment to building an inclusive workplace for our LGBTIQ+ colleagues.

We have also started developing the new department's first Reconciliation Action Plan 2021–24 (RAP). We play a key role in protecting Australia's natural resources and way of life, and Aboriginal and Torres Strait Islander peoples are central to our work.

We want to highlight this link clearly in our RAP, to support our goal to be an employer of choice for Aboriginal and Torres Strait Islander peoples, and for staff within the department to have a high degree of cultural capability. We aim to develop and implement policies and programs through collaboration and co-design with Aboriginal and Torres Strait Islander staff and communities.

Work health and safety

Health and safety initiatives and outcomes

The department is committed to implementing and maintaining effective work health and safety (WHS) strategies, initiatives and practices that promote continuous WHS improvement and keep our people safe.

Following the establishment of the Department of Agriculture, Water and the Environment we have continued to focus on integrating systems and building on the strong WHS foundations laid in the former departments. We have:

- ▶ implemented a new WHS Commitment Statement, acknowledging the shared responsibilities and commitment to safety held by the Secretary and the Director of National Parks
- ▶ completed work with Parks Australia to validate critical WHS risks and controls to identify opportunities to mature our WHS risk management approach
- ▶ delivered a national onsite influenza vaccination program to 3,637 employees across our diverse workplaces
- ▶ provided systems and support services to keep our people safe and physically and psychologically healthy during the COVID-19 pandemic.

In addition to this work, we acknowledge the great achievements of our former departments in 2019–20, which we are building on as an integrated organisation.

Snapshot: Working through COVID-19

A key part of our response to the COVID-19 pandemic was ensuring the department was able to keep working, while keeping our own staff safe. We activated our business continuity and pandemic contingency plans in early March 2020, just a few weeks into our operations as a new department.

Like most Australian Government agencies, our department had most staff working from home in line with local movement restrictions. In early March 2020 we had already begun preparing for staff to work from home. Our Information Services Division worked with its strategic partners to ensure all staff had access to all the critical requirements to enable them to work remotely. This included issuing hundreds of portable devices and monitors to our biosecurity staff to make sure frontline biosecurity operations continued.

We equipped our staff with online collaboration tools, remote telephony to enable call centre staff to work from home, and online systems that enabled staff to use their own devices and internet connection to log into our networks.

Throughout the pandemic our priority has been the health and wellbeing of our staff, guided by advice from the Department of Health, Safe Work Australia and the Australian Public Service Commission. We set up a dedicated WHS COVID-19 support team to implement measures to ensure the health, safety and physical and mental wellbeing of our people.

We put in place protocols to report suspected and confirmed cases of COVID-19 to minimise the risk of the virus transmitting within our workplaces. We have received positive feedback from managers and staff about our efforts to keep them safe.

Work health and safety at the Department of Agriculture

During the year the former Department of Agriculture focused on mental health and wellbeing through a psychosocial safety climate survey pilot in partnership with University of South Australia and Comcare. The department coordinated a mental health and wellbeing strategy working group, delivered targeted information sessions for managers and focused on mental health during Safe Month in October 2019.

We continued to evolve our health and safety culture by starting meetings with safety moments, providing WHS case studies to senior leaders and including a WHS category in our annual Australia Day awards.

We improved incident investigations through a consistent process for serious incidents and coordinated the review and implementation of high consequence WHS risk assessments with the Biosecurity Operations Division. We also conducted 2 external audits to obtain an independent assessment of the controls and work practices in the Northern Australia Quarantine Service (NAQS), covering:

- working in remote and isolated areas
- aerial surveillance
- firearms.

The audits found that NAQS had effective systems in place for managing the risks and provided recommendations to help it improve its systems further.

We worked with the department's property team to oversee the implementation of the WHS aspects of a new building contract.

We also drafted an updated work health and safety strategy in consultation with senior executives, operational leaders and health and safety representatives. We are using this process to inform support the development of the WHS strategy for the new department.

Work health and safety at the Department of the Environment and Energy

During the year the former Department of the Environment and Energy completed work to validate critical WHS risks and controls. This work identified opportunities to mature systems, including streamlining field-based risk assessments and tools, and improving reporting processes.

We completed assurance reviews to identify areas of focus to support integrating existing systems into an Enterprise WHS Management System. We also completed the design, configuration and testing for a whole-of-department electronic WHS Information System. This work is informing further systems development to meet the needs of the new department.

We provided due diligence masterclass training to senior executives and officers, to provide practical guidance on how to meet their duties under the *Work Health and Safety Act 2011* (WHS Act) and foster a positive safety culture.

We also continued to provide access to employee and manager assistance programs, resilience coaching and training for health and safety representatives, first aid officers, workplace contact officers and domestic and family violence contact officers.

Further information about work health and safety initiatives in Parks Australia is provided in the annual report from the Director of National Parks.

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. Table 20 shows details for 2019–20 including statistics for the former departments up to the establishment of the Department of Agriculture, Water and the Environment on 1 February 2020.

Table 20 Incidents notified under the *Work Health and Safety Act 2011*

Type of incident	Number of notifiable incidents		
	Department of Agriculture, Water and the Environment (1 February 2020 to 30 June 2020)	Department of Agriculture (1 July 2019 to 31 January 2020)	Department of the Environment and Energy (1 July 2019 to 31 January 2020)
Deaths that required notice under section 38	0	0	0
Serious injury or illness that required notice under section 38	2	0	2
Dangerous incidents that required notification under section 38	1	1	2

In 2019–20 the department and our former departments were not subject to any investigations, improvement notices or prosecutions under the Act.

External service providers

Procurement

The department is a non-corporate Commonwealth entity. Our procurement policies and practices are consistent with:

- relevant Commonwealth legislation
- the Australian Government Financial Framework, which includes the Commonwealth Procurement Rules and the *Public Governance, Performance and Accountability Act 2013*
- our Accountable Authority Instructions.

Our procurement practices reflect the Commonwealth's procurement framework, with the focus on:

- value for money
- encouraging competition
- efficient, effective, economical and ethical procurement
- accountability and transparency.

We provide departmental guides, specialist advice and assistance to all our divisions to help ensure we meet our obligations.

Procurement initiatives to support small and medium enterprises

We support small business participation in the Commonwealth procurement market. Small and medium-sized enterprise participation statistics are available on the Department of Finance [website](#).

We recognise the importance of ensuring small businesses are paid on time. The department's payment practice complies with the Commonwealth's supplier pay-on-time or pay interest policy. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury [website](#).

Our procurement practices support small and medium enterprises by using:

- the Commonwealth Contracting Suite (CCS) for low-risk procurements valued at under \$1 million
- small business engagement principles, such as communicating in clear, simple language and presenting information in an accessible format
- credit cards where possible for purchases under \$10,000.

Other contract information

During 2019–20 the secretary did not exempt any contracts or standing offers entered into by the department from being published on AusTender.

The department is not aware of any contract it entered into during 2019–20 that might limit the Australian National Audit Office’s access for the purposes of performing an audit.

Consultancies

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
- 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.

The annual report contains information about actual expenditure on contracts for consultancies. Further information on the value of contracts and consultancies is available on the AusTender [website](#).

Consultancy contracts

During 2019–20 we entered into 198 new consultancy contracts involving total actual expenditure of \$21.953 million. In addition, 121 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$17.855 million (Table 21).

Table 21 Number of new and existing consultancy contracts, 2019–20

Item	Department of Agriculture, Water and the Environment a b	Department of Agriculture c	Total
New contracts	189	9	198
Existing contracts	104	17	121

a Includes active contracts transferred from the former Department of Agriculture through machinery of government changes. **b** Does not include contracts transferred to the Department of Industry, Science, Energy and Resources.

c Contracts that commenced or were active during the reporting period but concluded before the machinery of government changes.

Advertising and market research

During 2019–20 the Department of Agriculture, Water and the Environment conducted the following advertising campaigns:

- › Country Handle With Care
- › Murray–Darling Basin Water Efficiency Program launch
- › Importing seeds – Google Adwords advertising
- › Water Efficiency Labelling and Standards (WELS) scheme – eBay advertising
- › African Swine Fever information campaign
- › Biosecurity awareness for international students
- › Trial recycling campaign.

Further information on those advertising campaigns is available in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance [website](#).

Payments to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations are set out in [Table 22](#).

Table 22 Advertising and market research, 2019–20

Organisation	Description	Expenditure
Advertising agencies		
TBWA Melbourne Pty Ltd	Creative content for environment communication	\$235,835.00
Market research organisations a		
CSIRO	Global Agriculture & Food Systems collaboration on future trends	\$825,000.00
JWS Research	Market research – Environment and Energy	\$1,393,260.00
Hall & Partners Pty Ltd	Mandatory whole of government campaign evaluation market research services	\$66,339.90
University of Melbourne	Asset Materiality Review	\$329,092.50
Whereto Research Based Consulting Pty Ltd	Communications research to inform the Reconciliation Action Plan	\$88,000.00
Whereto Research Based Consulting Pty Ltd	Reconciliation Action Plan Communication Research	\$4,950.00
CSIRO	Report on Future of the Agriculture Workforce exploring current trends and driving forces that are impacting the Australian agricultural workforce over the next 10 years	\$180,000.00
Instinct and Reason Pty Ltd	Television market research to inform the development of television labelling under the Equipment Energy Efficiency program	\$69,300.00
Kantar	Consumer demand for recycled content research	\$28,600.00
Polling organisations		
N/A	–	–
Direct mail organisations		
N/A	–	–
Media advertising organisations—including recruitment and tender notices		
Universal McCann	Advertising	\$1,455,054.82
	Recruitment	\$125,381.11
Total		\$4,800,813.33

a Market research values are over the whole contract length, not just the 2019–20 financial year.
N/A – not applicable.

External scrutiny

Courts and tribunals

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

On 24 April 2018 Helicopter Resources Pty Ltd applied to the Federal Court seeking relief 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 court granted interim relief restraining the giving of evidence at the inquest by anyone from Helicopter Resources until the substantive application was determined.

On 29 June 2018 the Federal Court dismissed the application. The decision of the court was overturned by the Full Federal Court in favour of Helicopter Resources.

On 21 June 2019 the High Court granted the Commonwealth special leave to appeal the decision of the Full Federal Court. On 24 April 2020 the appeal was allowed in favour of the Commonwealth.

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

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

The matter has resumed following the judgment in *Helicopter Resources Pty Ltd v the Commonwealth of Australia and Ors* and is part-heard.

Comcare v Commonwealth of Australia (CC44419–44151)

On 20 December 2017 the department was charged in the Magistrates Court of the Australian Capital Territory with 3 work health and safety offences related to the death of Mr David Wood. Helicopter Resources Pty Ltd also faced charges.

On 4 March 2020 the Magistrates Court found the department guilty of 2 charges and acquitted Helicopter Resources of all charges.

On 6 March 2020 the department filed a notice of appeal against the guilty findings on the 2 charges. The matter will be listed for hearing later in 2020.

Wilderness Society (Tas) Inc v Minister for the Environment (TAD45/2018)

On 23 October 2018 the Wilderness Society (Tas) Inc applied for judicial review of a referral decision made by the minister's delegate under section 75 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) that the proposed action to develop a small tourism operation on Halls Island in Lake Malbena, Tasmania, was not a controlled action.

On 4 December 2019 the Federal Court, with the consent of the parties, ordered the delegate's decision be set aside.

Clark and Ors v Minister for the Environment (VID885/2019)

On 13 August 2019, 4 Djab Wurrung traditional owners sought judicial review of the minister's 16 July 2019 decision to not make a declaration under the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (ATSIHP Act).

On 6 December 2019 the Federal Court ordered the minister's decision be set aside and referred the application for a declaration under the ATSIHP Act to the minister for further consideration.

Estates 77 Pty Ltd & Anor v Minister for the Environment (WAD286/2019)

On 20 May 2019 Estates 77 Pty Ltd and Novalee Nominees Pty Ltd (the applicants) applied for judicial review of a decision made by the minister's delegate under section 75 of the EPBC Act that the proposed action to develop a residential development in Baldivis, Western Australia, was a controlled action.

On 21 November 2019 the Federal Court dismissed the application. On 12 December 2019, the applicants filed a notice of appeal. On 28 May 2020 the applicants withdrew their appeal.

Brett Cattle Company Pty Ltd v Minister for Agriculture, Fisheries & Forestry & Anor (NSD1102/2014)

On 27 October 2014 Brett Cattle filed a class action in the Federal Court against the former Minister for Agriculture, Fisheries and Forestry and the Commonwealth in relation to the then minister's decision to suspend temporarily the export of live animals to Indonesia in 2011.

On 2 June 2020 the Federal Court found in favour of Brett Cattle and final orders were made on 29 June 2020.

Animals Australia Federation v Secretary, Department of Agriculture and Water Resources & Rural Export and Trading (WA) Pty Ltd (VID 392/2020)

On 14 June 2020 Animals Australia filed an application seeking judicial review of a decision to grant Rural Export & Trading (WA) Pty Ltd an exemption under section 11 of the *Australian Meat and Live-stock Industry (Prohibition of Export of Sheep by Sea to Middle East—Northern Summer) Order 2020*.

On 16 June 2020 the Federal Court dismissed the application.

Parliamentary committees

Inquiry reports

Parliamentary committees tabled 2 reports relevant to our departments (Table 23).

Table 23 Parliamentary inquiry reports, Agriculture, Water and Environment portfolios, 2019–20

Committee	Inquiry	Tabling date
House Standing Committee on the Environment and Energy	Vegetation and land management policy relating to bushfires	5 March 2020
Senate Rural and Regional Affairs and Transport References Committee	The feasibility of a National Horse Traceability Register for all horses	27 November 2019

Government responses to inquiry reports

The Australian Government responded to 7 parliamentary committee reports relevant to the department (Table 24).

Table 24 Government responses to parliamentary committee reports, 2019–20

Committee	Inquiry	Response date
Senate Environment and Communications References Committee	Great Barrier Reef 2050 Partnership Program	14 October 2019
House of Representatives Committee on the Environment and Energy	Report on the inquiry into the management and use of Commonwealth environmental water	5 February 2020
Joint Standing Committee on Foreign Affairs, Defence and Trade	Inquiry into the management of PFAS contamination in and around defence bases	28 February 2020
Senate Rural and Regional Affairs and Transport Legislation Committee	Agricultural and Veterinary Chemicals Legislation Amendment (Australian Pesticides and Veterinary Medicines Authority Board and Other Improvements) Bill 2019 [Provisions]	13 March 2020
Senate Foreign Affairs, Defence and Trade References Committee	Contamination of Australia's Defence Force facilities and other Commonwealth, state and territory sites in Australia	9 April 2020
House of Representatives Committee on the Environment and Energy	Controlling the spread of cane toads	13 May 2020
Senate Environment and Communications References Committee	Protection of Aboriginal rock art of the Burrup Peninsula	25 June 2020

Auditor-General

In 2019–20 the Auditor-General tabled 7 Australian National Audit Office (ANAO) reports on our activities (Table 25).

Table 25 Auditor-General reports, Agriculture, Water and Environment portfolios, 2019–20

Report number	Audit	Published
No. 6 of 2019–20	Implementation of ANAO and Parliamentary Committee Recommendations	5 August 2019
No. 7 of 2019–20	Government Advertising: June 2015 to April 2019	26 August 2019
No. 14 of 2019–20	Commonwealth Resource Management and the Clear Read Principle	27 November 2019
No. 21 of 2019–20	Probity Management in Rural Research and Development Corporations	18 December 2019
No. 30 of 2019–20	Bilateral Agreement Arrangements Between Services Australia and Other Entities	2 April 2020
No. 41 of 2019–20	Design and Establishment of the Regional Investment Corporation	17 June 2020
No. 47 of 2019–20	Referrals, Assessments and Approvals of Controlled Actions under the <i>Environment Protection and Biodiversity Conservation Act 1999</i>	25 June 2020

Commonwealth Ombudsman

In 2019–20 the Commonwealth Ombudsman did not release any reports covering the department's operations.

Inspector-General of Biosecurity

In 2016, the Australian Government appointed Dr Helen Scott-Orr as the inaugural Inspector-General of Biosecurity under the *Biosecurity Act 2015*. Dr Scott-Orr completed her 3-year term on 24 July 2019.

On 25 July 2019 the government appointed Mr Rob Delane as the Inspector-General of Biosecurity, to independently evaluate and verify the performance of our biosecurity risk management measures and systems.

The inspector-general reports to the Minister for Agriculture, Drought and Emergency Management.

During 2019–20 the inspectors-general published the following reports:

- Adequacy of preventative border measures to mitigate the risk of African swine fever (March 2020).
- Effectiveness of Approved Arrangements in managing biosecurity risks in Australia (August 2019).
- Implementation of Inspector-General of Biosecurity recommendations (July 2019).

The inspector-general's reports are available on their [website](#).

The department provides administrative support to the inspector-general, including staff, office space, travel arrangements and legal assistance required in relation to reviews.

Interim Inspector-General of Live Animal Exports

On 18 March 2019 the Australian Government appointed Mr Ross Carter as the interim Inspector-General of Live Animal Exports, to independently review the systems and processes that underpin our regulation of livestock exports. This oversight is designed to improve confidence for our farmers, industry, and the community in the regulation of livestock exports.

In October 2019 the *Inspector-General of Live Animal Exports Act 2019* received royal assent and on 14 November 2019 the government appointed Mr Carter as the inaugural Inspector-General of Live Animal Exports for 12 months.

The inspector-general reports to the Minister for Agriculture, Drought and Emergency Management.

In 2019–20 the inspector-general published a report on monitoring and reporting during livestock export voyages (March 2020).

The inspector-general is currently undertaking reviews into:

- livestock export permits – review of systems and processes
- the Exporter Supply Chain Assurance System (ESCAS)
- the implementation of the Moss Review recommendations.

The inspector-general's reports are available on their [website](#).

The department provides administrative support to the inspector-general, including providing staff, office space, travel and legal assistance required in relation to reviews.

Interim Inspector-General of Murray–Darling Basin Water Resources

On 1 October 2019 the Australian Government appointed Mr Mick Keelty AO as the interim Inspector-General of Murray–Darling Basin Water Resources for a period of 12 months or until new laws under the *Water Act 2007* create a permanent statutory position.

The interim Inspector-General of Murray–Darling Basin Water Resources reports to the Minister for Resources, Water and Northern Australia.

Amendments to the *Water Act 2007* to create the Inspector-General of Water Compliance will be tabled in parliament in 2021. The government is seeking to ensure that the powers of the inspector-general will provide the Basin communities with sufficient confidence in water management in the Basin. Discussions will continue with the Basin states on the role of the inspector-general and the drafting of the legislation.

We formed a task force in August 2019 to establish the office of the interim inspector-general. In February 2020 the taskforce was stood down, and the office continues to support the interim inspector-general in his role and functions.

The interim inspector-general has offices in Brisbane, Goondiwindi, Mildura and Canberra, with funding provided through an offset from the Sustainable Rural Water Use and Infrastructure Program.

Since October 2019 the office of the interim inspector-general has undertaken several inquiries at the minister's request.

The interim inspector-general's reports are available on their [website](#).

The department provides administrative support to the interim inspector-general, including providing staff, office space, travel and legal assistance required in relation to reviews.

Freedom of information

Any agency subject to the FOI Act is required to publish information on its website as part of the Information Publication Scheme (IPS). This includes a plan showing what information the agency publishes in accordance with the IPS requirements. For more information see our website at awe.gov.au/about/reporting/information-publication-scheme.

We also publish corporate and operational information on our website, and publish reports on information accessed through FOI applications in a disclosure log.

For the period from 1 July 2019 to 31 January 2020 the former Department of Agriculture received 78 requests for access under the FOI Act, 5 requests for internal review and 1 request for external review. The Department of Agriculture finalised 80 requests and 6 internal reviews.

For the period from 1 July 2019 to 31 January 2020 the former Department of the Environment and Energy (DoEE) received 127 requests for access under the FOI Act, 11 requests for internal review and 8 requests for external review. DoEE finalised 127 requests and 11 internal reviews.

For the period from 1 February 2020 to 30 June 2020 the Department of Agriculture, Water and the Environment received 94 requests for access under the FOI Act, 9 requests for internal review and 11 requests for external review. We finalised 69 requests and 8 internal reviews.

For more information on requests received and processed by all Commonwealth agencies see the FOI reports on the Office of the Australian Information Commissioner [website](#).

Part 3

Annual reports on the operation of legislation



Environment Protection and Biodiversity Conservation Act 1999

Section 516 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) requires the secretary to prepare an annual report on the operation of the Act and for the minister to lay a copy of this report before the Parliament. This section provides the report for the period from 1 July 2019 to 30 June 2020.

Operation

Environmental referrals, assessments and approvals

Matters of 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 EPBC Act as matters of national environmental significance. There are 9 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 for the Environment (or their delegate).

When an action is referred for consideration under the EPBC Act, the minister 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 and any public comments received. The minister will then decide within 20 business days whether the action requires further assessment and approval under the EPBC Act – this is the ‘referral decision’.

We publish all referrals, and other relevant statutory documents associated with a proposed action, on our [website](#).

Further information on EPBC Act referrals, approvals, assessments and matters of national environmental significance is provided in Statistics ([page 156](#)).

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 that are carried out by an Australian Government agency. This includes the disposal of Commonwealth land.

In 2019–20 the minister made 4 determinations for projects on Commonwealth land (section 26) and 2 determinations for an action carried out by an Australia Government agency (section 28), including one determination where the action will be taken in a Commonwealth marine environment by a Commonwealth agency (section 24A).

We received 9 requests for advice from the Department of Infrastructure and Regional Development and Airservices Australia in relation to proposals involving Commonwealth airports. A decision on one proposal is still pending. The minister's delegate determined that advice was required for 4 of the proposals. In those 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 when 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.

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 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.

In 2019–20 the minister granted 4 permits under the ATEP Act that 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, we issued 25 permits for access to biological resources in Commonwealth areas in 2019–20.

Cetacean permits

In the Australian Whale Sanctuary (all Commonwealth waters from the 3 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, trade, 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 2019–20 Australia granted 6 cetacean permits and varied the conditions of 3 existing cetacean permits (see Table 31).

Protection of species and ecological communities

Species and ecological community listing assessment outcomes

The minister may list threatened fauna and flora in 6 categories defined by the EPBC Act. These are:

- extinct
- extinct in the wild
- critically endangered
- endangered
- vulnerable
- 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.

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.

In 2019–20, the minister made a decision to list one new ecological community – Poplar box grassy woodland on alluvial plains – as endangered.

The minister decided to list 4 new ecological communities as critically endangered:

- Illawarra–Shoalhaven Subtropical Rainforest of the Sydney Basin Bioregion.
- Robertson Rainforest in the Sydney Basin Bioregion.
- Tasmanian forests and woodlands dominated by black gum or Brookers gum.
- Tuart forests and woodlands on the Swan coastal plain.

The minister made a decision to list *Falco hypoleucos* (Grey Falcon) as vulnerable. The minister also decided to transfer two species from vulnerable to endangered within the list of threatened species:

- *Petaurus australis* Wet Tropics subspecies (Yellow-bellied Glider (Wet Tropics)).
- *Thalassarche cauta* (Shy Albatross).

The names of 11 threatened species were updated on the list.

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.

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. In addition to the 8 conservation advices approved at the time of a listing decision being made, in 2019–20 the minister approved 3 conservation advices for threatened species.

Overall 99.9% of listed threatened species and ecological communities have either a recovery plan or an approved conservation advice, or both, in place to guide recovery efforts (see Table 34).

In 2019–20 we released 5 draft recovery plans for comment. These were published on our [website](#).

We publish 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. One guide published this year was *Tuart Woodlands and Forests of the Swan Coastal Plain: A Nationally Significant Ecological Community*, as shown in Publications in 2019–20 (page 168) and also available on the [Species Profile and Threats database](#).

We also published the National Light Pollution Guidelines for Wildlife including marine turtles, seabirds and migratory shorebirds. The guidelines raise awareness of the impacts of light pollution and provide a framework for assessing and managing impacts of light pollution on wildlife, including on listed threatened and migratory species. The guidelines are available on our [website](#).

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 35 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.

In 2019–20 no amendments to the list of key threatening processes were made and no threat abatement plans were made or adopted.

The minister agreed that a threat abatement plan is not a feasible, effective and efficient way to abate the 2 key threatening processes for red imported fire ant and yellow crazy ant on Christmas Island. In making this decision the minister noted the National Invasive Ant Biosecurity Plan, which provides threat abatement advice for these 2 invasive ant species and other invasive ant species of concern to Australia.

In 2019–20 we did not release any draft plans for comment. Threat abatement plans are published on our [website](#).

Wildlife conservation plans

Wildlife conservation plans set out the research and management actions necessary to support the survival of one or more migratory, marine, conservation-dependent or cetacean species listed under the EPBC Act. These are species that, while not considered threatened, would benefit from a nationally coordinated approach to conservation. We did not make any wildlife conservation plans in 2019–20.

In 2019–20 we released the draft Wildlife Conservation Plan for comment. The draft plan is available on our [website](#).

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 2019–20 we approved:

- ▶ 2 artificial propagation programs, (for cycads and orchids)
- ▶ 2 aquaculture programs (for Murray cod and lungfish)
- ▶ 2 wildlife trade management plans (for kangaroos and protected plants)
- ▶ 9 captive breeding programs (for emus, insects, ants and Ara ararauna)
- ▶ 10 wildlife trade operations (non-fisheries), including wallaby, taxidermy specimens, ants, fern trees and lungfish.

We completed 62 assessments of Australian and international zoos and aquaria to ensure their facilities were suitable to house live animals from a welfare perspective. International transfers of live animals undertaken in 2019–20 included clouded leopards, Komodo dragons and a pair of platypus. We entered into 10 new agreements with overseas institutions that prescribed the care requirements for iconic native species held by the institutions.

To combat wildlife crime, we work with international partners, Commonwealth agencies and state regulators, including INTERPOL, the Australian Federal Police and the Australian Border Force, state and territory police and environmental agencies.

Import of wildlife products

Part 13A of the EPBC Act requires permits to be issued for the import of most types of wildlife into Australia. When CITES-listed species (including their parts and derivatives) are imported into Australia without the required permits, they may be seized (see [Table 36](#)). The most common items seized were traditional medicines that were suspected to include extracts of protected animal or plant products.

In 2019–20 Australia issued 18.57% fewer permits for the import of wildlife than for the previous year. Of the total 1,776 permits issued, 1,743 were for CITES-listed wildlife and 16 were for non-CITES-listed live animals. Seventeen were for testing purposes. The testing permits were issued for importing insects for trials of biological control of invasive species.

Most of the import permits issued were for CITES-listed wildlife. Species most often covered by import permits include American alligators, pythons, monitors, crocodiles and rosewood. Almost all permits for reptile species were associated with fashion items such as handbags, shoes, watchstraps and belts. Permits for rosewood species were most commonly for musical instruments, such as guitars, and furniture items. The top 10 species covered by wildlife import permits account for 40.66% of all species on permits issued (see [Table 37](#)).

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 in the live import list, even if it has been imported previously or is known to be in Australia already. Anyone can apply to the minister to amend the live import list to include a new species.

In 2019–20 the minister approved 6 additions to the live import list:

- Polynesian Tiger Mosquito (*Aedes polynesiensis*) included in Part 2 of the list (research only, high-security facilities only)
- Silvery Marmoset (*Mico argentatus*) included in Part 2 of the list (eligible non-commercial purpose only, excluding household pets)
- 3 species of dung beetle (*Euonthophagus crocatus*, *Gymnopleurus sturmi* and *Onthophagus marginalis* spp. *Andalusicus*) included in Part 1 of the list (does not require a permit from the department to import)
- Puma (*Puma concolor*) included in Part 2 of the list (eligible non-commercial purpose only, excluding household pets; Desexed specimens only).

In 2019–20 the minister's delegate amended 2 inaccuracies with the listings:

- Electric Yellow Cichlid (*Labidochromis caeruleus*), on Part 1 of the list (does not require a permit from the department to import). Incorrectly listed as a cartilaginous fish, amended to list as bony fishes.
- Hermann's Tortoise (*Testudo hermanni*) on Part 2 of the list (eligible non-commercial purpose only, excluding household pets), updated common name.

We are assessing 6 applications received during the year for amendment to the live import list.

We received 7 applications to include potential biocontrol agents in the live import list. These will not be assessed for import unless testing indicates their efficacy as biocontrol agents.

Export of wildlife products

Part 13A of the EPBC Act requires permits to be issued for the export of regulated native species and most types of CITES-listed species. Wildlife harvesting for export is required to be ecologically sustainable and, for live animals, must meet welfare requirements.

Commercial exports of items containing native or CITES-listed species must be sourced from a program that demonstrates the ecological sustainability of the harvest. Aside from commercial fisheries, more than 113 such programs are approved under the EPBC Act for native or CITES-listed species, including plants, saltwater crocodiles, kangaroos, possums and some invertebrates.

In 2019–20 Australia issued 22.95% fewer permits for the export of wildlife than the previous year. Of the total 715 export permits and certificates issued, 541 were issued for the export of CITES-listed wildlife and 174 were issued for native species (non-CITES-listed wildlife). In addition, 13,583 personal baggage permits were issued for the export of personal items containing CITES-listed products – a 1.5% decrease from the previous year.

Species most often covered by wildlife export permits include Australian saltwater crocodiles, corals, American alligators, kangaroos and clams (see [Table 38](#)). Exports of crocodile, monitor and alligator products are generally associated with fashion items such as handbags, shoes, watchstraps and belts. Corals were usually exported live in the aquarium trade. Kangaroos were generally exported as meat and skins.

The top 10 species covered by export permits accounted for 18.8% of all species on permits issued. Export permits are often issued to allow multiple shipments of the species under each permit; therefore, the volume of export of these species is likely to be far greater than is represented in the permit data.

Protection of natural and cultural places and values

World Heritage List

As at 30 June 2020 Australia had 20 properties on the World Heritage List, following the listing of the Budj Bim Cultural Landscape in Victoria. The Budj Bim Cultural Landscape is the first Australian World Heritage site to be nominated exclusively for Aboriginal cultural values.

For the past 6,600 years, Gunditjmara people have managed water flows from the nearby Tae Rak (Lake Condah) to harvest and farm kooyang (eels) and other fish. The Gunditjmara people modified and manipulated the water flow through the Budj Bim lava flow, to construct an ingenious engineering system and patchwork of wetlands. The World Heritage List nomination was led by the Gunditjmara Traditional Owners.

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 or Commonwealth Heritage values. The Finalised Priority Assessment List is published on our [website](#).

In considering the Heritage Council's advice, the minister added one place – Erawondoo Hill in Western Australia – to the National Heritage List in 2019–20.

There are now 117 places included in the National Heritage List.

Commonwealth Heritage List

At 30 June 2020 there were 388 places in the Commonwealth Heritage List. No places were added in 2019–20.

Guidelines to help Commonwealth agencies better understand management requirements for Commonwealth Heritage places are available on our [website](#).

In 2019–20 the Australian Heritage Council approved 3 Heritage Strategies and 4 Heritage Management Plans.

Fisheries assessments and approvals

Under the EPBC Act we assess the management arrangements applied to Australian fisheries that have an export component, operate in Commonwealth waters or are managed by the Commonwealth. These assessments are carried out against *Guidelines for the Ecologically Sustainable Management of fisheries* – 2nd edition and aim to determine:

- the extent to which the fishery is managed in an ecologically sustainable way, including the take of any species listed under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (Part 13A)
- the impacts of actions taken under a fishery management or regime on matters of national environmental significance (Part 10)
- any impact that fishery operations may be having on cetaceans, and threatened species, migratory species, marine species and threatened ecological communities listed under Part 13 of the EPBC Act.

Of the 17 fisheries assessed in 2019–20, 4 were Commonwealth managed and 13 were state or territory managed. Nine fisheries were approved as wildlife trade operations for a period of up to 3 years and 14 were exempted from the export permitting provisions of the EPBC Act (for a period from 3 months to 10 years).

We assessed all fisheries consistent with statutory requirements (see [Table 39](#)). Following these assessments and when required, conditions or recommendations were imposed to maintain or improve the ecologically sustainable management of the fisheries in the short to medium term.

We have continued to work to improve the ecological performance of the fisheries we manage. This has enabled a number of fisheries to demonstrate low risk, so that they can move to longer-term approvals.

Fisheries assessments, their outcomes and any conditions or recommendations placed on a fishery's export approval are published on our [website](#).

Compliance and enforcement

Compliance is an important element of our regulation. It helps ensure our laws are achieving the outcomes they were designed to deliver. In February 2019 we published a new compliance policy to help the community understand how we encourage compliance and respond to non-compliance. We also published our Annual Compliance Plan for 2019–23, which sets out our annual priority compliance outcomes.

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.

In 2019–20 several compliance actions were taken:

- ▶ In December 2019 we issued 2 infringement notices to Venture Minerals under section 142B of the EPBC Act, totalling \$25,200 for non-compliance with conditions attached to approval EPBC 2012/6339.
- ▶ In January 2020 we issued an infringement notice to Hovey Property Pty Ltd under section 142B of the EPBC Act valued at \$12,600. We also issued a directed variation under section 143(1)(a) of the EPBC Act for non-compliance with conditions attached to approval EPBC 2014/7164.
- ▶ In May 2020 we issued 3 infringement notices to Mount Buller and Mount Stirling Alpine Resort Management Board under section 142B of the EPBC Act, totalling \$38,800 for non-compliance with conditions attached to approval EPBC 2014/7303.

The minister's delegate signed 2 remediation determinations during the year:

- ▶ In April 2020 the delegate signed a determination requiring Jam Land Pty Limited to take actions on its property at Monaro, New South Wales, to mitigate impacts from the application of herbicide to a critically endangered ecological community in 2016. The remediation determination provides a balanced compliance response and a positive environmental outcome for the protection of threatened grasslands. In May 2020 Jam Land applied to the minister for a ministerial reconsideration of the determination.
- ▶ In June 2020 the delegate signed a determination requiring a landowner to take actions on their property at King Island, Tasmania, to mitigate impacts from earthworks associated with land clearing. The earthworks impacted on the adjacent Lavinia Ramsar site, in contravention of Part 3 of the EPBC Act. The remediation determination provides a balanced compliance response and a positive environmental outcome for the protection of threatened species within the Ramsar site.

In 2019–20 several matters were determined by courts:

- ▶ In October 2019 a Sydney man was found guilty of importing and exporting live regulated specimens. He was sentenced to 3 years imprisonment, to be served in the community by way of an intensive correction order, to be of good behaviour and to undertake 700 hours of community service. The Commonwealth appealed the sentence on the grounds that it was manifestly inadequate. On 18 October 2019 the Court of Criminal Appeal imposed a new aggregate sentence of full-time imprisonment for 4 years, with a non-parole period of 2 years and 6 months.
- ▶ In November 2019 a Sydney man was found guilty of attempting to smuggle native wildlife out of Australia through the post. The man was sentenced to 5 months imprisonment, with a non-parole period of 9 months.
- ▶ In November 2019 the Federal Court made a declaration on contravention, and a remediation order, that a Victorian landholder had contravened section 18(3) of the EPBC Act for works undertaken on his properties that impacted habitat for the South-eastern Red-tailed Black Cockatoo. The landholder was also ordered to implement a remediation plan across the property to mitigate the impacts.
- ▶ In January 2020, 5 Northern Territory men appeared before the NT Local Court. All 5 were convicted of offences relating to illegal hunting and entering prohibited areas in Kakadu National Park between 26 and 29 September 2018. A cumulative total of \$23,635 in fines and costs was handed down. The court also ordered the forfeiture of seized hunting equipment.

- In March 2020 the Federal Court imposed civil penalties of \$81,900 on J.N. and K.C. Basile Pty Ltd (fishing concession holder) and \$12,000 on Mr Joseph Basile (fishing vessel skipper) for illegal commercial fishing operations. The respondents were also ordered to pay \$42,500 in court costs. Between 28 and 29 June 2017 the Australian Fishing Vessel *Tunamoon* was used for commercial pelagic longline fishing in the Marine National Park Zone of the Flinders Commonwealth Marine Reserve.
- In May 2020 a Malaysian woman was found guilty of attempting to smuggle native reptiles out of Australia through the post. The woman was sentenced to 12 months imprisonment, with a non-parole period of 4 months.

For other court and tribunal matters see *External scrutiny* (page 370).

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.

In 2019–20 we provided these statements of reasons:

- Two were for decisions under Part 13A of the EPBC Act, and 13 were for referral decisions under section 75 and assessment approach decisions under section 87.
- One was for a referral decision under section 74B.
- Two were for a reconsideration of a referral decision under section 78.
- Nine were for assessment approach decisions under section 87.
- Six were for approval decisions under sections 130 and 133.
- Three were for a variation to conditions decision under section 143.
- One was for a decision not to revoke an approval decision under section 145.

Reconsideration of a decision

Under section 78 of the EPBC Act, reconsideration of a referral decision under section 75 of the EPBC 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 2019–20 the minister or their delegate made 195 referral decisions and reconsidered 3 referral decisions.

Committees

Australian Heritage Council

The Australian Heritage Council, established under the *Australian Heritage Council Act 2003*, is the minister'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 the Commonwealth Heritage List, and for advising the minister on heritage issues.

In 2019–20 the council met 4 times for ordinary meetings and held an extraordinary meeting to prepare a response to the Royal Commission on National Natural Disaster Arrangements. Further information is on our [website](#).

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, New South Wales, Queensland, South Australian and Victorian governments on the potential water-related impacts of coal seam gas and large coal mining development proposals, including any impacts of associated salt production or salinity. The IESC draws on the expertise of its members in hydrology, hydrogeology, geology and ecology, as well as the latest research and scientific information.

In 2019–20, the IESC held 6 meetings, preparing 10 pieces of advice on the potential water-related impacts of coal resource development proposals in New South Wales and Queensland.

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 Act by taking into account the significance of Aboriginal and Torres Strait Islander people's knowledge of land management and the conservation and sustainable use of biodiversity. In 2019–20 the committee held one face-to-face meeting and one meeting through video conference, and completed a range of out-of-session work.

The committee provided advice on:

- ▶ the development of the 2021 State of the Environment Report
- ▶ the next iteration of the National Environmental Science Program
- ▶ Australia's ongoing international obligations to biological diversity and cultural heritage management
- ▶ the Review of the EPBC Act and the role of the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984*
- ▶ the inclusion of Indigenous Land and Sea Management targets into the Closing the Gap agenda.

Information on the committee is available on our [website](#).

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, all listed under the EPBC Act. It advises on the development or adoption of recovery, wildlife conservation and threat abatement plans and prepares conservation advices for approval by the minister or their delegate.

During the year, the committee held 4 meetings. At the start of 2019–20, the Threatened Species Scientific Committee had 98 species and 14 ecological communities under assessment. The committee also published a 10-point Bushfire Response Plan following the 2019–20 bushfires. Further information about the committee is on our [website](#).

Legislative amendments

There were no legislative amendments to the EPBC Act in 2019–20.

Independent review

Under section 522A of the EPBC Act an independent review must be conducted every 10 years to consider how the Act is operating and the extent to which its objectives have been achieved. On 29 October 2019 the Australian Government appointed Professor Graeme Samuel AC to conduct the review. Professor Samuel finalised his interim report at the end of June 2020 and it was published on 20 July 2020. The final report is due in October 2020.

Statistics and other information

Environmental referrals, assessments and approvals

This comprises statistics on the operation of the EPBC Act in 2019–20.

Table 26 Overview of EPBC Act referrals and approval of actions, 2019–20, and totals since 2000

	2019–20	Total since EPBC Act commenced in 2000
Referrals received		
Total referrals received	204	6,609
Total referrals withdrawn	24	663
Referral decisions		
Referrals where a decision has been made	198	6,117
Approval required – controlled action	108	1,967
Approval not required – action to be taken in a particular manner	5	1,091
Approval not required – no conditions on action	84	3,048
Action clearly unacceptable	1	11
Referrals lapsed	9	92
Approval of actions		
Actions approved	77	1,131
Actions not approved	0	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. These figures are an accurate reflection of referral data as of 1 July 2020.

Table 27 Decisions on EPBC Act referrals by jurisdiction, 2019–20

Jurisdiction	Action clearly unacceptable	Approval required	Approval not required		Total decisions
		CA	PM	NCA	
Australian Antarctic Territory	-	1	-	0	1
ACT	0	5	0	5	10
Christmas Island	0	0	0	3	3
Commonwealth marine	0	1	1	1	3
NSW	0	21	2	17	40
NT	0	1	0	1	2
QLD	1	29	1	24	55
SA	0	5	0	3	8
TAS	0	2	0	0	2
VIC	0	18	0	5	23
WA	0	25	1	25	51
Total	1	108	5	84	198

Notes: **CA** Controlled action. **PM** Action to be taken in a particular manner. **NCA** Not controlled action. Total includes 3 reconsiderations.

Table 28 Decisions on EPBC Act referrals by activity category, 2019–20

Activity category	Action clearly unacceptable	Approval required	Approval not required		Total decisions
		CA	PM	NCA	
Agriculture and forestry	0	2	0	3	5
Commercial development	0	3	0	3	6
Commonwealth	0	1	0	6	7
Commonwealth development	0	1	0	0	1
Energy generation and supply (non-renewable)	0	9	0	1	10
Energy generation and supply (renewable)	1	14	1	9	25
Exploration (mineral, oil and gas – marine)	0	0	0	1	1
Exploration (mineral, oil and gas– non-marine)	0	0	0	1	1
Mining	0	27	1	13	41
Natural resources management	0	0	0	3	3
Private	0	0	0	1	1
Residential development	0	20	0	14	34
Telecommunications	0	0	0	1	1
Tourism and recreation	0	3	0	7	10
Transport – land	0	12	3	12	27
Transport – water	0	3	0	1	4
Waste management (non-sewerage)	0	1	0	1	2
Waste management (sewerage)	0	0	0	1	1
Water management and use	0	12	0	6	18
Total	1	108	5	84	198

Notes: **CA** Controlled action. **PM** Action to be taken in a particular manner. **NCA** Not controlled action. Total includes 3 reconsiderations.

Table 29 Decisions on assessment approach by type, 2019–20

Type	Assessments active	Assessments completed	Assessments withdrawn	Assessments lapsed
Commonwealth assessments				
Preliminary documentation – further information required	50	2	0	0
Preliminary documentation – no further information required	0	0	1	0
Public environment report	2	0	0	0
Referral information	0	2	0	0
Environmental impact statement	2	0	0	0
State/territory assessments				
Bilateral assessment	25	0	1	0
Accredited process	25	0	0	0
Total	104	4	2	0

Table 30 Matters of national environmental significance under the EPBC Act considered in relation to impacts of proposed action, 2019–20

	Matter protected	Action Clearly Unacceptable	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	0	0	2
Section 15B	National Heritage values of a National Heritage listed place	0	0	6
Section 16	Ecological character of a declared Ramsar wetland	0	0	8
Section 18	Listed threatened species or ecological community	1	5	104
Section 20	Listed migratory species	0	2	22
Section 21	Nuclear activities with a significant impact on the environment	0	0	2
Section 23	Commonwealth marine environment	0	2	6
Section 24A	Commonwealth marine environment actions by the Commonwealth or a Commonwealth agency	0	0	1
Section 24B	Activities in the Great Barrier Reef Marine Park	0	0	1
Section 24D	Affects at least one water resource	0	0	8
Division 2				
Section 26	Commonwealth land	0	0	4
Section 27B	Activities involving Commonwealth Heritage listed places overseas	0	0	0
Section 28	Commonwealth or Commonwealth agency activity	0	0	2
Total	–	1	9	166

Note: This table refers to matters of national environmental significance considered in 2019–20 by section and decision, regardless of the number of referrals received.

Access to biological resources and benefits sharing

Table 31 Applications received and permits granted for cetacean research or impacts under the EPBC Act, 2019–20

Provision	Applications received	Permits granted	Conditions varied or revoked	Suspended or cancelled
Section 238(3)(a) cetacean conservation; or (b) incidental interference	9	6 ^a	3	0
Section 238(3)(c) whale watching	0	0	0	0
Total	9	6	3	0

^a One permit application withdrawn and 2 applications currently under consideration and not yet issued.

Protection of species and ecological communities

Table 32 Species and ecological communities listed outcomes under the EPBC Act, 2019–20

Species and ecological communities	Status
Listings (scientific name or name of ecological community)	
Poplar box grassy woodland on alluvial plains	Listed as Endangered (one ecological community)
Illawarra–Shoalhaven Subtropical Rainforest of the Sydney Basin Bioregion	Listed as Critically endangered (4 ecological communities)
Robertson Rainforest in the Sydney Basin Bioregion	
Tasmanian forests and woodlands dominated by black gum or Brookers gum	
Tuart forests and woodlands on the Swan coastal plain	
<i>Thalassarche cauta</i> (Shy Albatross)	Transferred from Vulnerable to Endangered (2 species)
<i>Petaurus australis</i> Wet Tropics subspecies (Yellow-bellied Glider (Wet Tropics))	
<i>Falco hypoleucos</i> (Grey Falcon)	Listed as Vulnerable

Table 33 Number of changes to the lists of threatened species, ecological communities and key threatening processes under the EPBC Act, 2019–20

Item	Species	Ecological communities	Key threatening processes
Items on which the Threatened Species Scientific Committee has provided advice to the minister	23	6	0
Ministerial decisions made on Threatened Species Scientific Committee advice	3	5	0
Ministerial decisions made on Threatened Species Scientific Committee advice in the following categories			
Uplisted	2	0	N/A
Downlisted	0	0	N/A
New listings	1	5	0
Deleted	0	0	0
Amendments to the list	3	5	0
Ineligible	0	0	0
No change in status	0	0	0

N/A Not applicable

Table 34 EPBC Act listed threatened species and ecological communities covered by recovery plans and conservation advices at 30 June 2020

Item	Species	Ecological communities	Total
Total number of listed threatened species and ecological communities	1,891	85	1,976
Number of listed threatened entities covered by approved conservation advices	1,413	71	1,484
Number of listed threatened entities covered by recovery plans in force	719	27	746
Number of listed threatened entities requiring recovery plans but not covered by a recovery plan in force	142	30	172

Table 35 Key threatening processes and threat abatement plans listed under the EPBC Act at 30 June 2020

Key threatening process	Date of effect	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 terrestrial 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
Reduction in the biodiversity of Australian native fauna and flora due to red imported fire ant (<i>Solenopsis invicta</i>)	2 April 2003	No	N/A
Injury and fatality to vertebrate marine life caused by ingestion of, or entanglement in, harmful marine debris	13 August 2003	Yes	Yes

Table 35 Key threatening processes and threat abatement plans listed under the EPBC Act at 30 June 2020

Key threatening process	Date of effect	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 1,000 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 its 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

N/A Not applicable

International wildlife trade and management

Table 36 Top 10 items seized under the EPBC Act, 2019–20

Species	Number of seizures
Costus, Aucklandia, Mu Xiang (<i>Saussurea costus</i>)	63
Lizard (<i>Scincidae</i> spp.)	52
Snake (<i>Elapidae</i> spp.)	47
Crocodylia spp.	45
Ginseng (<i>Panax</i> spp.)	31
Scorpion (<i>Scorpiones</i> spp.)	20
Coral	14
Bird	14
Bear (<i>Ursidae</i> spp.)	12
Elephant	12
Rosewood (<i>Dalbergia</i> spp.)	12

Notes: At the time of preparing this report a total of 365 notices of seizure had been recorded as being issued in 2019–20. Some border seizures are not reported to the department in time to be included in annual reports. In 2019, 489 notices of seizure were received in time for inclusion in the Department of the Environment and Energy *Annual Report 2018–19*. The total number of notices issued in 2018–19 was 508.

Table 37 Top 10 species covered by EPBC Act wildlife import permits, 2019–20

Species	Number of import permits issued
American alligator (<i>Alligator mississippiensis</i>)	690
Common water monitor (<i>Varanus salvator</i>)	179
Nile crocodile (<i>Crocodylus niloticus</i>)	129
Common caiman (<i>Caiman crocodilus crocodilus</i>)	126
Burmese python (<i>Python bivittatus</i>)	123
Reticulated python (<i>Python reticulatus</i>)	118
Saltwater crocodile (<i>Crocodylus porosus</i>)	97
Orchids (<i>Gastrodia elata</i>)	67
Prince of orchids (<i>Phalaenopsis amabilis</i>)	62
Indian rosewood (<i>Dalbergia latifolia</i>)	54

Table 38 Top 10 species most often issued EPBC Act wildlife export permits, 2019–20

Species	Number of import permits issued
American alligator (<i>Alligator mississippiensis</i>)	108
Stony corals (order: Scleractinia)	94
Corals (Class: Anthozoa)	92
Fire corals (Class: Hydrozoa)	92
Saltwater crocodile (<i>Crocodylus porosus</i>)	91
Eastern grey kangaroo (<i>Macropus giganteus</i>)	54
Red kangaroo (<i>Macropus rufus</i>)	50
Elongate giant clam (<i>Tridacna maxima</i>)	21
Fluted giant clam (<i>Tridacna squamosa</i>)	20
Reticulated python (<i>Python reticulatus</i>)	19

Fisheries assessment and approvals

Table 39 EPBC Act assessments of Commonwealth and state managed fisheries completed, 2019–20

Jurisdiction	Fishery	Current assessment decisions	Decision date	Expiry date
Commonwealth	Ross Sea Exploratory Toothfish in CCAMLR Region	<ul style="list-style-type: none"> Exempt (LENS) 	19 August 2019	18 August 2022
Commonwealth	Southern Bluefin Tuna Fishery	<ul style="list-style-type: none"> Exempt (LENS) WTO approval 	15 November 2019 15 November 2019	10 November 2022 10 November 2022
Commonwealth	Western Tuna & Billfish Fishery	<ul style="list-style-type: none"> Exempt (LENS) WTO approval 	15 November 2019 15 November 2019	14 November 2022 14 November 2022
Commonwealth	Eastern Tuna & Billfish Fishery	<ul style="list-style-type: none"> Exempt (LENS) WTO approval 	19 August 2019 19 August 2019	18 August 2022 18 August 2022
Commonwealth	Small Pelagic Fishery	<ul style="list-style-type: none"> Part 13 accreditation 	26 June 2020	20 November 2023
NSW	Southern Cross Botanicals – Sea Kelp	<ul style="list-style-type: none"> WTO approval 	9 April 2020	8 April 2023

Table 39 EPBC Act assessments of Commonwealth and state managed fisheries completed, 2019–20

Jurisdiction	Fishery	Current assessment decisions	Decision date	Expiry date
NT	Timor Reef Fishery	• Exempt (LENS)	9 December 2019	8 December 2024
NT	Aquarium Fishery	• Exempt (LENS) • WTO approval • Part 13 accreditation	30 May 2019 4 December 2019 4 December 2019	3 December 2022 3 December 2022
NT	Demersal Fishery	• Exempt (LENS)	9 December 2019	8 December 2024
QLD	Commercial Trawl (Fin Fish)	• Exempt (LENS)	13 February 2020	13 August 2020
QLD	Gulf of Carpentaria Line Fishery	• WTO approval • Part 13 accreditation	15 November 2019 15 November 2019	14 November 2022 14 November 2022
QLD	Line Fishery (Coral)	• Exempt (LENS)	13 February 2020	12 February 2025
SA	Marine Scalefish Fishery	• Exempt (LENS) • WTO approval	10 September 2019 10 September 2019	9 September 2022 9 September 2022
TAS	Giant Crab Fishery	• Exempt (LENS)	10 January 2020	9 January 2025
WA	West Coast Purse Seine Fishery & Development Zones	• Exempt (LENS) • WTO approval	10 January 2020 10 January 2020	9 January 2023 9 January 2023
WA	Marine Aquarium Fish Managed Fishery	• WTO approval	14 October 2019	13 October 2022
WA	South Coast Crustacean Fishery (extension)	• Exempt (LENS)	16 June 2020	15 June 2025
Commonwealth	Small Pelagic Fishery	• Part 13 accreditation	26 June 2020	25 June 2023

Notes: WTO: the approval wildlife trade operation. Exempt: the fishery is managed sustainably and added to the List of Exempt Native Specimens (LENS). Part 13 accreditation: the approval of a management plan, or management regime that ensures fishers take all reasonable steps to avoid killing or injuring protected species.

Meeting statutory time frames

The EPBC Act and Regulations specify time frames within which decisions must be made and other actions completed. If the time frames are not met then, in accordance with section 518 of the EPBC Act, a statement must be provided setting out the reasons for the delay. Decisions that were not made within statutory time frames in 2019–20 and the reasons for delay are listed in [Table 40](#).

Table 40 Decisions made under other EPBC Act provisions that did not meet statutory time frames, 2019–20

Section	Total	Late	Reasons for delay
273(2) Ensuring recovery plans are in force within extended statutory deadline	7	7 a	Administrative delay
303CI Time limit for making permit decisions – CITES	2,271	13	8 administrative delays 5 system errors
303DH Time limit for making permit decisions – Native (non-CITES)	206	1	1 administrative delay
341JH Provision of National Heritage assessments to the Minister	2	1 b	Delayed pending finalisation of marine park management plan
341H Minister to invite Commonwealth Heritage list nominations for each assessment period	1	1	Australian Heritage Council recommendation to prioritise nomination of places for the National Heritage List
341JA(1) Australian Heritage Council to prepare proposed priority assessment list for the Commonwealth Heritage List	1	1	Australian Heritage Council recommendation to prioritise nomination of places for the National Heritage List

a Three species and 4 ecological communities became overdue in 2019–20. **b** Between 30 June 2019 and 30 June 2020, one statutory decision deadline for the provision of National Heritage assessments to the minister expired: Coral Sea National Heritage Assessment.

Publications in 2019–20

Guides

Tuart Woodlands and Forests of the Swan Coastal Plain: A Nationally Significant Ecological Community, Department of the Environment and Energy, 2019.

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 provides the report for the period from 1 July 2019 to 30 June 2020.

Operation

The position of the Supervising Scientist is established under the Act 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, and coordination of climate change adaptation strategy and climate changes science activities.

The activities of the Supervising Scientist under the Act help to achieve this objective by determining whether there has been 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 functions or the exercise of powers. In 2019–20 the minister did not issue any such directions to the Supervising Scientist.

Collection and assessment of information

This report summarises information on the environmental effects of uranium mining collected and assessed throughout 2019–20 in accordance with section 36(2)(b)(i) of the Act. Further details are provided in the Supervising Scientist Annual Technical Report, which is published on our [website](#).

We work to protect the environment of the Alligator Rivers Region, including Kakadu National Park, from the effects of uranium mining activities. We work with Commonwealth and Northern Territory regulatory authorities, and in consultation with traditional owners through the Northern Land Council and the Gundjeihmi Aboriginal Corporation, to develop and implement 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 has been on the Ranger uranium mine – the only operating uranium mine in the region. Among our broader responsibilities in the region (Table 41), Ranger presents the most significant environmental risks, during both mine operations and rehabilitation.

Supervision

Our supervision program includes a structured plan of assessments, inspections and audits which provide a mechanism for reviewing and assessing the performance of environmental management systems in place at various mine and exploration sites. Throughout 2019–20 this program was focused on 5 main areas within the region, including Ranger mine, 2 historical mine sites in various stages of rehabilitation and several exploration sites.

Table 41 Summary of supervision activities at 5 sites in the Alligator Rivers Region, 2019–20

Activity	Ranger	Jabiluka	Nabarlek	South Alligator Valley	West Arnhem exploration
Meetings of the mine site technical committee	4	–	–	N/A	N/A
Applications assessed	3	–	–	–	–
Non-routine reports assessed	8	2	–	–	–
Routine reports/plans assessed	9	2	1	–	3
Applications under assessment	3	–	–	–	–
Authorisation amendments assessed	2	–	–	–	–
Environmental audits	1	0 a	–	–	–
Environmental inspections	9 b	1	2	1	1
Incidents reported	23 c	–	–	–	–

a The audit program for Jabiluka has been suspended, as the site is in long-term care and maintenance.

b The March 2020 and April 2020 routine inspections were cancelled due to restrictions associated with the COVID-19 pandemic. **c** All reported environmental incidents were followed up through the routine inspection program. **N/A** Not applicable

Monitoring

Our monitoring program uses a multiple-lines-of-evidence approach, assessing chemical, biological and radiological indicators to detect short-term and long-term impacts of mining on the people and 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 the protection of people and the environment, the mine's operator, Energy Resources of Australia Ltd (ERA) is required to achieve specific water quality objectives for the creeks surrounding the 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 exceedances of the Ranger water quality objectives throughout the 2019–20 wet season. For example, concentrations of uranium in surface water downstream of Ranger remained below 2.8 µg/L throughout the 2019–20 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 at 30 June 2020.

One of the main pathways of potential radiation exposure to 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 bio-accumulate radium-226 in their flesh. Mussels were collected from Mudginberri Billabong, downstream of Ranger, in October 2019 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 unacceptable radiation risk from consuming mussels as part of a bush food diet.

In summary, all monitoring undertaken 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 2019–20. A detailed description of all results obtained from the 2019–20 monitoring program will be published in the 2019–20 Supervising Scientist annual technical report.

Environmental research

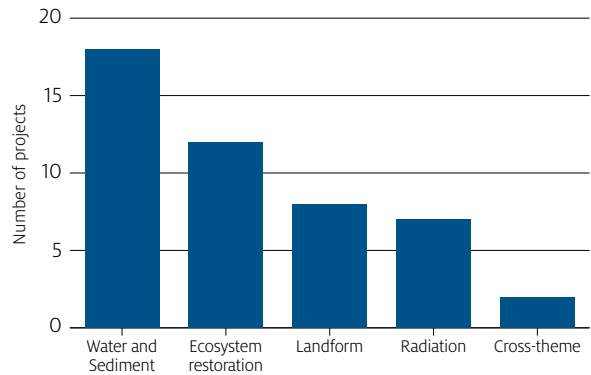
During 2019–20 our research was directed at gaining information to assist with managing key environmental risks associated with Ranger mine operations and rehabilitation. The number of research projects for this period is shown in Figure 29.

Our proposed research program for 2019–20 built on the approach developed since 2017, which has been underpinned by a comprehensive risk-based planning process to map out our research priorities and associated key knowledge needs over the next 5 years. The Alligator Rivers Region Technical Committee is established under the Act to independently review research into the effects of uranium mining in the Alligator Rivers Region. The Technical Committee endorsed the 2019–20 research program in May 2019.

The 2019–20 research program comprised 39 research projects. Rehabilitation research associated with water and sediment quality, ecosystem restoration and landform dominates our efforts. Over the next 5 years Ranger rehabilitation research will decline as key knowledge needs identified for the research themes shown in Figure 29 are progressively acquired.

In 2019–20 we published the findings and outcomes of these projects in 13 peer-reviewed articles. Transparent and succinct advice arising from research project work is also communicated to Ranger mine stakeholders through a series of technical advice memoranda, 9 of which were produced in 2019–20.

Figure 29 Research projects, by research theme, 2019–20



Standards, practices and procedures

We adopted or amended standards, practices and procedures during 2019–20 in accordance with section 36(2)(b)(ii) of the Act:

- ▶ We developed a suite of rehabilitation standards for Ranger mine, which was published in the third quarter of 2018. These and subsequently published standards, and their refinement, provide quantitative values against which the mine operator’s proposed closure criteria can be assessed.
- ▶ We are developing procedures and methods for collecting and processing remotely piloted aircraft system data to derive standards for revegetation, as well as restored ecosystem monitoring. The refinement of these methods and procedures over time will reduce or eliminate the need for ground-based 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. The protocol has been submitted for peer-review.
- ▶ Development is underway on remote videography methods for monitoring fish communities in channel and shallow lowland billabongs as a replacement technique for trapping or visual counts. These methods significantly reduce the risks associated with working in crocodile-inhabited waters. We are collaborating with Microsoft to develop artificial intelligence models to automate the counting and identification of fish in the videos.
- ▶ We are constructing a database of genome sequences, which will be used to increase the accuracy, safety and efficiency of annual macroinvertebrate surveys.
- ▶ We implemented new software and procedures for radioactivity analysis of environmental samples by gamma spectroscopy, ensuring ongoing capability to detect and measure radioactivity in the environment from both natural and mine-derived sources.

Protection and restoration measures

We implemented environmental protection and restoration measures in accordance with section 36(2)(b)(iii) of the Act in 2019–20:

- The Ranger mine operator, ERA, submitted an updated version of its Ranger Mine Closure Plan in October 2019. The plan includes proposed closure criteria for Ranger mine to apply on and off site after rehabilitation. We assessed the plan, publishing an assessment report online in December 2019.
- We successfully completed the annual and routine water quality and biological monitoring programs.
- We successfully completed the annual audit and routine inspection program.
- We continued ongoing monitoring of the adequacy and effectiveness of remedial works undertaken by the mine operator.

Requirements of prescribed instruments enacted, made, adopted or issued

In 2019–20 no prescribed instruments were enacted, made, adopted or issued under section 36(2)(b)(iv) of the Act.

Implementation of requirements

We continued to oversee and supervise the implementation of the *Atomic Energy Act 1953* and the *Northern Territory Mining Management Act 2001* as they relate to Ranger uranium mine.

Cost of operations

The cost of operations for the Supervising Scientist in 2019–20 was \$7,912,918.

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 2019–20.

In 2019–20 we 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. The annual report for 2018 is on the [Basel Convention website](#).

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 2019–20 the minister (or their delegate) granted 33 permits and one permit was refused. All notices relating to permit applications and decisions are published on our [website](#).

Compliance and enforcement

We work with the Australian Border Force to prevent illegal exports of hazardous waste.

In 2019–20 we received 5 referrals from the Australian Border Force or another federal, state or territory agency. At 30 June 2020 there were 8 matters under active investigation.

We continued to develop strategic intelligence products in relation to hazardous waste to improve our understanding of the nature and extent of hazardous waste exports.

Court outcomes

In January 2020 a court hearing was undertaken relating to an investigation of three shipments of waste lithium-ion batteries exported by Sims E-Recycling. The Commonwealth Director of Public Prosecutions accepted a brief of evidence on 24 February 2017. The matter was heard at the Parramatta District Court on 19–22 March 2019.

On 22 March 2019, the defence made a 'no case' submission. The motion was heard on 8 July 2019 and the magistrate upheld the submission.

A costs hearing occurred on 19 September 2019. In January 2020 the parties agreed to a figure of \$600,000.

Administrative Appeals Tribunal

In 2019–20, one application for a review of a decision was made to the Administrative Appeals Tribunal. This matter is still under review and no date for a hearing has been set.

Financial information

In 2019–20 we collected \$538,837 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. In 2019–20 the minister did not consult the technical group as no relevant new regulations were proposed and no evidentiary certificates were issued over this period.

National Residue Survey Administration Act 1992

Under Section 10 of the *National Residue Survey Administration Act 1992* (the NRS Act), the minister is required to provide an annual report to Parliament, setting out details of the operation of the NRS Special Account. This section provides the report for the period from 1 July 2019 to 30 June 2020, including key financial information.

Operation

The National Residue Survey (NRS) monitors residues of pesticides, veterinary medicines and environmental contaminants in Australian food commodities. This monitoring is fully industry-funded, principally through levies on the commodities that are tested.

The NRS tests animal commodities including cattle, sheep, pigs, camels, deer, goats, horses, kangaroos, poultry (for example, chickens, ducks and turkeys), ratites (emus and ostriches), wild boars, honey, eggs and aquatic species (both aquaculture and wild-caught seafood).

In horticulture, the almond, apple, macadamia and pear industries participated in NRS testing in 2019–20.

The NRS grains program covers:

- cereals (wheat, barley, oat, maize, sorghum and triticale)
- pulses (chickpea, cow pea, pigeon pea, field pea, faba bean, lentil, vetch, navy bean, mung bean and lupin)
- oilseeds (canola, sunflower, soybean, safflower and linseed).

Table 42 National Residue Survey—summary of results for all random monitoring programs, 2019–20

Commodity	Total number of samples	Compliance with relevant Australian standards (%) a
Animal products (42 different products sampled)		
Meat, eggs, honey and aquatic species	10,476	99.72
Plant products (25 different products sampled)		
Grains and horticulture	4,842	99.26

a Compliance rate based on numbers of samples in compliance. In a very small number of samples, one sample may contain more than one violative residue.

Table 43 National Residue Survey— revenue and expenses, 2018–19 and 2019–20

Item	2019–20 \$'000	2018–19 \$'000
Revenue		
Sale of goods and rendering of services	675	770
Interest on investments	347	433
Levies	11,544	10,471
Revenue from government	12	5
Total revenue	12,578	11,679
Expenses		
Employee benefits	2,051	1,839
Analytical testing	7,575	6,879
Other	2,306	2,285
Total expenses	11,932	11,003
Surplus/(deficit)	646	676

Table 44 National Residue Survey— assets, liabilities and equity, 2018–19 and 2019–20

Item	2019–20 \$'000	2018–19 \$'000
Assets		
Cash and cash equivalents	2,146	1,079
Trade and other receivables	42	15
Investments	16,000	17,500
Intangibles	480	622
Accrued revenue	1,819	678
Other assets	26	31
Total assets	20,513	19,925
Liabilities		
Employee provisions	593	768
Other provisions	0	6
Suppliers and other payables	524	399
Operating lease payables	0	238
Total liabilities	1,117	1,411
Equity		
Reserves	18,633	17,988
Other	763	526
Total equity	19,396	18,514

Table 45 Transactions in and out of the National Residue Survey Account, 2018–19 and 2019–20

Item	2019–20 \$'000	2018–19 \$'000
Balance brought forward from previous period	1,079	1,113
Receipts		
Appropriation for reporting period	12	5
Other receipts	28,897	28,470
Total receipts	28,909	28,475
Payments		
Payments made to employees	(2,261)	(1,771)
Payments made to other	(25,581)	(26,738)
Total payments	(27,842)	(28,509)
Total balance carried to the next period	2,146	1,079

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, including a set of financial statements.

The Trust Account financial statements are audited by the Auditor-General and the audit report and statements are included in the Natural Heritage Trust financial statements (see [page 370](#)).

Operation

National Landcare Program

The Natural Heritage Trust is the principal funding stream supporting the Australian Government's National Landcare Program.

The National Landcare Program is a key part of the 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 is investing around \$1 billion in the second phase of the National Landcare Program, which is being 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 helps 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 program, the government has adopted a procurement process to deliver natural resource management investment across 54 management units. This program is delivering 223 projects across Australia and contributes to recovering species identified under the Threatened Species Strategy, protecting threatened ecological communities, and reducing threats to our globally-important wetlands and world heritage sites.

Projects are also contributing towards sustainable agricultural outcomes including improving soil, biodiversity and vegetation, and increasing the capacity of our farms to adapt to climate change and evolving market demands.

The second phase of the National Landcare Program also supports:

- ▶ 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.
- ▶ 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.
- 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.
- Efforts to eradicate red imported fire ant – funding as part of the Australian Government’s contribution to the red imported fire ant 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.

Australian Government funding for World Heritage (2018 to 2023)

World Heritage funding is part of the \$1 billion investment in phase 2 of the National Landcare Program. National partnership project agreements provide funding for World Heritage for the period 2018 to 2023:

- \$25.5 million for Tasmania for the Tasmanian Wilderness World Heritage Area
- \$15.4 million for Queensland, comprising
 - \$13.5 million for the Wet Tropics of Queensland
 - \$725,000 for Fraser Island
 - \$725,000 for the Australian Fossil Mammal Sites – Riversleigh
 - \$450,000 for Gondwana Rainforests
- \$3.91 million for New South Wales, comprising
 - \$1.65 million for Willandra Lakes Region
 - \$925,000 for the Greater Blue Mountains
 - \$885,000 for Lord Howe Island Group
 - \$450,000 for Gondwana Rainforests
- \$2.1 million for Western Australia, comprising
 - \$700,000 for Shark Bay
 - \$700,000 for Ningaloo Coast
 - \$700,000 for Purnululu National Park
- \$500,000 for South Australia for the Australian Fossil Mammal Sites – Naracoorte.

Payments are in accordance with Part 4 of the *Federal Financial Relations Act 2009* and consistent with the *Environment Protection and Biodiversity Conservation Act 1999*.

Further information is available on the [National Landcare Program](#) website.

Natural Resource Management (Financial Assistance Act) 1992

The *Natural Resources Management (Financial Assistance) Act 1992* assists the development and implementation of an integrated approach to natural resource management. In particular, this approach supported the Sustainable Agriculture component of the National Landcare Program.

Under subsection 26(1) of the Act, a report must be prepared each year on the operation of the Act and agreements made under it. In 2019–20 no payments were made from the account.

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 provides the report for the period from 1 July 2019 to 30 June 2020.

Operation

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 to enable Australia to meet its international obligations. 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.

The Act establishes the Ozone Protection and Synthetic Greenhouse Gas Management Regulations 1995. End uses of ozone-depleting substances and synthetic greenhouse gases in the refrigeration, air conditioning and fire protection industries are controlled under the Regulations to reduce emissions. The handling and use of these substances are regulated under industry-based permit schemes.

Significant developments during 2019–20

Hydrofluorocarbon phase-down

On 1 January 2020 Australia entered its second stage of the phase-down of hydrofluorocarbon (HFC) imports, following the commencement of the phase-down on 1 January 2018.

On 1 January 2020 Australia's annual import limit reduced from 8 million tonnes carbon dioxide equivalent (CO₂e) to 7.25 million tonnes CO₂e. The phase-down is one of the Australian Government's measures to meet Australia's 2030 greenhouse gas emission targets and Australia's obligations under the Montreal Protocol on Substances that Deplete the Ozone Layer.

HFC imports in 2018 and 2019 were within the limits set down in the legislation and the Montreal Protocol. Details of the legislation can be found on our [website](#).

Import, export and manufacture licences

The minister (or their delegate) may issue 4 types of licences. Descriptions of these licence types are on our [website](#).

At 30 June 2020 there were 691 licences, consisting of:

- 48 controlled substances licences
- 634 ozone-depleting substances and synthetic greenhouse gas equipment licences
- 4 used substances licences
- 5 essential use licences.

Imports of ozone depleting chemicals and synthetic greenhouse gases

In the 2019 calendar year Australia imported:

- 2.497 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 0.01 ODP tonnes of HCFCs in refrigeration and air conditioning equipment.
- 493.63 ODP tonnes of methyl bromide, comprising
 - 476.67 ODP tonnes for quarantine and pre-shipment fumigations, which are exempt from the methyl bromide phase-out under the Montreal Protocol
 - 16.96 tonnes for non-quarantine and pre-shipment uses where Australia has a critical use exemption approved under the Montreal Protocol for strawberry runner propagation in Victoria.

End-use regulations

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 are regulated under the Ozone Protection and Synthetic Greenhouse Gas Management Regulations 1995.

Two competency-based industry permit schemes control the 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 through the Fire Protection Industry Board.

Further information on the schemes is available on the [Australian Refrigeration Council](#) and [Fire Protection Industry Board](#) websites.

At 30 June 2020 there were 106,230 active industry permits, consisting of:

- fire protection – 123 extinguishing agent trading authorisations, 1,357 extinguishing agent handling licences and 44 halon special permits
- refrigeration and air conditioning – 21,432 refrigerant trading authorisations and 83,274 refrigerant handling licences.

Compliance and enforcement

We conduct compliance and enforcement activities under the Act relating to the manufacture, import, export and end use of ozone-depleting substances and synthetic greenhouse gases. We work with the Australian Border Force to monitor imports to ensure compliance with the Act. We also work with the Australian Refrigeration Council and the Fire Protection Association Australia to monitor compliance among permit holders that work with the regulated substances.

In 2019–20 we received 119 reports of non-compliance (Table 46). Of these, 103 reports were referred for follow-up action. All allegations were assessed in accordance with the department's compliance policy to determine the most appropriate response. Responses this year included educational engagement, site inspections and regulatory notices.

In 2019–20 we issued 4 infringement notices. Two notices were issued to an entity found to be in possession of scheduled substances in non-refillable containers without the appropriate permit. The entity subsequently paid the notices and obtained a permit. Two notices were issued to an entity that imported bulk scheduled substances, without holding an appropriate import licence and using non-refillable containers for the storage of scheduled substances.

On 27 November 2019 the Minister for the Environment commenced a proceeding in the Federal Court of Australia against an entity in relation to a contravention under the Act. The department subsequently filed for assisted dispute resolution, with mediation to occur in July 2020.

Table 46 Compliance activities under the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*, 2019–20

Compliance activities	Total
Total allegations of potential non-compliance referred to the department	119
Referred for follow-up	103
Unsubstantiated allegations	58
Under assessment	28
Completed inspections of regulated premises	4
Compliance education engagement (including site visits and phone calls)	3
Other outcomes (targeted border controls, refusal of permits, entity no longer operating)	3

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 2019–20 from operation of the National Halon Bank, and licence fees and levies is shown in Table 47.

Table 47 Ozone Protection and Synthetic Greenhouse Gas Special Account revenue, 2019–20

Activity	Amount in 2019–20 (\$)
Levies	–
Licence fees	–
National Halon Bank sales and services	774,466.49
Refrigeration fee a	8,901,625.35
Penalties b	–
Fire protection fees c	253,911.17

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 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 2019–20 we paid the Australian Refrigeration Council \$6,227,903 for administering the Refrigeration and Air-conditioning Industry Permit Scheme. We paid the Fire Protection Association Australia \$725,699 for administering the Fire Protection Industry Permit Scheme.

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 provides the report for the period from 1 July 2019 to 30 June 2020.

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. We have policy responsibility for the program, but it is administered by the Australian Taxation Office. The Treasurer sets the levy rate under the *Excise Tariff Act 1921* and the *Customs Tariff Act 1995*.

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 Home Affairs. Exported oil is not levied.

Data on the outlays and collections of the Product Stewardship for Oil (PSO) Program was not available at the time of preparing this report, as the data is sourced from external data holdings and independently verified by the Australian National Audit Office. This data will be made available in the second half of 2020 at our [website](#).

Legislative amendments

Product Stewardship (Oil) Amendment Bill 2020

Product Stewardship (Oil) Amendment Bill 2020 was introduced into the House of Representatives on 14 May 2020. The purpose of this Bill is to amend the definition of oils in the *Product Stewardship (Oil) Act 2000* to apply only to lubricant oils, fluid oils and other oils and greases manufactured from base oils. This will reflect the original intention of the PSO Program, which excludes diesel and other fuels.

Product Stewardship Act 2011

Section 68 of the *Product Stewardship Act 2011* requires the minister to prepare an annual report on the operation of the Act. This section provides the report for the period from 1 July 2019 to 30 June 2020.

Operation

The Act provides for 3 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.

The framework for voluntary accreditation is being considered following feedback in the Product Stewardship Act 2011 Review.

Mobile Muster was the sole accredited voluntary product stewardship scheme during 2019–20.

Further information is available on our [website](#).

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 Australia and New Zealand Recycling Platform Limited, E-Cycle Solutions, Electronics Product Stewardship Australasia and MRI PSO.

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% of the materials derived from recycling e-waste are made available to be reused in manufacturing new products.

The National Television and Computer Recycling Scheme has recycled more than 360,000 tonnes of e-waste since its commencement.

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. The product list was updated in March 2020 to include child car seats, batteries, electrical and electronic products, plastic microbeads, plastic oil containers, and photovoltaic systems.

Publication of this 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.

Ministers have previously agreed to advance the development of new product stewardship schemes to ensure that end-of-life batteries and photovoltaic solar panels are safely managed. Development of these schemes will continue in 2020–21. This will be supported by a cost benefits and options analysis for batteries, electrical and electronic products, plastic oil containers, and photovoltaic systems, to inform any regulatory options for these schemes.

Further information is available on our [website](#).

Water Act 2007

The *Water Act 2007* requires annual reports on specific parts of the Act. This section provides annual reports for the reporting period from 1 July 2019 to 30 June 2020.

Commonwealth Environmental Water Holder

Section 114 of the Act requires the Commonwealth Environmental Water Holder (CEWH) to provide an annual report to the minister on its operations during that year.

Performance against Murray–Darling Basin annual environmental watering priorities

We are responsible for administering Part 6 of the Act, which establishes the CEWH.

Under section 114(2)(a) of the Act, the CEWH 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 Murray–Darling Basin annual environmental watering priorities (outlined in [Table 48](#)). The total volume of Commonwealth environmental water delivered against the Basin annual environmental watering priorities in 2019–20 was 1,197 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 48](#) than the total volume of 1,197 GL that was released from water storages or allocated by state authorities. (This figure is subject to change as accounting is finalised in jurisdictions and river valleys throughout the Basin.)

Table 48 Decisions made by the Commonwealth Environmental Water Holder on the use of Commonwealth environmental water, 2019–20

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
Support lateral and longitudinal connectivity and provide flows to maintain core wetland areas and provide refuge habitat	<p>Commonwealth environmental water was committed to Victorian Rivers, with flows released in the Ovens, Campaspe, Loddon, Goulburn, Broken Creek (upper and lower) and Wimmera systems. Return flows were available for the bulk of these releases, with this water then used to provide longitudinal connectivity and meet outcomes in the mid-Murray and Lower Murray. The most significant releases were in the Goulburn River, where 320 GL was released targeting local outcomes related to riverbank vegetation and native fish. Return flows from these Goulburn releases were critical to support connectivity to the end of the system for outcomes in South Australia including releases to the Coorong. Elsewhere in Victoria, small volumes of Commonwealth environmental water released into the Wimmera (1.5 GL) were important for maintaining refuge pools and water quality conditions in the Wimmera River, which was experiencing its third consecutive very dry year.</p> <p>In conjunction with other water holders, 231 GL of Commonwealth environmental water was delivered from Hume Dam as part of the Southern Spring Flow. This water travelled over 2,000 km from Hume Dam to the Coorong, reconnecting the floodplain and the river, providing critical energy exchange of carbon and nutrients, and exporting more than 100,000 tonnes of salt from the lower Murray. The Southern Spring Flow provided food and shelter for native fish and other animals along the River Murray, in key wetlands and creeks in Barmah-Millewa and Gunbower Koondrook-Pericoota forests, Edward/Kolety-Wakool, Lake Kramen (Hattah-Kulkyne Lakes), and in Ramsar listed wetlands in Chowilla, Coorong and the Lower Lakes.</p> <p>Winter flows into the Edward/Kolety-Wakool River system also contributed to maintaining connectivity (prevented cease-to-flow conditions from occurring), providing habitat for native fish and protected water plants from frost damage over hundreds of kilometres of river and creek channels.</p> <p>Also in the Mid-Murray, Commonwealth environmental water supported in-channel flows through the creeks of Barmah Millewa Forest (8.1 GL in conjunction with other environmental water), Tuppall Creek (in partnership with New South Wales) as well as flows through Gunbower Creek (21.2 GL). Both actions aimed to provide habitat and food resources for native fish, as well as transport of nutrients and small aquatic animals and plant material.</p>

Table 48 Decisions made by the Commonwealth Environmental Water Holder on the use of Commonwealth environmental water, 2019–20

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
	<p>Starting at Wyangala Dam in mid-September 2019, 17 GL of environmental water was provided to the Lachlan system to improve connectivity along hundreds of kilometres of the river all the way to the Great Cumbung. This flow also sought to improve connectivity between the main Lachlan River channel and Booberoi Creek. Booberoi Creek is of significant cultural value to First Nations Peoples. 16 GL, or 43% of the Commonwealth environmental water carried over in the Lachlan system on July 1 2019 was quarantined by the NSW Government under the NSW Extreme Events Policy, which prioritises remaining water reserves towards meeting future critical human needs.</p> <p>Welcome rain returned to the Condamine–Balonne catchment in January and February 2020. Around 163 GL of Commonwealth water for the environment was delivered downstream of Beardmore Dam, reconnecting rivers and floodplains along the Culgoa and Bokhara systems. These flows also reconnected important waterholes providing refuge, supporting native fish throughout the Lower Balonne and into the Barwon–Darling.</p> <p>Throughout the year Commonwealth environmental water maintained longitudinal connectivity between the River Murray and the Coorong, providing constant fish passage and contributing 100% of flows through the barrages. Over 685 GL of Commonwealth environmental water flowed to the Coorong to provide critical estuarine habitat refuges in low flow, drought conditions.</p> <p>Commonwealth, in conjunction with New South Wales environmental water supported lateral connectivity in the Murrumbidgee catchment through the use of water delivery infrastructure. Around 80.5 GL (48.3 GL Commonwealth) of environmental water was delivered to core wetland areas throughout the Murrumbidgee catchment providing critical refuge habitat for a range of water dependent animals, including migratory waterbirds and threatened species.</p>
Mitigate irreversible environmental impacts associated with extended drought and prevent dry spell durations exceeding refuge tolerances	<p>After 7 years of dry, around 90 GL of water flowed into the Ramsar-listed Narran Lakes/Dharriwaa. Up to half of the water that flowed into Narran Lakes is Commonwealth water for the environment. Narran Lakes/Dharriwaa is a place of immense cultural significance for local First Nations peoples. Queensland enforced flow management rules to reduce the amount of take by irrigators by 10% at critical dates during the flow event, demonstrating that regulations have the flexibility to achieve environmental outcomes in an unregulated system, while also recognising irrigation requirements.</p>

Table 48 Decisions made by the Commonwealth Environmental Water Holder on the use of Commonwealth environmental water, 2019–20

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
	<p>Throughout the severe drought that continued in 2019 and early 2020, the CEWO worked with NSW delivery partners to provide replenishment and top up flows to key refuges in the Gwydir and Macquarie systems. In February 2020 the Gwydir Recovery Flow provided 3.7 GL of environmental water entitlements to rivers and wetlands across the Lower Gwydir, Gingham and Mallowa systems.</p> <p>Rainfall between February and April 2020 enabled environmental water entitlements in the Macquarie system to provide 4.5 GL to help restore the condition of wetlands within the internationally significant Macquarie Marshes.</p> <p>The consolidation of drought refuge habitat was a key priority for flows in the Lachlan during 2019–20. Flows into Booberoi Creek, Yarrabandai Lagoon and the Noonamah woodlands sought to provide drought refuges away from the main river channel for native plants, frogs and birds. Flows in the river channel sought to build on past watering actions, protect threatened Olive perchlet in Brewster weir pool and maintain the condition of the core area of reed beds in the Great Cumbung which need water every year.</p> <p>In 2019 in the Lower Murrumbidgee region, many lakes, wetlands and local streams were drying up and stranding native wildlife. With limited wetland habitat available across the Basin due to drought conditions, approximately 80.5 GL of environmental water (approximately 48.3 GL Commonwealth) was delivered to maintain critical refuge habitats at sites throughout the Murrumbidgee catchment.</p> <p>These flows prevented irreversible damage to the environment through preventing loss of wetland vegetation species by supporting native aquatic vegetation growth and providing critical refuge habitat to support the survival of waterbirds and native wildlife. In addition, flows were delivered to specifically target breeding of southern bell frogs at key sites in Gayini-Nimmie Caira, such as Eulimbah Swamp, where populations had declined and were at risk of local extinction. Commonwealth, in conjunction with New South Wales environmental water, successfully supported southern bell frog breeding, with tadpoles followed by metamorphs and juveniles having been observed (CSU 2020).</p> <p>As drought during summer continued to impact inflows, salinity levels in the Coorong reached levels higher than sea water. This was due to relatively low volumes of water passing through the barrages and high evaporation. In autumn, additional environmental water from upstream watering actions enabled the barrage gates to open and allow freshwater to flow into the Coorong, reducing salt levels and creating a healthier environment for native fish and waterbirds. Continuous end of system flows of over 685 GL maintained estuarine conditions in parts of the Coorong close to the barrages, allowing them to function as refuges from the hypersaline conditions that persist further south in the Coorong lagoons.</p>

Table 48 Decisions made by the Commonwealth Environmental Water Holder on the use of Commonwealth environmental water, 2019–20

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
<p>Protect critical populations and support recovery of native fish by reinstating flows that promote key ecological processes across local, regional and system scales</p>	<p>The Gwydir Refuge flows provided 12 GL over 3 events from October 2019 through to January 2020, targeting large refuge pools in the Gwydir between Copeton Dam and Tyreel Weir, the Mehi between Tareelaro and Combadello Weir and Carole Creek to near Garah. These flows maintained and provided access to refuge habitat in the drought, increasing connectivity and improving water quality in pools to assist native fish survival.</p> <p>Part of the flows from the Lachlan spring pulse also targeted Olive perchlet habitat in Brewster weir pool. Olive perchlet are a threatened native fish and the flows successfully maintained water levels and related habitat in Brewster weir pool throughout summer and autumn.</p> <p>366 GL of in-channel Commonwealth environmental water releases were made in northern Victorian rivers (including Goulburn River, Lower Broken Creek, Gunbower Creek and other smaller streams), which helped generate base-level food resources for native fish (including waterbugs and biofilms) and created habitat and flow conditions to benefit native fish including Murray cod, trout cod, Macquarie perch, golden perch and eel-tailed catfish. The bulk of these releases (304 GL) occurred through winter-spring as part of the Southern Spring Flow.</p> <p>231 GL of Commonwealth environmental water was delivered from Hume Dam in the Southern Spring Flow, resulting in increased Murray cod recruitment. Congolli populations continued the strong trend of increase in recent years and good numbers of the endangered Murray hardyhead and Southern pygmy perch were also detected in Lake Alexandrina and numerous other sites. Both species expanded their range this spring.</p> <p>Early monitoring results show the amount of zooplankton, an important food source for newly hatched fish, increased during the Southern Spring flow. Zooplankton are also crucial food for baby yabbies, crays and small fish so an increase in numbers means the River Murray food chain got a much-needed boost.</p> <p>In the Edward/Kolety-Wakool River system the spring pulse was followed by a 'minimum stable flow' period which seeks to enhance the breeding conditions required for nesting fish species, like Murray cod, by preventing rapid drops in the river that may cause nest abandonment. Murray cod numbers are slowly recovering from the devastation of the 2016 flood and hypoxic river conditions experienced at that time. After the cod breeding season these flows were gradually scaled back, along with other actions in the Murray system, as the system was drying and conserving water for use in 2020–21 became a higher priority.</p>

Table 48 Decisions made by the Commonwealth Environmental Water Holder on the use of Commonwealth environmental water, 2019–20

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
Maintain the diversity of the Basin's waterbird population and provide flows to maintain or improve habitat and support breeding	<p>The Southern Spring Flow supported flows through the barrage fishways to provide a connection between the River Murray channel, Lower Lakes and Coorong and allow the seasonal movement of migratory fish species. Good numbers of both short-headed and pouched lamprey were detected moving from the ocean up the River Murray.</p> <p>In 2020 the CEWH worked successfully with community and state agencies to support the successful relocation of threatened catfish from a drying lake to former habitat in Victoria (Ovens system). 20 ML of Commonwealth environmental water was delivered to the wetland as part of the relocation project. Environmental water (including 61 ML of Commonwealth environmental water) was also delivered to maintain suitable conditions for the endangered Murray hardyhead in Little Frenchman's Creek on Wingillie Station during 2019–20. This follows translocation of around 800 Murray hardyhead from the Riverland, South Australia, to the site in 2019–20. Surveys throughout 2018–19 and 2019–20 have demonstrated that the translocation was successful, with the Murray hardyhead surviving and breeding following their release to Little Frenchman's Creek.</p> <p>In the Murrumbidgee catchment, Commonwealth (approximately 48.3 GL) in conjunction with New South Wales (approximately 32.2 GL) environmental water was delivered to sites throughout the catchment to maintain critical refuge habitat for native fish and other water dependent animals. These flows supported an overall high diversity of native fish, with flathead gudgeon, rainbowfish, smelt, bony bream, carp gudgeon and juvenile Murray cod being detected at monitored sites.</p> <p>The Lachlan spring pulse sought to provide foraging habitat for woodland birds and waterbirds at Yarrabanai Lagoon, Booberoi Creek, Noonamah woodlands and the Great Cumbung.</p> <p>Watering of the Noonamah blackbox woodlands was undertaken in a joint watering action between New South Wales and the Commonwealth in 2019. Monitoring showed an increase in total waterbird abundance at this site and it continued to support large numbers of water birds in mid-January 2020.</p> <p>The Southern Spring flow provided food and habitat for wetland birds from the Hume through to the Coorong. Flows re-wet 25% of the Barmah-Millewa forest, where bird surveys recorded Australasian bitterns booming at 12 of 16 sites. This is an important result for this endangered and elusive wetland-dependent waterbird. As dry conditions continued, it seems wetlands in the Barmah-Millewa forest were one of the most important sites in the country for bitterns this season. Southern Spring flows also contributed to providing suitable breeding habitat at the Lower Lakes where numerous waterbird species were recorded breeding including Australian white ibis, pied cormorant, and yellow billed spoonbill.</p>

Table 48 Decisions made by the Commonwealth Environmental Water Holder on the use of Commonwealth environmental water, 2019–20

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
Maintain extent and improve vegetation condition, particularly in areas of high habitat and conservation value	<p>Due to the extended drought, many were concerned about the health of key habitat in the internationally significant Narran Lakes. Following recent flows into the Lakes, key waterbird breeding habitat has been inundated, with 4,500 hectares of the Ramsar site (within the Narran Lake Nature Reserve) watered.</p> <p>The delivery of environmental water to core wetland sites throughout the Murrumbidgee catchment (Lowbidgee, mid-Murrumbidgee, Murrumbidgee Irrigation Area and Yanco Creek system) maintained habitat and supported breeding of a diversity waterbird species. This included threatened species, such as the Australasian bittern, brolga, magpie goose, blue-billed and freckled ducks; and migratory species, including wood sandpiper, sharp-tailed sandpipers, mash sandpiper, curlew sandpiper and long-toed stint. Breeding of royal spoonbills, darters, cormorants, white ibis, nankeen night heron were observed; and Australasian and Little bitterns were recorded booming.</p> <p>Pumping of Commonwealth environmental water for the first time at Wanganella Swamp in the Yanco Creek System provided habitat for over 25 species waterbird species including brolga, red-necked avocet (the first observed in the district since 2010), red-kneed dotterel, white-necked heron, freckled duck, sharp-tailed sandpiper and Latham's snipe.</p> <p>Ramsar listed Tuckerbil Swamp in the Murrumbidgee Irrigation Area, was also a site that received Commonwealth environmental water.</p> <p>The Southern Spring flow had a positive response from wetland plants in the mid-Murray, improving river red gum and Moira grass health. It supported fringing and submergent native vegetation in the Lower Lakes, which in turn provides habitat for small-bodied native fish and frogs.</p> <p>In partnership with New South Wales, flows into the Pollack (part of Koondrook-Perricoota Forest) also provided drought refuge for native birds and maintained the condition of native vegetation in the area.</p> <p>Protecting the core reed bed areas of the Great Cumbung was a key priority for the use of water in the Lachlan during spring and again later in the year during autumn.</p> <p>Watering of the Noonamah black box woodlands was undertaken a joint watering action between New South Wales and the Commonwealth. 126 ML of Commonwealth environmental water was delivered from late October to early November 2019. The watering aimed to maintain the health of black box communities and provide refuge habitat for native animals, including water birds and frogs.</p>

Table 48 Decisions made by the Commonwealth Environmental Water Holder on the use of Commonwealth environmental water, 2019–20

Basin annual environmental watering priorities	Decisions on and use of Commonwealth environmental water
	<p>Watering events delivered throughout 2019–20 in the lower Goulburn River (311 GL of Commonwealth environmental water) were designed to provide germination, growth and maintenance conditions for in-stream and bankside vegetation. Promoting riverbank vegetation was targeted to help stabilise riverbanks and provide habitat for waterbugs.</p> <p>Delivery of Commonwealth (approximately 48.3 GL) and New South Wales (approximately 32.2 GL) environmental water to maintain critical refuge habitat at sites throughout the Murrumbidgee catchment resulted in a positive response from native aquatic vegetation, with the growth of species such as spike rush, spiny mud grass, cumbungi, milfoil and nardoo. Two sites, Wanganella Swamp (Yanco Creek System) and Sunshower Lagoon (mid-Murrumbidgee) received Commonwealth environmental water for the first-time using pumping infrastructure. These sites were specifically targeted to prevent loss of aquatic vegetation due to lack of inundation from higher natural flows. Both sites had an excellent aquatic vegetation response, with monitoring at Sunshower Lagoon providing evidence of a significant increase in aquatic vegetation diversity compared to previous years, and observations at Wanganella Swamp reported the re-establishment of cumbungi and culturally significant nardoo. These 2 sites also provided refuge habitat for waterbirds, native frogs and turtles.</p>

Note: 1 GL = 1,000 ML = 1 billion litres.

Trade for investment in environmental outcomes

The Act requires the CEWH to manage environmental water for the purpose of protecting and restoring the environmental assets of the Murray–Darling Basin. Selling water to other users can only be considered if it does not detract from environmental outcomes. Section 106 of the Act outlines how the proceeds can be used based on the circumstances in which the sale is undertaken.

In 2019–20 water allocations to the Commonwealth’s Environmental Water Holdings were constrained due to the ongoing severe drought conditions experienced in the Murray–Darling Basin. The CEWH considered that, given the negative environmental impacts of ongoing reduced water availability, any allocations made to Commonwealth Environmental Water Holdings must be directed to the environment.

The conditions to enable trade of water allocations from the Commonwealth could not be met and no water allocation was traded from the holdings in 2019–20. As water allocations were limited for all water entitlement holders, the CEWH decided against directly purchasing water allocations from the retail water market.

Narran Lakes water reimbursement grant

The CEWH commenced a water reimbursement grant in the Lower Balonne in January 2020 to secure additional water for the internationally recognised Narran Lakes wetlands. This grant was conducted as a pilot project to increase water availability to the environment using toolkit measures that were proposed in the Northern Basin Review of the Basin Plan. Due to the nature of the arrangements, payments and acquittals will take place in 2020–21, so will be reflected in next year's expenditure.

Management of the Environmental Water Holdings Special Account

The Environmental Water Holdings Special Account was established under the Water Act for the payment of costs, expenses and other obligations incurred in managing Commonwealth environmental water holdings.

At the start of 2019–20 the Special Account cash balance was \$55.068 million. In 2019–20 funding of \$44.216 million was credited to the Special Account.

During 2019–20, \$16.935 million was spent on annual water entitlement fees and allocation delivery costs (including use fees and pumping). This accounted for approximately 63% of total Special Account expenditure for the year. A further \$8.870 million was spent on monitoring and evaluation of the use of Commonwealth environmental water, representing 33% 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.

At 30 June 2020, the Special Account cash balance was \$69.602 million. Of this, \$16.858 million is committed for long-term intervention monitoring and evaluation activities, and environmental watering actions. The uncommitted balance of \$52.744 million includes \$18.630 million in proceeds from the sale of water allocations, including the Goulburn Valley tender conducted in September 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 2019–20 are shown in [Table 49](#).

Table 49 Environmental Water Holdings Special Account expenditure, 2019–20

Category of expense	Total costs (\$ million) a
Fees and charges for entitlement holdings and allocation delivery b	16.935
Monitoring and evaluation activities	8.870
Development and maintenance of environmental registers and water accounting systems	0.172
Commonwealth environmental water delivery and planning projects, quality assurance activities, legal advice and market analysis	0.705
Total	26.682

a Figures may be plus or minus \$0.001 million because of rounding. **b** Fees and charges include \$14.140 million for annual water entitlement (fixed) fees; \$1.840 million for allocation (variable) fees and charges paid to state water authorities for the operation, maintenance and replacement of rural water infrastructure; and \$0.955 million for allocation pumping.

Directions given to the Commonwealth Environmental Water Holder

No directions were given to the Commonwealth Environmental Water Holder in 2019–20 by the minister, the assistant minister or the secretary of the department.

Water for the Environment Special Account

The *Water Act 2007* provides funding through the Water for the Environment Special Account (WESA) to recover an additional 450 GL of water for the environment and to remove or ease constraints to the timing and delivery of environmental water. The WESA allocates \$1.775 billion in total – nominally split into \$1.575 billion for additional water recovery and \$200 million to ease or remove constraints.

In 2019–20 payments totalling \$6.33 million were made from the WESA.

Constraints are rules and structures that influence the volume and timing of regulated water delivery through the Murray–Darling Basin, including environmental water, and may include physical structures (for example, low-lying bridges), river management practices and river height operational limits. Constraints measures are activities that are aimed at removing or easing constraints through activities such as acquiring easements, and upgrading private and public infrastructure such as levees and access roads.

Constraints measures are a key element of the Sustainable Diversion Limit (SDL) Adjustment Mechanism set out in the *Basin Plan 2012*. Five of the 6 constraints measures brought forward by Basin states have also been notified as supply measures and make a significant contribution to the 605 GL SDL adjustment, for which an amendment came into law in January 2018.

The Commonwealth has established Stage 1 funding schedules for constraint measure projects with New South Wales and South Australia. Stage 1 funding is being used by New South Wales and South Australia to undertake a range of pre-construction activities including developing detailed designs, obtaining statutory approvals, and undertaking stakeholder consultation.

Under the funding schedule with New South Wales, the Commonwealth is providing funding of up to \$97.76 million to 30 June 2022, including \$64.49 million for New South Wales constraints measures that include the Yarrawonga to Wakool reach of the Murray River, Murrumbidgee and Lower Darling River projects. A total of \$4.35 million was provided to New South Wales for constraints measure activities under the funding schedule during 2019–20.

Under the funding schedule with South Australia, the Commonwealth is providing funding of up to \$2.5 million to 30 June 2021 for the River Murray in South Australia constraints measure, of which \$0.48 million was provided in 2019–20.

During the year the Commonwealth and Victoria discussed Stage 1 funding for Victoria's constraints measures, the Hume to Yarrawonga and Yarrawonga to Wakool reaches of the River Murray and the Goulburn River.

Efficiency measure projects are activities that change water use practices and recover additional water for the environment. Efficiency measure projects are required under the Basin Plan to have neutral or improved social and economic outcomes. Water saved through efficiency projects will form part of the Commonwealth environmental water holdings.

In July 2019 the Australian Government launched the new Water Efficiency Program to progress the recovery of additional environmental water, and incorporating additional socio-economic criteria. Under the revised program, Basin States established processes to assess projects against the criteria, and provision has been made to invite public comment on all proposals. At the Ministerial Council meeting in June 2020 it was agreed that governments will report publicly every 6 months on the outcomes of assessment processes against the additional socio-economic criteria.

The program seeks urban, industrial, off-farm, on-farm and water metering infrastructure projects across the Basin. Details of approved projects are available on our [website](#), including cost, location and description of each project. At June 2020:

- ▶ 2 on-farm projects in South Australia totalling \$0.2 million have been contracted with a total of 17.3ML of water to be transferred to the Commonwealth Environmental Water Holder
- ▶ 4 delivery partners had been engaged.
- ▶ New South Wales, South Australia and the Australian Capital Territory had entered into agreements with the Commonwealth to undertake studies for water efficiency projects. We continue to work with Victoria to progress Victorian-led projects.

In August 2019 the government appointed a 3-person panel to undertake the first statutory review of the WESA. This is the first of 2 independent reviews of the WESA, as required by Section 87 AJ of the *Water Act 2007*. The panel comprised Ms Sally Farrier (Chair), Mr Simon Lewis, AO PSM and Ms Merran Kelsall FCPA FCA.

The panel considered whether the resources allocated to the WESA were sufficient to recover 450 GL by 30 June 2024 and to ease or remove constraints to deliver environmental water. It also examined whether the design of the projects for which WESA funds have been paid is likely to be effective in reaching the target of 450 GL. Expenditure for this review totalled \$750,376. The review report was provided to the Minister for Resources, Water and Northern Australia in March 2020 and must be tabled in both houses of parliament within 15 sitting days of being received.

Other expenses related to efficiency measures from the account in 2019–20 were:

- \$39,800 on promotional activities
- \$39,306 on monitoring frameworks and compliance activities
- \$19,767 on water transfer fees
- \$29,649 on stakeholder engagement fees.

Table 50 provides financial information on the WESA for the past 4 years.

Table 50 Water for the Environment Special Account, 2016–17 to 2019–20				
Item	2016–17 \$000	2017–18 \$000	2018–19 \$000	2019–20 \$000
Opening Balance	50,595	158,805	581,846	895,522
Balance Transfer	0	0	0	0
Appropriated amount	110,000	430,000	320,000	350,000
Actuals	-1,790	-6,959	-6,324	-6,329
Closing Balance	158,805	581,846	895,522	1,239,193

Water Efficiency Labelling and Standards Act 2005

Section 75 of the *Water Efficiency Labelling and Standards Act 2005* (WELS Act) requires the WELS Regulator to, as soon as practicable after the end of each financial year, prepare a report on the operation of the WELS scheme during the year.

This annual report covers the operation of the WELS scheme from 1 July 2019 to 30 June 2020.

Background

The objectives of the WELS Act are to:

- conserve water supplies by reducing water consumption
- provide information for purchasers of water-use and water-saving products
- promote the adoption of efficient and effective water-use and water-saving technologies.

Dishwashers, clothes washing machines, taps, showers, lavatories, urinals and flow controllers are all covered by the WELS scheme. To be legally supplied, these products must meet the performance and testing requirements of the WELS standard (AS/NZS 6400:2016 Water Efficient Products – Rating and Labelling) and must be registered and labelled correctly.

The WELS Act and corresponding state and territory legislation provide for the operation of the WELS scheme. The scheme is administered by the Australian Government on behalf of all governments. Costs of administering WELS are largely covered through registration fees, with a target of 80% cost recovery from industry. A further 10% is recovered from state and territory governments, with 10% from the Commonwealth.

Scheme effectiveness

Through this mandatory scheme, information is provided to consumers on the water efficiency and general performance of water-using and water-saving products, enabling consumers to make an informed choice regarding water use. As a result, the scheme is realising national domestic water savings in the order of 140 GL a year. These savings are projected to increase to 230 GL a year by 2036 as products are replaced with more efficient models.

It is estimated that water efficiency improvements are resulting in consumer savings of \$1.2 billion a year in household utility bills (water, electricity and gas). These savings are projected to increase to \$2.6 billion a year by 2036.

Operation of the WELS scheme

Stakeholder engagement and education

We provided assistance to product manufacturers, suppliers and the general public, particularly giving guidance on product registrations through telephone and online enquiries. This included responding to 3,320 email requests for information.

To help manufacturers based in China to understand how to register and label WELS products that will be sold in Australia, we made fact sheets available in Chinese Simplified language that can be read by both Mandarin and Cantonese speakers.

The key WELS standard (AS/NZS 6400:2016) continued to be funded so that copies were free to download. This assisted registrants and others to more easily obtain information about the requirements that must be met under WELS.

We continued to collaborate with the co-regulators responsible for WaterMark on WELS plumbing products (Australian Building Codes Board) and with the Equipment Energy Efficiency (E3) Program responsible for energy ratings on WELS whitegoods. This supported compliance activities and consideration of improvements to standards or procedures. WELS was also represented in the Joint Accreditation Scheme–Australia New Zealand (JAS–ANZ) Technical Advisory Committee, which considers WaterMark certification body accreditation.

We launched 2 advertising campaigns during peak online shopping periods around Christmas 2019 and during the COVID-19 lockdown phase across Australia in June 2020. The June campaign was a joint advertising campaign in partnership with the Australian Building Codes Board. The campaign raised awareness of both the WaterMark and WELS schemes, and encouraged consumers of plumbing products to check if the product they were considering purchasing was compliant with the schemes. Educating consumers to check for product compliance will inform their purchasing decision. This will have the flow-on effect of encouraging compliance by product manufacturers or retailers selling through these platforms.

We promoted WELS through sponsorship of the World Plumbing Forum, hosted in Melbourne in September 2019. The global forum provided the opportunity to communicate the scheme's benefits to stakeholders and to educate industry about their compliance obligations.

We held annual meetings of the industry WELS Advisory Group and the WELS Officials Group to share information on current status of the program and technical matters.

We also published 2 issues of the newsletter *InkWELS*, reporting information about the latest WELS developments and highlights of our achievements.

Standards

Engagement continued in Standards Australia committees to maintain or to consider updates to the AS/NZS 6400:2016 standard and the related product-specific standards. The committees considered improvements to:

- › tap ware – AS/NZS 3718
- › dishwashers – AS/NZS 2007
- › clothes washing machines – AS/NZS 2040
- › rotary dryers – AS/NZS 2442.1
- › urinals – AS/NZS 3892.

The committees also commenced considering how in-service testing measures could be included in the product-specific standards.

In early 2018 Australia secured international support for the establishment of a new International Organization for Standardization project committee (ISO PC) on water efficiency. Standards Australia is providing the secretariat for the committee. The project committee comprises 35 member countries – 17 participating and 18 observing. The committee has met internationally 3 times and on a number of other occasions through virtual conferencing. The committee agreed on the structure of the standard and commenced drafting. In 2019–20 the committee developed a complete draft of the first international standard on water efficiency labelling.

An internationally consistent standard is expected to decrease costs for Australian businesses, improve access to overseas markets for Australian manufacturers, increase compliance with the WELS scheme in Australia and provide a tool that can be used by other countries to reduce water use by implementing similar consumer labelling schemes. The standard is expected to be completed in 2021.

WELS product registrations and public database

In 2019–20, 34,481 products (including 22,951 products and 7,001 product variants such as colour options) were registered. These included 4,532 ceasing registrations due to expire on 21 July 2020. This compares with 30,905 products registered at 30 June 2019, including 5,522 variants and 3,045 ceasing registrations.

The increasing number of registrations of products and of variants is at least in part because of ongoing effective engagement through our compliance program to educate the industry about their obligations to register products.

More than 434 organisations registered products. These included manufacturers, importers and wholesalers. Of these registrants, 232 were Australian-based organisations. The majority of the 202 international organisations were based in Asia and Europe.

The registered products comprised:

- 798 models of clothes washing machines
- 877 dishwasher models
- 19,848 tap equipment models
- 8,960 shower equipment models
- 3,549 lavatory (toilet) models
- 246 flow controllers
- 203 urinal models.

To facilitate the process to register products for our stakeholders in Australia and overseas, the WELS online registration database is maintained 24 hours a day. It is hosted and supported on the [Water Rating](#) website. We made improvements to the database during the year that simplified the registration process for registrants and registration officers. This public database provides access for all stakeholders, including potential purchasers, to search and view the details of registered products.

Compliance and enforcement

The WELS Act requires that all products be registered and labelled at all points in the supply chain. The approach to our compliance strategy with the WELS legislation is outlined in the WELS Compliance and Enforcement Policy.

In 2019–20 WELS compliance activities continued to focus on internet-based sales and responding to non-compliance detected through monitoring and allegations. Because of COVID-19 travel restrictions, we did not undertake national building industry and other onsite inspections. We plan to resume the inspection program in 2020–21.

In 2019–20, 80 new cases of non-compliance were opened and 30 cases were carried over from 2018–19. Of these cases, 75% were closed as a result of businesses becoming compliant after education and advice from WELS staff. Only one warning notice was required. The remaining 25% of cases were active at 30 June 2020, including one civil penalties proceeding.

Our joint compliance program with eBay continued to be effective, with non-compliant sellers reported to eBay for response. A total of 93 additional sellers were educated in how to comply with WELS registration and labelling requirements, and 12 seller accounts were restricted. More than 530 WELS products were also removed from the Australian supply chain.

We extended our focus on e-commerce to include online sellers on the Amazon platform. A total of 24 sellers were reported to Amazon and were educated in how to comply with WELS registration and labelling requirements. More than 110 products were removed from the website. Amazon is working to implement approaches that will identify and remove non-compliant WELS products from its platform. We are considering expanding the e-commerce program to additional platforms, informed by evidence from the advertising campaign analysis.

All inspections and follow-up enforcement actions were undertaken in accordance with the WELS Compliance and Enforcement Policy.

Evaluation

Under section 76 of the WELS Act an independent review of the operation of the WELS scheme is required every 5 years. The 2020 review will commence in late 2020 and is expected to be complete in early 2021. This review will evaluate and report on potential improvements to the WELS scheme.

Financial

The WELS Strategic Plan 2016–19 and subsequent exchange of letters with state and territory governments that extended the arrangement to 2021, set out agreed revenue budget based on projected industry fee revenue that increases at 4%. Industry fee revenue in 2019–20 was 4% above the projection, as shown in [Table 51](#).

Table 51 WELS industry fee revenue, 2017–18 to 2019–20

Item	2017–18 (\$)	2018–19 (\$)	2019–20 (\$)
Industry fee revenue	1,570,400	1,606,300	1,636,172
Projected fee revenue	1,450,000	1,510,000	1,568,000

Part 4

Appendixes



Appendix A: Ecologically sustainable development and environmental performance

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

- › how our activities accord with the principles of ecologically sustainable development (ESD)
- › how our outcomes and corporate plan purposes contribute to ecologically sustainable development
- › the environmental impacts of our operations during the year and measures taken to minimise these impacts.

Ecologically sustainable development principles

The principles of ESD outlined in section 3A of the EPBC Act are that:

- › decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equity considerations
- › 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
- › the present generation should ensure that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations
- › the conservation of biological diversity and ecological integrity should be a fundamental consideration in decision-making
- › improved valuation, pricing and incentive mechanisms should be promoted.

Our contribution to ecologically sustainable development

Our outcomes

Our outcomes embody the ESD principles:

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, and coordination of climate change adaptation strategy and climate changes science activities.

Outcome 2: Advance Australia's strategic, scientific, environmental and economic interests in the Antarctic region by protecting, administering and researching the region.

Outcome 3: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.

Outcome 4: Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.

Outcome 5: Improve the health of rivers and freshwater ecosystems and water-use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.

We play a leading role or contribute to national and international policies with significant ESD objectives. We deliver programs to fund research, training and projects aimed at mitigating climate change and improving sustainable resource management. Our role in biosecurity is critical to maintaining biodiversity in Australia and overseas. We also deliver funding to community organisations and to the portfolio research and development corporations whose work includes activities supporting ESD.

Our work supports the goal of development that meets Australia's current needs while conserving our ecosystems for the benefit of future generations.

Our key activities in 2019–20 are outlined in the annual performance statements.

2030 Agenda and Sustainable Development Goals

The 2030 Agenda for Sustainable Development (2030 Agenda) is a global plan of action for international cooperation to tackle current and future global challenges. The 2030 Agenda is underpinned by 17 Sustainable Development Goals (SDGs) across a broad range of subjects. The SDGs integrate the social, economic and environmental dimensions of sustainable development.

We are actively engaged in whole-of-government efforts to integrate the SDGs into our domestic and international strategies, policies and programs. We give effect to the 2030 Agenda and help achieve the SDGs through our regulatory, policy and program functions across the agriculture, water and environment portfolio. Many of our activities deliver outcomes across the spectrum of SDGs and the 2030 Agenda. We are the lead Australian Government agency for 5 SDGs and a supporting agency for 3 others.

The SDGs we lead on are:

- SDG2 – Zero hunger
- SDG6 – Clean water and sanitation
- SDG12 – Responsible consumption and production
- SDG14 – Life below water
- SDG15 – Life on land.

SDG2 – Zero hunger

In line with SDG2 we are working to maintain Australia's status as one of the most food-secure countries in the world. As approximately 70% of Australian agricultural produce is exported, Australia also makes an important contribution to supporting the food security of our trading partners. In response to the COVID-19 pandemic, we are contributing to whole-of-government efforts to maintain agricultural service and supply lines, extend work visas for seasonal workers and provide air freight support to ensure Australian produce continues to access markets.

Within our region we also help build capacity by sharing technical and policy expertise, and provide biosecurity and surveillance training to manage animal and plant diseases and pests. This helps our near neighbours to help combat biosecurity threats such as African swine fever and fall armyworm, which have the potential to undermine local food security outcomes and global progress towards SDG2.

SDG6 – Clean water and sanitation

Australia's ongoing water reform contributes to the achievement of SDG6. This includes our efforts to increase water-use efficiency across all sectors and implement an integrated approach to water resources management.

Recent analysis by the Organisation for Economic Cooperation and Development (OECD) on *Agriculture and Water Policy Changes* supports this effort. The analysis shows that Australia ranks among the highest-performing G20 and OECD countries in the alignment of water and agriculture policies.

We continue to work with United Nations (UN) Water and the UN Environment Programme to report on SDG6 indicators under the UN 2020 Data Drive.

SDG12 – Responsible consumption and production

We are working to improve the use of resources consistent with SDG12. For instance, the National Waste Policy Action Plan sets out targets and actions to reduce waste generation and improve resource recovery. A commitment of \$190 million to a new Recycling Modernisation Fund will drive a transformation of Australia's waste and recycling capacity.

The first ever *National Plastics Summit* held in March 2020 showcased and identified new solutions to the plastic waste challenge, mobilising action across governments, industry and non-government organisations. We continue to lead on the government's National Food Waste Strategy, which provides a framework to support collective action towards halving Australia's food waste by 2030. We also continue to work collaboratively to establish a framework to better manage industrial chemicals, delivering \$112 million in benefits over 10 years.

SDG14 – Life below water

Australia continues to demonstrate leadership in sustainable ocean management under SDG14. The department supports the Prime Minister's engagement in the 14-nation High Level Panel for a Sustainable Ocean Economy, which is developing a framework for how the world can transition to a sustainable ocean economy. Additionally, we administer the Pacific Ocean Litter Project, an Australian Aid project to help Pacific Island nations refuse, reduce and replace single use plastic.

The Australian Government is investing \$100 million through the Reef Restoration and Adaptation Program to develop adaptive technologies to help preserve and restore the Great Barrier Reef in the face of rising ocean temperatures and coral bleaching. Similarly, the Our Marine Parks Grants program supports industry-led initiatives to promote sustainable fishing in Australia's 2.8 million square kilometre network of marine parks.

In line with the ambitions of SDG14, we continue to support a rules-based international order that promotes sustainable fisheries management. Australia works with our Indo-Pacific neighbours to promote sustainable fishing practices, including by playing a leading role in developing harvest strategies for straddling and highly-migratory fish stocks.

Australia has also strengthened its monitoring, control and surveillance regimes and reduced apprehensions of foreign vessels fishing illegally in our waters to just 4 in 2019–20 (from 367 in 2005–06). We have provided capacity-building assistance to regional partners to help combat illegal, unreported and unregulated fishing, and we advocate in multiple regional fora for the implementation of UN commitments aimed at preserving marine ecosystems.

SDG15 – Life on land

On land, we are acting to secure a thriving natural environment in line with SDG15. We worked with all Australian governments to deliver *Australia's Strategy for Nature*, which sets out a national framework to better understand, care for and sustainably manage nature. The strategy coordinates national delivery of Australia's commitments to the Convention on Biological Diversity, its Aichi Biodiversity Targets and other international agreements including the Ramsar Convention on Wetlands and the Convention on Migratory Species.

We are supporting efforts to protect Australia's water, soil, plants and animals and support their productive and sustainable use through the \$450 million Regional Land Partnerships Program and the \$100 million Environment Restoration Fund. The Agriculture Stewardship Package is also investing \$34 million to support on-farm agricultural practices which improve biodiversity and agricultural productivity, and will complement government investments to date in natural resource management (including Phase 2 of the National Landcare Program).

We demonstrated the government's commitment to SDG15 and the delivery of sustainable forest management by reaching agreement with the Victorian Government in March 2020 to modernise and extend the 5 Victorian *Regional Forest Agreements* (RFAs) until 30 June 2030. With the extension of the Victorian RFAs, the Australian Government has delivered on its commitment to extend all RFAs across Australia. These extensions deliver the right balance of economic, social and environmental outcomes, paving the way for the continued sustainable management of the state's public and private native forests and plantation estates.

Other Sustainable Development Goals

We are also a supporting agency for:

- SDG11 – Sustainable cities and communities
- SDG13 – Climate action
- SDG17 – Partnerships for the goals.

In support of SDG11, we have:

- ▶ introduced additional compliance measures for noxious emissions standards for new small petrol engines such as lawnmowers, including a 1 July 2020 domestic supply ban
- ▶ consulted stakeholders to strengthen ambient air quality standards for ozone, nitrogen dioxide and sulphur dioxide
- ▶ commenced an evaluation of the potential for a national approach to manage emissions from non-road diesel engines such as construction machinery.

In addition, we continue to implement the National Environmental Science Program, which supports 6 environmental research hubs. The Clean Air and Urban Landscapes Hub conducts research on environmental quality in urban areas, and supports SDG11 by investigating how to make cities better for people and for biodiversity. The hub supports policy-makers to develop resilient and sustainable Australian cities through their research on urban systems and air quality.

The government has an extensive agenda on SDG13 and has made significant investment in climate resilience and adaptation, including for the agricultural sector. We continue to progress a coordinated national approach and work program with the states and territories in a number of priority areas. These include the delivery of information and tools for better decisions and risk management, and investment in research and innovation that supports adaptation and mitigation.

Australia continues to reduce hydrofluorocarbon emissions through its legislated import phase-down, as part of our commitment to the global phase-down under the Montreal Protocol on Substances that Deplete the Ozone Layer.

On SDG17, partnerships are key to our department's work and to delivering portfolio priorities. For example, we are using our Partnerships Framework to facilitate more multi-stakeholder partnering to maintain and enhance Australia's unique environment. We aim to bring together the unique strengths and resources of diverse partners to have more impact and achieve more sustainable outcomes than each partner could achieve when acting alone.

Incorporating the knowledge, experiences, perspectives and cultures of Indigenous peoples is integral to improving environmental outcomes. We have released *Partnering with Indigenous organisations for a sustainable environment* as a resource for non-Indigenous organisations that are looking to build effective and respectful partnerships with Aboriginal and Torres Strait Islander organisations and communities.

We continue to work collaboratively with other agencies and stakeholders to report relevant SDG data online through the [Australian Government's Reporting Platform on the SDG Indicators](#).

Environmental impact of our operations

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 in the remote and regional areas where we work.

We value educating staff about how they can contribute to reducing our environmental impact. Some of the practices we use to manage our operational environmental impact include:

- online guidance for staff
- training for field staff, scientists and support staff in regional and remote areas in good 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 that we produce
- monitoring and reporting on our environmental performance.

We have an active environmental contact officer network – ECONet – which involves volunteer staff members in developing and implementing initiatives to help improve environmental performance.

Energy efficiency

Our main office buildings maintain a base building rating of 4.5 or 5 stars under the National Australian Built Environment Rating System (NABERS). The buildings contain, or will be upgraded to, T5 energy-efficient lighting and movement sensors, which turn off lighting in office areas after hours. Our buildings have energy-efficient window blinds to reduce the energy required to heat and cool the buildings during the day. Air conditioning energy consumption is offset in some buildings by onsite solar electricity.

The department participates in the APS Demand Reduction Initiative – an effort across government agencies to reduce energy consumption. The initiative calls for Australian Public Service agencies in the ACT and New South Wales to lead by example. This includes reducing electricity demand when called upon during an energy emergency such as a supply shortfall during a heatwave. We have developed an action plan to reduce our energy consumption when needed. The action plan complements efforts to reduce our day-to-day energy consumption.

In 2019 we completed a review to identify energy-inefficient sites and potential resolutions. As a result, we are working to improve energy efficiency in a range of areas, including:

- the Post Entry Quarantine facility at Mickleham, Victoria
- patch rooms, server rooms and data centres
- state offices
- accommodation replacements
- remote locations.

Some of these initiatives will have long delivery periods because of their complexity, multiple stakeholder engagement or the need for inter-governmental coordination.

In addition to our long-term property strategy, we have identified sites that incur unavoidably high energy use. We are studying the feasibility of onsite electricity generation where this aligns with our strategic property plan. We have commenced with a review of our Cairns regional office and will go on to study other sites that are economically and technically appropriate.

In 2019–20 we completed a number of short-term projects. We commissioned LED lighting upgrades at our Fremantle and Cairns regional offices. We are considering further upgrades at our offices in Townsville, Karratha and Port Hedland.

We studied our data centre and server room environments to identify improvements to their air conditioning. We are working to minimise energy use by replacing the data centre computer room air conditioning (CRAC) at our Marcus Clarke Street office in Canberra. We also aim to replace an aged CRAC unit at the John Gorton Building in Canberra and decommission a redundant unit. In addition, we will implement universal temperature setpoint increases in communications rooms.

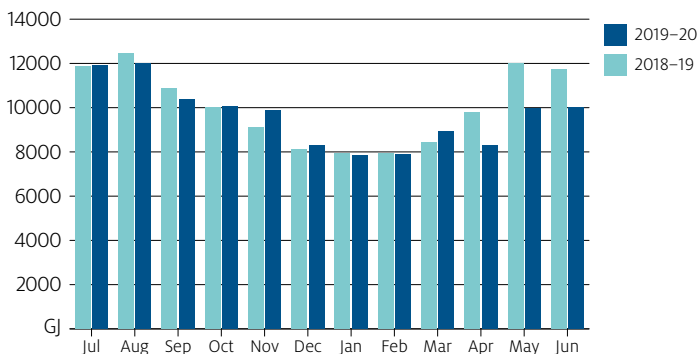
In 2019–20 the department's energy consumption (excluding diesel and petroleum products) decreased by approximately 4%, from 120,280 to 115,446 gigajoules (Figure 30). This can be attributed to:

- departmental energy efficiency initiatives coming into effect during the year
- an operational downturn because of the effects of the COVID-19 pandemic.

It is not possible to determine the exact impact of the pandemic on our energy consumption. A large number of our staff worked from home in the first half of 2020, but other factors also contribute to energy usage. As an essential service, the department maintained a presence in all of its premises throughout the pandemic and was unable to fully close any of its tenancies.

Our energy reporting for 2019–20 includes all sites from the former departments that now operate in the Department of Agriculture, Water and the Environment. This has been compared with 2018–19 data for the same premises. Energy consumption in 2019–20 includes an increase in operational activity at our Post Entry Quarantine site.

Figure 30 Energy consumption, Australia, 2018–19 and 2019–20

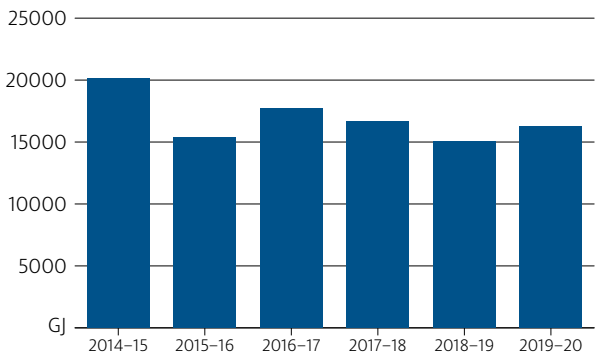


Transport

We monitor the fuel consumption and kilometres travelled for all fleet vehicles and encourage drivers to purchase ethanol-blended fuel (E10). We added 59 vehicles to our fleet in 2019–20 as a result of the establishment of the new department in February 2020 and the effects of the COVID-19 pandemic. We continue to replace our vehicles with efficient hybrid or diesel vehicles where practical. In 2019–20 the proportion of hybrid vehicles fell slightly to 47%. The percentage of diesel vehicles increased to 24%. At 30 June 2020 we had 447 fleet vehicles, including 209 hybrid vehicles and 110 diesel vehicles.

In 2019–20 we consumed 16,289 GJ in transport fuels for passenger vehicles. Our transport energy consumption shows a downward trend since 2014–15 (Figure 31).

Figure 31 Transport fuel consumption, Australia, 2014–15 to 2019–20



Older vehicles in our fleet exceed the target set under the Commonwealth Green Vehicle Guide (GVG), largely obtaining 5-star ratings. Newer vehicles are now ranked based on carbon dioxide tailpipe emissions. Based on these indicators, fuel consumption has decreased. Our use of hybrid vehicles is also contributing to lower emissions.

Water conservation

Our Canberra office buildings in Marcus Clarke Street and London Circuit recycle and capture stormwater to flush all toilets where possible. In bathrooms and change rooms we have waterless urinals, water-saving shower heads, infrared motion-active hand basins and 4A-rated dual flush toilets. These initiatives contribute to reducing our reliance on the local water supply.

Waste management

The department supports and encourages good recycling practices. We provide ready access to segregated waste streams in the office environment. Recycling bins are located throughout all Canberra office buildings in kitchens and common areas. We provide bins for general waste, organic waste and commingled recycling. In other offices we aggregate combined paper and cardboard recyclables for collection. We also have a staff-led battery recycling initiative at our Canberra buildings and in some of our regional locations.

The organic waste stream is a feature of our central office buildings and can be used to dispose of compostable materials and foodstuffs. We collect all organic waste from these buildings to be processed into mulch. Other smaller sites are using their organic waste for composting and for use on staff-maintained vegetable gardens. This reclaims usable materials and reduces the quantity of general waste.

In 2019–20 our Canberra offices generated 212.13 tonnes of waste. Of this, around 52% was recycled, comprising:

- 26.5 tonnes of commingled recyclables
- 36.7 tonnes of paper and cardboard
- 12.7 tonnes of organic waste.

Information on the total weight of batteries recycled is not available as this is a staff-led initiative.

We are working through our property service provider to consolidate our waste removal contracts. Part of the head contractor's remit will be to rationalise services to better reflect the department's waste removal needs and avoid over-servicing our properties.

Operating in Antarctica

We are dedicated to reducing the environmental implications of our Antarctic operations as far as practicable. We train our field staff and our expeditioners in sound environmental practices. We monitor our energy and water use, our greenhouse gas emissions and the amount of waste that we return to Australia. [Table 52](#) compares these indicators for our Antarctic station-based operations in 2018–19 and 2019–20.

Table 52 Environmental impact of operations, Australian Antarctic Division stations, 2018–19 and 2019–20

Indicator	2018–19	2019–20	Difference (%)
Average staffing level a	117	125	8
Energy use (MJ/L)			
Electricity generated by diesel	21,001,702	21,494,152	2
Renewable energy generated	2,435,677	1,678,158	–31
Electricity use per person	200,319	185,378	–7
Operational diesel fuel	2,389,550	2,459,411	3
Marine diesel oil (shipping)	2,847,618	2,481,301	–12
Aircraft fuel	1,554,293	1,307,594	–16
Greenhouse gas emissions (t/CO₂e)			
Station emissions – diesel fuel	6,899 b	7,110	3
Total emissions – Antarctic operations	19,540	17,917	–8
Water consumption			
Total water use	6,831	6,148	–10
Waste returned to Australia (tonnes)			
Liquid waste – treated and disposed c	22	54	145
Waste sent to recycling facilities	61	111	82
Waste to landfill	191	90	–82

MJ/L megajoules per litre. **t/CO₂e** carbon dioxide equivalent tonnes. **a** Full time equivalent. **b** Adjusted for updated calculation for emissions. **c** Includes residual waste fuels that are recovered for industrial use.

In 2019–20 we recorded a 31% decrease in renewable energy generated because of wind turbine maintenance at Mawson Station. There was a minor decrease in transport fuel and water consumption because of a reduction in operations towards the end of the season, as a result of the COVID-19 pandemic.

The quantity and composition of waste returned to Australia from Antarctic operations can vary greatly, depending on logistical constraints and the nature of work occurring at our stations. In 2019–20 we recorded a large increase in the volume of liquid waste returned to Australia. We also conducted a container management project to identify and return loose inventory, equipment and stockpiled waste at Casey Station. As a result we removed 800 empty fuel drums, which were sent to scrap metal recyclers in Hobart.

Appendix B:

Entity resource and outcome statements

Table 53 Entity resource statement, 2019–20

	Actual available appropriation for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance remaining 2019–20 \$'000
	(a)	(b)	(a)–(b)
Ordinary annual services 1			
Departmental appropriation			
Prior year available	121,994	121,994	
Departmental appropriation 2	961,336	757,080	
Section 74 retained receipts	65,142	65,142	
Section 75 transfers to Department of Industry, Science, Energy and Resources (DISER) 3	(76,564)		
Section 75 transfers to National Drought and North Queensland Flood Response and Recovery Agency	(1,158)		
Total	1,070,750	944,216	126,534
Administered expenses			
Outcome 1	378,110	344,424	
Section 74 retained receipts	5	5	
Prior year available	49,554	8,181	
Section 75 transfers to DISER	(100)		
Section 51 withholdings	(46,954)		
Outcome 3	144,093	123,128	
Prior year available	12,372	800	
Section 51 withholdings	(13,166)		
Outcome 4	34,110	28,510	
Section 74 retained receipts	614	614	
Prior year available	7,061	675	
Section 51 withholdings	(6,386)		
Outcome 5	168,796	74,687	
Prior year available	383,865	2,068	

Table 53 Entity resource statement, 2019–20

		Actual available appropriation for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance remaining 2019–20 \$'000
Section 51 withholdings		(360,359)		
Outcome 6		1,950	576	
Prior year available		1,635	887	
Section 75 transfers to DISER		(2,122)		
Outcome 7		40,640	8,414	
Section 74 retained receipts		12	12	
Prior year available		12,467	655	
Section 75 transfers to DISER		(44,038)		
Payments to corporate entities		162,591	144,856	
Prior year available		1,782	–	
Section 51 withholdings		(1,782)		
Total		924,750	738,492	186,258
Total ordinary annual services	A	1,995,500	1,682,708	312,792
Other services 4				
Departmental non–operating				
Prior year available		39,098	35,230	3,868
Equity injections		132,242	11,883	120,359
Total		171,340	47,113	124,227
Administered non–operating				
Prior year available		998,401	18,689	
Administered assets and liabilities		873,000	389,617	
Payments to corporate entities		9,480	9,480	
Section 75 transfers to DISER		(138,000)		
Section 51 withholdings		(447,636)		
Total		1,295,245	417,786	877,459
Total other services	B	1,466,585	464,899	1,001,686
Total available annual appropriations and payments	(A+B)	3,462,085	2,147,607	1,314,478

Table 53 Entity resource statement, 2019–20

	Actual available appropriation for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance remaining 2019–20 \$'000
Special appropriations			
Special appropriations limited by criteria/entitlement			
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992 – s. 58 (6) amount payable to the APVMA</i>		33,300	
<i>Australian Animal Health Council (Live-stock Industries) Funding Act 1996, s. 5 – appropriation</i>		7,384	
<i>Australian Meat and Live-stock Industry Act 1997, s. 63(2) – payments to marketing body</i>		83,492	
<i>Australian Meat and Live-stock Industry Act 1997, s. 64(2) – payments to research body</i>		28,010	
<i>Australian Meat and Live-stock Industry Act 1997, s. 64A(2) – payments to marketing body</i>		4,042	
<i>Australian Meat and Live-stock Industry Act 1997, s. 64B(2) – payments to research body</i>		808	
<i>Australian Meat and Live-stock Industry Act 1997, s. 64C(2) – payments to marketing body</i>		7,766	
<i>Australian Meat and Live-stock Industry Act 1997, s. 64D(2) – payments to research body</i>		11,648	
<i>Australian Meat and Live-stock Industry Act 1997, s. 66(1) – Commonwealth contribution to research body</i>		77,023	
<i>Dairy Produce Act 1986, s. 6(1) – payments under funding contract</i>		53,435	
<i>Egg Industry Service Provision Act 2002, s. 8(1) – payments under funding contract</i>		10,900	
<i>Farm Household Support Act 2014, s. 105 – Payments for Farm Household Allowance</i>		134,354	
<i>Forestry Marketing and Research and Development Services Act 2007, s. 9(1) – payments and matching payments to an industry services body and Commonwealth administration expenses</i>		10,073	
<i>Horticulture Marketing and Research and Development Services Act 2000, s. 16(9) – payments to industry services body</i>		112,062	
<i>Public Governance, Performance and Accountability Act 2013, s. 58 – National Residue Survey, Departmental</i>		16,000	
<i>Public Governance, Performance and Accountability Act 2013, s. 77 – Repayments</i>		856	

Table 53 Entity resource statement, 2019–20

	Actual available appropriation for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance remaining 2019–20 \$'000
<i>Pig Industry Act 2001, s. 10(1) – payments under funding contract</i>		20,912	
<i>Plant Health Australia (Plant Industries) Funding Act 2002, s. 10B – payments to PHA from EPPR levies and charges</i>		3,063	
<i>Plant Health Australia (Plant Industries) Funding Act 2002, s. 6 – appropriation</i>		4,544	
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Cotton R&D Corporation</i>		8,499	
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Grains R&D Corporation – Other Grains</i>		84,689	
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Grains R&D Corporation – Wheat</i>		83,335	
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Rural Industries R&D Corporation</i>		40,824	
<i>Primary Industries Research and Development Act 1989, s. 30A(3) and s. 30B(9) – Fisheries R&D Corporation</i>		24,458	
<i>Sugar Research and Development Services Act 2013, s. 7 – payment to the sugar industry services body</i>		27,519	
<i>Wine Australia Act 2013, s. 32 – payments to the authority</i>		33,601	
<i>Wool Services Privatisation Act 2000, s. 31(4) – funding contract with research body</i>		64,811	
Special appropriations limited by amount			
<i>Assistance for Severely Affected Regions (Special Appropriation) (Coronavirus Economic Response Package) Act 2020, s4</i>		4,589	
<i>Australian Renewable Energy Agency Act 2011, s66</i>		146,000	
Total special appropriations	C	1,137,997	1,137,997
Special Accounts 5			
Opening balance	7,209,541		
Appropriation receipts 6	411,332		
Non-appropriation receipts to Special Accounts	682,226		
Statutory credits	355,581		
Transfers due to restructuring	(5,435,081)		
Payments made		1,321,972	

Table 53 Entity resource statement, 2019–20

		Actual available appropriation for 2019–20 \$'000	Payments made 2019–20 \$'000	Balance remaining 2019–20 \$'000
Total Special Accounts	D	3,223,599	1,321,972	1,901,627
Total resourcing (A+B+C+D)		7,823,681	4,607,576	3,216,105
Less appropriations drawn from annual or special appropriations above and credited to Special Accounts and/or payments to corporate entities through annual and special appropriations 6		(1,091,842)	(1,074,107)	(17,735)
Total net resourcing for Department of Agriculture, Water and the Environment		6,731,839	3,533,469	3,198,370

1 Appropriation Acts (Nos. 1, 3 and 5) 2019–20 and *Supply Act (No. 1) 2019–20*. This also includes prior year appropriation, s. 74 retained receipts, s. 75 transfers and amounts withheld under s. 51 of the *Public Governance, Performance and Accountability Act 2013*. **2** Includes an amount of \$68.034 million in 2019–20 for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'. **3** Transfer to Department of Industry, Science, Energy and Resources (DISER) includes an amount of \$2.933 million in 2019–20 for the Departmental Capital Budget. For accounting purposes this amount has been adjusted against 'contributions by owners'. **4** Appropriation Acts (Nos. 2 and 4) 2019–20 and *Supply Act (No. 2) 2019–20*. This also includes prior year appropriation, s. 75 transfers and amounts withheld under s. 51 of the *Public Governance, Performance and Accountability Act 2013*. **5** Does not include 'Special Public Money' held in Services for Other Entities and Trust Moneys Special accounts (SOETM). **6** Includes appropriation receipts from the department's annual appropriations for 2019–20.

Table 54 Expenses for Outcome 1, 2019–20

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, and coordination of climate change adaptation strategy and climate change science activities.	Budget* 2019–20 \$'000 (a)	Actual Expenses 2019–20 \$'000 (b)	Variation 2019–20 \$'000 (a) – (b)
Program 1.1: Sustainable Management of Natural Resources and the Environment			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Australian Marine Parks	7,496	3,578	3,918
Communities Environment Program	22,650	18,055	4,595
Environment and Energy and Emissions Reduction Campaign	–	900	(900)
Environment Restoration Fund	20,090	17,291	2,799
Environmental Stewardship Program	9,713	9,672	41
Improving your Local Parks and Environment	2,073	2,027	46
Natural Heritage Trust	176,419	176,338	81
<i>Less special account</i>	(176,419)	(176,338)	(81)
Reef 2050 Plan	40,000	40,000	–
<i>Less special account</i>	(40,000)	(40,000)	–
Payments to corporate entities (Draw–Down)			
Director of National Parks	45,805	50,226	(4,421)
Special accounts			
Natural Heritage Trust of Australia Account	177,169	169,461	7,708
Reef Trust Special Account	44,817	28,643	16,174
Total for Program 1.1	329,813	299,853	29,960
Program 1.2: Environmental Information and Research			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Australian Biological Resources Study	2,030	2,021	9
Harry Butler Environment Education Centre	1,000	1,000	–
Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining	1,035	676	359
National Centre for Coasts, Environment and Climate	1,000	1,000	–
National Environmental Science Program	25,520	26,640	(1,120)
Total for Program 1.2	30,585	31,337	(752)

Table 54 Expenses for Outcome 1, 2019–20

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, and coordination of climate change adaptation strategy and climate change science activities.	Budget* 2019–20 \$'000 (a)	Actual Expenses 2019–20 \$'000 (b)	Variation 2019–20 \$'000 (a) – (b)
Program 1.3: Commonwealth Environmental Water			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Commonwealth Environmental Water Office	41,216	41,216	–
<i>Less special account</i>	(41,216)	(41,216)	–
MDB Environmental Knowledge and Research	1,900	1,898	2
Special accounts			
Environmental Water Holdings Special Account	52,644	28,215	24,429
Expenses not requiring appropriation in the Budget year			
Write-down and impairment of assets	–	24,062	(24,062)
Total for Program 1.3	54,544	54,175	369
Program 1.4: Conservation of Australia's Heritage and Environment			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Australian Heritage Grants Program	5,347	5,444	(97)
Total for Program 1.4	5,347	5,444	(97)
Program 1.5: Environmental Regulation			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
<i>Environment Protection and Biodiversity Conservation Act – Water Resources Amendment</i>	259	–	259
Total for Program 1.5	259	–	259
Program 1.6: Management of Hazardous Wastes, Substances and Pollutants			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Biofuels – Monitoring, Compliance and Enforcement of Fuel Quality	100	–	100
Environment and Energy and Emissions Reduction Campaign	–	1,222	(1,222)
National Environment Protection Council	517	517	–

Table 54 Expenses for Outcome 1, 2019–20

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, and coordination of climate change adaptation strategy and climate change science activities.	Budget* 2019–20	Actual Expenses 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
<i>Less special account</i>	(517)	(517)	–
Per-and-Poly-Fluorinated Alkyl Substances Research Grant	1,282	1,281	1
Securing the Future of Jabiru Township	1,001	2,544	(1,543)
Surf Life Saving Cleaner Outboard Engines Scheme	150	–	150
Special accounts			
Ozone Protection & Synthetic Greenhouse Gas Account	14,480	12,824	1,656
National Environment Protection Council Special Account	768	1,460	(692)
Total for Program 1.6	17,781	19,331	(1,550)
Outcome 1: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	102,646	95,249	7,397
Special accounts	289,878	240,603	49,275
Payments to corporate entities (Draw-downs)	45,805	50,226	(4,421)
Expenses not requiring appropriation in the Budget year	–	24,062	(24,062)
Departmental expenses			
Departmental appropriation 1,2	211,401	240,119	(28,718)
Expenses not requiring appropriation in the Budget year 3	12,723	44,635	(31,912)
Total expenses for Outcome 1	662,453	694,894	(32,441)
	2019–20	2019–20	
Average Staffing Level (number)	1,090	1,061	

* Original budget as presented in the 2019–20 Portfolio Budget Statements (PBS). **1** Departmental Appropriation combines Ordinary annual services (Appropriation Acts No. 1) and Retained Revenue Receipts under section 74 of the Public Governance, Performance and Accountability Act 2013. **2** Departmental appropriation allocations are notional and reflect the current structure of the department. **3** Departmental 'Expenses not requiring appropriation in the Budget year' is made up of depreciation expenses, amortisation expense, write down and impairment of assets and resources received free of charge.

Table 55 Expenses for Outcome 2, 2019–20

Outcome 2: Advance Australia's strategic, scientific, environmental and economic interests in the Antarctic region by protecting, administering and researching the region.	Budget* 2019–20	Actual Expenses 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Program 2.1: Antarctica: Science, Policy and Presence			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Expenses not requiring appropriation in the Budget year	12	11	1
Total for Program 2.1	12	11	1
Outcome 2: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	12	11	1
Departmental expenses			
Departmental appropriation 1,2	135,010	126,821	8,189
Expenses not requiring appropriation in the Budget year 3	50,852	70,057	(19,205)
Total expenses for Outcome 2	185,874	196,889	(11,015)
	2019–20	2019–20	
Average Staffing Level (number)	392	422	

* Original budget as presented in the 2019–20 Portfolio Budget Statements (PBS). **1** Departmental Appropriation combines Ordinary annual services (Appropriation Acts No. 1) and Retained Revenue Receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*. **2** Departmental appropriation allocations are notional and reflect the current structure of the department. **3** Departmental 'Expenses not requiring appropriation in the Budget year' is made up of depreciation expenses, amortisation expense, write down and impairment of assets and resources received free of charge.

Table 56 Expenses for Outcome 3, 2019–20

Outcome 3: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Budget* 2019–20 \$'000 (a)	Actual Expenses 2019–20 \$'000 (b)	Variation 2019–20 \$'000 (a) – (b)
Program 3.2: Sustainable Management – Natural Resources			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Agriculture Stewardship Package	4,050	4,050	–
National Carp Control Plan	–	500	(500)
Pest Animal and Weeds Management	4,790	1,989	2,801
Total for Program 3.2	8,840	6,539	2,301
Program 3.3: Forestry Industry			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
National Forestry Industries Plan	4,580	4,580	–
National Institute for Forest Products Innovation	1,000	1,000	–
Special appropriations			
<i>Forestry Marketing and Research and Development Services Act 2007, s. 9(1) – payments and matching payments to an industry services body and Commonwealth administration expenses</i>	12,901	9,491	3,410
Total for Program 3.3	18,481	15,071	3,410
Program 3.4: Fishing Industry			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Capacity Building for Fisheries Representatives	–	100	(100)
Fisheries Resources Research Fund	547	616	(69)
Special appropriations			
<i>Primary Industries Research and Development Act 1989, s. 30A(3) and s. 30B(9) – Fisheries R&D Corporation</i>	24,607	23,050	1,557
Total for Program 3.4	25,154	23,766	1,388
Program 3.5: Horticulture Industry			
Administered expenses			
Special appropriations			
<i>Horticulture Marketing and Research and Development Services Act 2000, s. 16(9) – payments to industry services body</i>	110,831	115,641	(4,810)
Total for Program 3.5	110,831	115,641	(4,810)

Table 56 Expenses for Outcome 3, 2019–20

Outcome 3: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Budget* 2019–20	Actual Expenses 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Program 3.6: Wool Industry			
Administered expenses			
Special appropriations			
<i>Wool Services Privatisation Act 2000, s. 31(4) – funding contract with research body</i>	69,500	57,745	11,755
Total for Program 3.6	69,500	57,745	11,755
Program 3.7: Grains Industry			
Administered expenses			
Special appropriations			
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Grains R&D Corporation – Other Grains</i>	99,331	78,545	20,786
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Grains R&D Corporation – Wheat</i>	99,673	76,650	23,023
Total for Program 3.7	199,004	155,195	43,809
Program 3.8: Dairy Industry			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Further Support for the Australian Dairy Industry	–	550	(550)
Special appropriations			
<i>Dairy Produce Act 1986, s. 6(1) – payments under funding contract</i>	47,741	54,107	(6,368)
Total for Program 3.8	47,741	54,657	(6,916)
Program 3.9: Meat and Livestock Industry			
Administered expenses			
Special appropriations			
<i>Australian Meat and Live-stock Industry Act 1997, s. 63(2) – payments to marketing body</i>	85,947	85,749	198
<i>Australian Meat and Live-stock Industry Act 1997, s. 64(2) – payments to research body</i>	29,915	28,760	1,155
<i>Australian Meat and Live-stock Industry Act 1997, s. 64A(2) – payments to marketing body</i>	3,311	4,266	(955)
<i>Australian Meat and Live-stock Industry Act 1997, s. 64B(2) – payments to research body</i>	663	853	(190)
<i>Australian Meat and Live-stock Industry Act 1997, s. 64C(2) – payments to marketing body</i>	7,183	7,892	(709)
<i>Australian Meat and Live-stock Industry Act 1997, s. 64D(2) – payments to research body</i>	10,774	11,836	(1,062)

Table 56 Expenses for Outcome 3, 2019–20

Outcome 3: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Budget* 2019–20	Actual Expenses 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
<i>Australian Meat and Live-stock Industry Act 1997, s. 66(1) – Commonwealth contribution to research body</i>	80,357	69,241	11,116
<i>Pig Industry Act 2001, s. 10(1) – payments under funding contract</i>	24,183	21,828	2,355
Total for Program 3.9	242,333	230,425	11,908
Program 3.10: Agricultural Resources			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
A Competitive Agriculture Sector – boosting farm profits through rural research and development	16,595	16,590	5
A Competitive Agriculture Sector – improved access to agricultural and veterinary chemicals	2,050	2,050	–
Agricultural and Veterinary Chemicals Minor Use Program	133	133	–
AgriFutures Australia	9,220	9,220	–
Beef Week and Beef Australia	1,050	1,050	–
Changes to the Seasonal Worker Program	525	525	–
Educating Kids about Agriculture	–	1,750	(1,750)
National Agricultural Workforce Strategy	100	171	(71)
National Farm Safety Education Fund	–	500	(500)
National Leadership for Agricultural Innovation	500	1	499
Northern Australia Rice Industry	1,000	1,000	–
Promoting the Importance of Bees to Agricultural Production	–	750	(750)
Starting Farm Co-operatives Program	–	1,500	(1,500)
Wine Australia	16,062	16,062	–
Wine Tourism and Cellar Door Grant	10,000	10,000	–
Payments to corporate entities (Draw-Down)			
Australian Pesticides and Veterinary Medicines Authority	1,606	19,341	(17,735)
Relocation of the Australian Pesticides and Veterinary Medicines Authority	4,089	4,089	–
Special appropriations			
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992 s. 58(6) – amounts payable to the APVMA</i>	28,630	34,363	(5,733)
<i>Egg Industry Service Provision Act 2002, s. 8(1) – payments under funding contract</i>	10,829	11,525	(696)

Table 56 Expenses for Outcome 3, 2019–20

Outcome 3: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Budget* 2019–20	Actual Expenses 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Cotton R&D Corporation</i>	11,678	6,140	5,538
<i>Primary Industries Research and Development Act 1989, s. 30(3) – Rural Industries R&D Corporation</i>	19,517	45,754	(26,237)
<i>Sugar Research and Development Services Act 2013, s. 7 – payment to industry services body</i>	30,090	27,503	2,587
<i>Wine Australia Act 2013, s. 32 – payments to the Authority</i>	33,032	32,936	96
<i>Public Governance, Performance and Accountability Act 2013, s. 77 – Repayments</i>	–	27	(27)
Expenses not requiring appropriation in the Budget year	–	25	(25)
Write-down and impairment of assets	–	1,082	(1,082)
Total for Program 3.10	196,706	244,087	(47,381)
Program 3.11: Drought Programs			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Communities Combating Pests and Weeds	–	2,999	(2,999)
Future Drought Fund – Administration Costs	–	119	(119)
Payments to corporate entities (Draw-Down)			
Regional Investment Corporation	15,414	15,477	(63)
Expenses not requiring appropriation in the Budget year			
Drought Concessional Loans Scheme – administration	786	786	–
Drought Recovery Concessional Loans Scheme – state administration	234	234	–
Farm Business Concessional Loans Scheme – discount expenses	111,729	143,156	(31,427)
Farm Business Concessional Loans Scheme – state administration	1,250	980	270
Write-down and impairment of assets	–	4,444	(4,444)
Total for Program 3.11	129,413	168,195	(38,782)
Program 3.12: Rural Programs			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Assistance for Farmers and Farm Communities in Drought – Farm Hub	90	90	–
Rural Financial Counselling Service	16,940	26,642	(9,702)

Table 56 Expenses for Outcome 3, 2019–20

Outcome 3: More sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.	Budget* 2019–20	Actual Expenses 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Special appropriations			
<i>Farm Household Support Act 2014, s. 105 – payments for Farm Household Allowance</i>	59,712	134,377	(74,665)
Expenses not requiring appropriation in the Budget year			
Write-down and impairment of assets	5,706	499	5,207
Total for Program 3.12	82,448	161,608	(79,160)
Program 3.13: International Market Access			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Agriculture Trade and Market Access Cooperation Program	1,500	1,398	102
Food and Agriculture Organization of the United Nations	16,962	16,073	889
Indonesia–Australia Red Meat and Cattle Partnership	500	481	19
International Agricultural Cooperation	2,092	222	1,870
International Organisations Contributions	1,938	2,360	(422)
Total for Program 3.13	22,992	20,534	2,458
Outcome 3: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	112,224	125,071	(12,847)
Special appropriations	900,405	938,279	(37,874)
Payments to corporate entities (Draw-downs)	21,109	38,907	(17,798)
Expenses not requiring appropriation in the Budget year	119,705	151,206	(31,501)
Departmental expenses			
Departmental appropriation 1,2	131,456	135,615	(4,159)
Expenses not requiring appropriation in the Budget year 3	3,820	36,791	(32,971)
Total expenses for Outcome 3	1,288,719	1,425,869	(137,150)
	2019–20	2019–20	
Average Staffing Level (number)	624	625	

* Original budget as presented in the 2019–20 Portfolio Budget Statements (PBS). **1** Departmental Appropriation combines Ordinary annual services (Appropriation Acts No. 1) and Retained Revenue Receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*. **2** Departmental appropriation allocations are notional and reflect the current structure of the department. **3** Departmental 'Expenses not requiring appropriation in the Budget year' is made up of depreciation expenses, amortisation expense, write down and impairment of assets and resources received free of charge.

Table 57 Expenses for Outcome 4, 2019–20

Outcome 4: Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.	Budget* 2019–20	Actual Expenses 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Program 4.1: Biosecurity and Export Services			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Centre of Excellence for Biosecurity Risk Analysis and Research	1,807	1,807	–
Enhancing Australia's Biosecurity System – Priority Pest and Disease Planning and Response	3,779	3,977	(198)
Livestock Exports Global Assurance Program	1,600	2,273	(673)
Modernising Agricultural Trade – Protecting Australia's Clean, Green Brand	1,000	–	1,000
Package Assisting Small Exporters	580	101	479
Priorities for Australia's Biosecurity System – Contingency Funding	1,000	–	1,000
Priorities for Australia's Biosecurity System – Environmental Protection Officer	825	774	51
Stronger Farmers, Stronger Economy – improvements to access premium markets – improve biosecurity	900	143	757
Expenses not requiring appropriation in the Budget year			
National Residue Survey Account – <i>Public Governance, Performance and Accountability Act 2013, s. 80</i> [s. 6, <i>National Residue Survey Administration Act 1992</i>]	11,349	708	10,641
Total for Program 4.1	22,840	9,783	13,057
Program 4.2: Plant and Animal Health			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Animal Biosecurity and Response Reform	982	823	159
Commonwealth membership of Animal Health Australia and Plant Health Australia	2,086	2,350	(264)
International Organisations Contribution – World Organisation for Animal Health	246	338	(92)
Other Exotic Disease Preparedness Program	660	576	84
Payment to CSIRO – Contribution to the operating costs of the Australian Animal Health Laboratory	11,900	11,900	–
Plant Biosecurity and Response Reform	1,381	2,191	(810)
Smart Fruit Fly Management – Collaborative National Approach	2,500	2,500	–

Table 57 Expenses for Outcome 4, 2019–20

Outcome 4: Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment, inspection and certification, and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.	Budget* 2019–20	Actual Expenses 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Smart Fruit Fly Management – Commonwealth to Lead Reform	100	200	(100)
Stronger Farmers, Stronger Economy – strengthening research, skills and management of natural resources – immediate assistance fund	2,021	–	2,021
Special appropriations			
<i>Australian Animal Health Council (Live-stock Industries) Funding Act 1996, s. 5 – appropriation</i>	8,350	7,632	718
<i>Plant Health Australia (Plant Industries) Funding Act 2002, s. 6 – appropriation</i>	4,495	4,571	(76)
<i>Plant Health Australia (Plant Industries) Funding Act 2002, s. 10B – payments to PHA from EPPR levies and charges</i>	2,966	3,083	(117)
Total for Program 4.2	37,687	36,164	1,523
Special Accounts			
Australian Quarantine and Inspection Service Special Account – <i>Public Governance, Performance and Accountability Act 2013, s. 78</i>	399,285	405,986	(6,701)
National Residue Survey Account – <i>Public Governance, Performance and Accountability Act 2013, s. 80 [s. 6(1), National Residue Survey Administration Act 1992]</i>	11,878	11,932	(54)
Outcome 4: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	33,367	29,953	3,414
Special appropriations	15,811	15,286	525
Expenses not requiring appropriation in the Budget year	11,349	708	10,641
Departmental expenses			
Departmental appropriation 1,2	254,414	240,165	14,249
Special Accounts	411,163	417,918	(6,755)
Expenses not requiring appropriation in the Budget year 3	28,691	12,789	15,902
Total expenses for Outcome 4	754,795	716,819	37,976
	2019–20	2019–20	
Average Staffing Level (number)	3,687	3,756	

*Original budget as presented in the 2019–20 Portfolio Budget Statements (PBS). **1** Departmental Appropriation combines Ordinary annual services (Appropriation Act No. 1) and Retained Revenue Receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*. **2** Departmental appropriation allocations are notional and reflect the current structure of the department. **3** Departmental 'Expenses not requiring appropriation in the Budget year' is made up of depreciation expenses, amortisation expense, write down and impairment of assets and resources received free of charge.

Table 58 Expenses for Outcome 5, 2019–20

Outcome 5: Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.	Budget* 2019–20	Actual Expenses 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Program 5.1: Water Reform			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Commonwealth Contribution under the Murray–Darling Basin Agreement	12,729	12,729	–
Sustainable Rural Water Use and Infrastructure Program	156,067	62,333	93,734
Payments to corporate entities (Draw–down)			
Murray–Darling Basin Authority	75,628	75,244	384
Special Accounts			
Water Efficiency Labelling Scheme Account	1,962	1,588	374
Water for the Environment Special Account	320,000	6,329	313,671
Water Resources Special Account	510	166	344
Expenses not requiring appropriation in the Budget year	8,759	7,911	848
Write–down and impairment of assets	–	1,538	(1,538)
Total for Program 5.1	575,655	167,838	407,817
Outcome 5: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	168,796	75,062	93,734
Payments to corporate entities (Draw–downs)	75,628	75,244	384
Special accounts	322,472	8,083	314,389
Expenses not requiring appropriation in the Budget year	8,759	9,449	(690)
Departmental expenses			
Departmental appropriation 1,2	28,082	25,459	2,623
Expenses not requiring appropriation in the Budget year 3	916	23	893
Total expenses for Outcome 5	604,653	193,320	411,333
	2019–20	2019–20	
Average Staffing Level (number)	129	127	

*Original budget as presented in the 2019–20 Portfolio Budget Statements (PBS). **1** Departmental Appropriation combines Ordinary annual services (Appropriation Acts No. 1) and Retained Revenue Receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*. **2** Departmental appropriation allocations are notional and reflect the current structure of the department. **3** Departmental 'Expenses not requiring appropriation in the Budget year' is made up of depreciation expenses, amortisation expense, write down and impairment of assets and resources received free of charge.

Table 59 Expenses for Outcome 6, 2019–20

Outcome 6: 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* 2019–20	Actual Expenses** 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Program 6.2: Adapting to Climate Change			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Implementing the Finkel Review	1,950	564	1,386
Total for Program 6.2	1,950	564	1,386
Program 6.3: Renewable Energy Technology Development			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	2,868	–	2,868
<i>Less payments to corporate entities</i>	<i>(2,868)</i>	<i>–</i>	<i>(2,868)</i>
Payments to corporate entities (Draw–Down)			
Australian Renewable Energy Agency	281,961	148,868	133,093
Special appropriations			
<i>Australian Renewable Energy Agency Act 2011</i>	<i>279,093</i>	<i>148,868</i>	<i>130,225</i>
<i>Less payments to corporate entities</i>	<i>(279,093)</i>	<i>(148,868)</i>	<i>(130,225)</i>
Total for Program 6.3	281,961	148,868	133,093
Outcome 6: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	1,950	564	1,386
Payments to corporate entities (Draw–downs)	281,961	148,868	133,093
Departmental expenses			
Departmental appropriation 1,2	48,153	20,205	27,948
Expenses not requiring appropriation in the Budget year 3	1,825	1	1,824
Total expenses for Outcome 6	333,889	169,638	164,254
	2019–20	2019–20	
Average Staffing Level (number)	288	151	

Note: As a result of the Administrative Arrangements Order effective 1 February 2020, actual available appropriation for 2019–20 includes funding for Outcomes 6 up to 1 February 2020. *Original budget as presented in the 2019–20 Department of the Environment and Energy Portfolio Budget Statements (PBS), which reflected the estimated full-year impact of the 2019–20 Budget. **Actual expenses 2019–20 and Average Staffing Level are for the period to 31 January 2020, after which Outcome 6 was transferred to the Department of Industry, Science, Energy and Resources (DISER). Actual expenses and Average Staffing Level for the period 1 February to 30 June 2020 appear in the DISER annual report. **1** Departmental Appropriation combines Ordinary annual services (Appropriation Acts No. 1) and Retained Revenue Receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*. **2** Departmental appropriation allocations are notional and reflect the current structure of the department. **3** Departmental 'Expenses not requiring appropriation in the Budget year' is made up of depreciation expenses, amortisation expense, write down and impairment of assets and resources received free of charge.

Table 60 Expenses for Outcome 7, 2019–20

Outcome 7: Support the reliable, sustainable and secure operations of energy markets through improving Australia's energy efficiency, performance and productivity for the community.	Budget* 2019–20	Actual Expenses** 2019–20	Variation 2019–20
	\$'000 (a)	\$'000 (b)	\$'000 (a) – (b)
Program 7.1: Energy			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)			
Business Electricity Advice and Support	3,000	1,194	1,806
Energy Efficiency Programs	620	205	415
Energy Efficient Communities Program	8,487	–	8,487
Energy Use Data Model for Better Forecasting	2,500	–	2,500
GEMS National Legislative Framework	5,832	1,495	4,337
International Energy Agency Compliance – Collective Action Response	7,079	4,580	2,499
Micro-grids – Regional and Remote Communities	6,442	495	5,947
Powering Forward	80	133	(53)
Supporting Reliable Energy Infrastructure	6,600	165	6,435
Total for Program 7.1	40,640	8,267	32,373
Special Accounts			
Energy Special Account 2015 – <i>Public Governance, Performance and Accountability Act 2013, s. 78</i>	4,306	3,699	607
Outcome 7: Totals by appropriation type			
Administered expenses			
Ordinary annual services (Appropriation Act No. 1)	40,640	8,267	32,373
Departmental expenses			
Departmental appropriation 1,2	81,474	20,252	61,222
Special accounts	4,306	3,699	607
Expenses not requiring appropriation in the Budget year 3	79	–	79
Total expenses for Outcome 7	126,499	32,218	94,281
	2019–20	2019–20	
Average Staffing Level (number)	237	157	

Note: As a result of the Administrative Arrangements Order effective 1 February 2020, actual available appropriation for 2019–20 includes funding for Outcome 7 up to 1 February 2020. *Original budget as presented in the 2019–20 Department of the Environment and Energy Portfolio Budget Statements (PBS), which reflected the estimated full-year impact of the 2019–20 Budget. **Actual expenses 2019–20 and Average Staffing Level are for the period to 31 January 2020, after which Outcome 7 was transferred to the Department of Industry, Science, Energy and Resources (DISER). Actual expenses and Average Staffing Level for the period 1 February to 30 June 2020 appear in the DISER annual report. **1** Departmental Appropriation combines Ordinary annual services (Appropriation Acts No. 1) and Retained Revenue Receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013*. **2** Departmental appropriation allocations are notional and reflect the current structure of the department. **3** Departmental 'Expenses not requiring appropriation in the Budget year' is made up of depreciation expenses, amortisation expense, write down and impairment of assets and resources received free of charge.

Appendix C:

Human resources statistics

All employees

On 1 February 2020 the Department of the Environment and Energy (DoEE) was renamed the Department of Agriculture, Water and the Environment. This appendix presents statistics for the current report period from the new department at 30 June 2020. Statistics for the previous report period are from DoEE at 30 June 2019.

Table 61 All ongoing employees current report period (2019–20)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Indeterminate Total	
NSW	338	38	376	191	114	305	0	0	0	681
Qld	300	32	332	172	86	258	0	0	0	590
SA	89	14	103	42	20	62	0	0	0	165
Tas	157	9	166	90	39	129	0	0	0	295
Vic	304	22	326	201	79	280	0	0	0	606
WA	137	5	142	82	42	124	0	0	0	266
ACT	1,218	118	1,336	1,599	530	2,129	4	1	5	3,470
NT	77	7	84	54	12	66	0	0	0	150
External territories	17	2	19	10	3	13	0	0	0	32
Overseas	9	0	9	9	0	9	0	0	0	18
Total	2,646	247	2,893	2,450	925	3,375	4	1	5	6,273

Includes Parks Australia and staff on leave without pay and excludes Statutory Appointed positions.

External territories include Australian Antarctic Territory, Christmas Island, Cocos (Keeling) Islands, Heard Island, Macquarie Island, McDonald Islands and Norfolk Island.

Table 62 All non-ongoing employees current report period (2019–20)

	Male				Female				Indeterminate				Total
	Full-time	Part-time	Casual	Total Male	Full-time	Part-time	Casual	Total Female	Full-time	Part-time	Casual	Total indeterminate	
NSW	12	1	41	54	10	1	24	35	0	0		0	89
Qld	22	4	34	60	11	6	19	36	0	0		0	96
SA	0	0	15	15	1	0	4	5	0	0		0	20
Tas	33	5	8	46	23	9	3	35	0	0		0	81
Vic	22	6	28	56	21	16	13	50	0	0		0	106
WA	3	0	10	13	4	0	22	26	0	0		0	39
ACT	41	11	29	81	69	30	49	148	0	0	1	1	230
NT	13	2	88	103	9	7	96	112	0	0	1	1	216
External territories	73	1	10	84	6	1	5	12	0	0		0	96
Overseas	0	0	0	0	0	0	0	0	0	0		0	0
Total	219	30	263	512	154	70	235	459	0	0	2	2	973

Includes Parks Australia and staff on leave without pay and excludes Statutory Appointed positions. External territories include Australian Antarctic Territory, Christmas Island, Cocos (Keeling) Islands, Heard Island, Macquarie Island, McDonald Islands and Norfolk Island.

Table 63 All ongoing employees previous report period (2018–19)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Indeterminate Total	
NSW	17	1	18	8	4	12	0	0	0	30
Qld	2	0	2	4	0	4	0	0	0	6
SA	2	0	2	1	0	1	0	0	0	3
Tas	150	8	158	81	37	118	0	0	0	276
Vic	4	1	5	0	0	0	0	0	0	5
WA	1	0	1	0	0	0	0	0	0	1
ACT	586	78	664	762	315	1,077	0	0	0	1,741
NT	59	2	61	34	10	44	0	0	0	105
External Territories	16	1	17	7	2	9	0	0	0	26
Overseas	1	0	1	2	0	2	0	0	0	3
Total	838	91	929	899	368	1,267	0	0	0	2,196

Figures for the former Department of the Environment and Energy.

Table 64 All non-ongoing employees previous report period (2018–19)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Indeterminate Total	
NSW	3	16	19	4	11	15	0	0	0	34
Qld	0	1	1	0	0	0	0	0	0	1
SA	0	0	0	0	0	0	0	0	0	0
Tas	34	11	45	21	9	30	0	0	0	75
Vic	2	0	2	1	0	1	0	0	0	3
WA	0	0	0	0	0	0	0	0	0	0
ACT	32	30	62	51	51	102	0	0	0	164
NT	18	87	105	9	95	104	0	0	0	209
External Territories	57	8	65	13	1	14	0	0	0	79
Overseas	0	0	0	0	0	0	0	0	0	0
Total	146	153	299	99	167	266	0	0	0	565

Figures for the former Department of the Environment and Energy. 'Part-time' includes casual employees.

Australian Public Sector (APS) classification and gender

Table 65 Australian Public Service Act ongoing employees current report period (2019–20)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Total Indeterminate	
SES 3	7	0	7	4	0	4	0	0	0	11
SES 2	20	0	20	18	0	18	0	0	0	38
SES 1 a	64	1	65	61	2	63	0	0	0	128
EL 2	342	18	360	271	61	332	0	0	0	692
EL 1	553	50	603	534	223	757	0	0	0	1,360
APS 6 b	572	53	625	631	225	856	1	0	1	1,482
APS 5 c	292	24	316	386	131	517	1	0	1	834
APS 4 d	677	68	745	451	217	668	1	1	2	1,415
APS 3 e	102	31	133	85	63	148	1	0	1	282
APS 2	16	0	16	5	3	8	0	0	0	24
APS 1	1	2	3	4	0	4	0	0	0	7
Other	0	0	0	0	0	0	0	0	0	0
Total	2,646	247	2,893	2,450	925	3,375	4	1	5	6,273

Includes Parks Australia and staff on leave without pay and excludes Statutory Appointed positions. **a** Includes Chief of Division One classification (Classification of the Chief Scientist in Australian Antarctic Division). **b** Includes APS Meat Inspector Four classification and DAFF Band Two Work Level Six B classification. **c** Includes APS Meat Inspector Three classification. **d** Includes APS Meat Inspector Two classification. **e** Includes Graduates

Table 66 Australian Public Service Act non-ongoing employees current report period (2019–20)

	Male				Female				Indeterminate				Total
	Full-time	Part-time	Casual	Total Male	Full-time	Part-time	Casual	Total Female	Full-time	Part-time	Casual	Indeterminate Total	
SES 3	0	0	0	0	0	0	0	0	0	0	0	0	0
SES 2	1	1	1	3	0	0	0	0	0	0	0	0	3
SES 1	1	0	1	2	0	0	0	0	0	0	0	0	2
EL 2	5	2	1	8	9	3	2	14	0	0	0	0	22
EL 1	21	3	0	24	18	2	0	20	0	0	0	0	44
APS 6	42	5	34	81	33	11	22	66	0	0	0	0	147
APS 5	27	2	1	30	21	10	2	33	0	0	0	0	63
APS 4 a	66	8	99	173	65	20	64	149	0	0	0	0	322
APS 3	53	8	46	107	7	15	72	94	0	0	0	0	201
APS 2	3	0	5	8	1	3	4	8	0	0	0	0	16
APS 1	0	1	75	76	0	6	69	75	0	0	2	2	153
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	219	30	263	512	154	70	235	459	0	0	2	2	973

Includes Parks Australia and staff on leave without pay and excludes Statutory Appointed positions. **a** Includes APS Meat Inspector Two classification.

Table 67 Australian Public Service Act ongoing employees previous report period (2018–19)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Indeterminate Total	
Secretary	1	0	1	0	0	0	0	0	0	1
SES 3	3	0	3	1	0	1	0	0	0	4
SES 2	7	0	7	9	0	9	0	0	0	16
SES 1	34	0	34	26	1	27	0	0	0	61
EL 2	144	11	155	105	29	134	0	0	0	289
EL 1	247	34	281	247	132	379	0	0	0	660
APS 6	227	33	260	282	115	397	0	0	0	657
APS 5	80	6	86	138	49	187	0	0	0	273
APS 4	38	3	41	50	30	80	0	0	0	121
APS 3	44	4	48	38	9	47	0	0	0	95
APS 2	12	0	12	2	3	5	0	0	0	17
APS 1	1	0	1	1	0	1	0	0	0	2
Other	0	0	0	0	0	0	0	0	0	0
Total	838	91	929	899	368	1,267	0	0	0	2,196

Figures for the former Department of the Environment and Energy.

Table 68 Australian Public Service Act non-ongoing employees previous report period (2018–19)

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total Male	Full-time	Part-time	Total Female	Full-time	Part-time	Indeterminate Total	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	1	1	2	0	0	0	0	0	0	2
SES 1	0	1	1	1	0	1	0	0	0	2
EL 2	4	3	7	7	1	8	0	0	0	15
EL 1	14	3	17	12	4	16	0	0	0	33
APS 6	43	10	53	19	11	30	0	0	0	83
APS 5	17	4	21	11	8	19	0	0	0	40
APS 4	16	17	33	36	33	69	0	0	0	102
APS 3	48	29	77	13	44	57	0	0	0	134
APS 2	1	4	5	0	2	2	0	0	0	7
APS 1	2	81	83	0	64	64	0	0	0	147
Other	0	0	0	0	0	0	0	0	0	0
Total	146	153	299	99	167	266	0	0	0	565

Figures for the former Department of Environment and Energy. 'Part-time' includes casual employees.

Employment type by full-time, part-time and casual status

Table 69 Australian Public Service Act employees by full-time, part-time and casual status current report period (2019–20)

	Ongoing			Non-ongoing				Total
	Full-time	Part-time	Total Ongoing	Full-time	Part-time	Casual	Non-ongoing Total	
SES 3	11	0	11	0	0	0	0	11
SES 2	38	0	38	1	1	1	3	41
SES 1 a	125	3	128	1	0	1	2	130
EL 2	613	79	692	14	5	3	22	714
EL 1	1,087	273	1,360	39	5	0	44	1,404
APS 6 b	1,204	278	1,482	75	16	56	147	1,629
APS 5 c	679	155	834	48	12	3	63	897
APS 4 d	1,129	286	1,415	131	28	163	322	1,737
APS 3 e	188	94	282	60	23	118	201	483
APS 2	21	3	24	4	3	9	16	40
APS 1	5	2	7	0	7	146	153	160
Other	0	0	0	0	0	0	0	0
Total	5,100	1,173	6,273	373	100	500	973	7,246

Includes Parks Australia and staff on leave without pay and excludes Statutory Appointed positions. **a** Includes Chief of Division One classification (Classification of the Chief Scientist in Australian Antarctic Division). **b** Includes APS Meat Inspector Four classification and DAFF Band Two Work Level Six B classification. **c** Includes APS Meat Inspector Three classification. **d** Includes APS Meat Inspector Two classification. **e** Includes Graduates

Table 70 Australian Public Service Act employees by full-time and part-time status previous report period (2018–19)

	Full-time	Part-time	Total ongoing	Full-time	Part-time	Total Non-ongoing	Total
Secretary	1	0	1	0	0	0	1
SES 3	4	0	4	0	0	0	4
SES 2	16	0	16	1	1	2	18
SES 1	60	1	61	1	1	2	63
EL 2	249	40	289	11	4	15	304
EL 1	494	166	660	26	7	33	693
APS 6	509	148	657	62	21	83	740
APS 5	218	55	273	28	12	40	313
APS 4	88	33	121	52	50	102	223
APS 3	82	13	95	61	73	134	229
APS 2	14	3	17	1	6	7	24
APS 1	2	0	2	2	145	147	149
Other	0	0	0	0	0	0	0
Total	1,737	459	2,196	245	320	565	2,761

Figures for the former Department of the Environment and Energy. 'Part-time' includes casual employees.

Employment type by location

Table 71 Australian Public Service Act employment type by location current report period (2019–20)

	Ongoing	Non-ongoing	Total
NSW	681	89	770
Qld	590	96	686
SA	165	20	185
Tas	295	81	376
Vic	606	106	712
WA	266	39	305
ACT	3,470	230	3,700
NT	150	216	366
External Territories	32	96	128
Overseas	18	0	18
Total	6,273	973	7,246

Includes Parks Australia and staff on leave without pay and excludes Statutory Appointed positions.

Table 72 Australian Public Service Act Employment type by location previous report period (2018–19)

	Ongoing	Non-ongoing	Total
NSW	30	34	64
Qld	6	1	7
SA	3	0	3
Tas	276	75	351
Vic	5	3	8
WA	1	0	1
ACT	1,741	164	1,905
NT	105	209	314
External Territories	26	79	105
Overseas	3	0	3
Total	2,196	565	2,761

Figures for the former Department of the Environment and Energy.

Indigenous employment

Table 73 Australian Public Service Act Indigenous employment current report period (2019–20)

Ongoing	177
Non-ongoing	179
Total	356

Includes Parks Australia and staff on leave without pay and excludes Statutory Appointed positions.

Table 74 Australian Public Service Act Indigenous Employment previous report period (2018–19)

Ongoing	87
Non-ongoing	174
Total	261

Figures for the former Department of the Environment and Energy.

Employment arrangements of SES and non-SES employees

Table 75 Australian Public Service Act employment arrangements current report period (2019–20)

	SES	Non-SES	Total
Department of the Environment and Energy Enterprise Agreement	0	6,856	6,856
Department of Agriculture and Water Resources Meat Inspector Enterprise Agreement	0	236	236
Section 24(1) determinations	154	0	154
Total	154	7,092	7,246

Includes Parks Australia and staff on leave without pay and excludes Statutory Appointed positions.

Salary ranges

Table 76 Australian Public Service Act employment salary ranges by classification level (Minimum/Maximum) current report period (2019–20)

	Minimum Salary	Maximum Salary
SES 3	386,483	397,191
SES 2	249,225	338,816
SES 1	196,103	250,170
EL 2 a	123,324	233,150
EL 1 b	107,933	153,538
APS 6 c	82,500	116,282
APS 5 d	73,299	86,893
APS 4 e	67,190	81,129
APS 3 f	59,599	75,717
APS 2 g	52,452	62,590
APS 1	45,680	48,421
Other	0	0
Minimum/Maximum range	45,680	397,191

a Only positions meeting the requirements of a Public Affairs Officer can access the paypoint of \$152,685. Only positions requiring mandatory legal qualifications can access the paypoint of \$152,685. Only designated Research Scientist positions can access paypoints between \$152,685 and \$197,849. Only positions meeting the requirements of an Antarctic Medical Practitioner can access the paypoints between \$159,224 and \$233,150. **b** Only positions requiring mandatory veterinary qualifications can access paypoints between \$120,619 and \$129,108. Only positions requiring mandatory legal qualifications can access the paypoints between \$124,675 and \$132,184. Only positions meeting the requirements of a Public Affairs Officer can access the paypoints between \$118,994 and \$136,109. Only positions meeting the requirements of an Antarctic Medical Practitioner can access the paypoints between \$136,477 and \$153,538. **c** Only positions within the Antarctic Australian Expeditioners can access the paypoint of \$97,743. Only positions requiring mandatory veterinary qualifications can access paypoints between \$98,052 and \$116,282. Only positions meeting the requirements of a Public Affairs Officer can access the paypoint of \$96,716. Only positions requiring mandatory legal qualifications can access the paypoint of \$96,252. Only positions with an APS Meat Inspector Four classification can access the paypoint \$92,032. **d** Only positions within the Antarctic Australian Expeditioners can access the paypoint of \$84,216. Only positions with an APS Meat Inspector Three classification can access the paypoint \$86,893. **e** Only positions within the Antarctic Australian Expeditioners can access the paypoints between \$74,469 and \$78,907. Only positions with an APS Meat Inspector Two classification can access the paypoint \$81,129. **f** Only positions within the Antarctic Australian Expeditioners can access the paypoint of \$70,278. Only positions with an APS Meat Inspector One classification can access the paypoints between \$68,686 and \$75,717. **g** Only positions within the Antarctic Australian Expeditioners can access the paypoint of \$62,590. Note: The maintenance of employees' salaries upon commencement from another APS agency or salaries negotiated through Individual Flexibility Arrangements can exceed the salary ranges for non-SES classifications.

Performance pay

In 2019–20 the department did not provide performance pay to any employees.

Non-salary benefits

Non-salary benefits provided to SES Band 3 employees as part of their remuneration package include superannuation and car parking. SES Band 1 and 2 employees receive superannuation as the only non-salary benefit and pay for car parking. Non-salary benefits provided to non-SES officers as part of their remuneration package are generally limited to superannuation. In exceptional cases, employees may have private use of a Commonwealth vehicle where it is deemed necessary for the performance of their duties.

Appendix D:

Executive remuneration

Table 77 Information about remuneration for key management personnel

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits (\$)	Total remuneration (\$)
		Base salary (\$)	Bonuses (\$)	Other benefits and allowances (\$)		Superannuation contributions (\$)	Long service leave (\$)		
Daryl Quinlivan	Secretary	419,681	0	1,430	53,287	11,535	0	333,776	819,709
Andrew Metcalfe	Secretary	348,477	0	967	9,988	4,819	0	0	364,251
Malcolm Thompson	Deputy secretary	268,281	0	1,996	52,888	9,137	0	0	332,302
Cindy Briscoe	Deputy secretary	390,831	0	2,184	69,990	11,939	0	0	474,944
Lyn O'Connell	Deputy secretary	367,058	0	2,478	68,982	11,939	0	0	450,457
Andrew Tongue	Deputy secretary	199,237	0	1,147	34,845	5,740	0	0	240,969
David Hazlehurst	Deputy secretary	82,914	0	482	13,245	2,389	0	0	99,030
Neal Mason	Deputy secretary (A/g)	204,329	0	0	28,758	6,269	0	0	239,356
Rosemary Deiningner	Deputy secretary (A/g)	186,576	0	0	24,844	5,376	0	0	216,796
Finn Pratt	Secretary	180,973	0	698	25,657	6,125	0	0	213,453
Robert Heferen	Deputy secretary	174,475	0	1,047	30,091	5,766	0	0	211,379
Matthew Cahill	Deputy secretary	371,609	0	2,497	66,355	11,300	0	0	451,761
Dean Knudson	Deputy secretary	394,274	0	2,592	56,296	10,744	0	0	463,906

Notes: Only discloses remuneration paid during officers' time as key management personnel. Base salary includes movement in recreation leave accruals. Long service leave used is not captured in base salary but is included in other long-term benefits. Excludes the remuneration of key management personnel that transferred to the Department of Industry, Science, Energy and Resources.

Table 78 Information about remuneration for senior executives

Remuneration band	Number of senior executives	Average base salary (\$)	Average bonuses (\$)	Post-employment benefits			Other long-term benefits			Termination benefits	Total remuneration
				Average other benefits and allowances (\$)	Average superannuation contributions (\$)	Average long service leave (\$)	Average other long-term benefits (\$)	Average termination benefits (\$)	Average total remuneration (\$)		
\$0–\$225,000	38	131,692	0	978	26,726	4,744	0	0	164,140		
\$225,001–\$245,000	18	194,245	0	810	36,659	5,274	0	0	236,988		
\$245,001–\$270,000	38	214,984	0	30	38,446	5,645	0	0	259,105		
\$270,001–\$295,000	27	229,539	0	161	41,485	5,827	0	3,461	280,473		
\$295,001–\$320,000	10	232,915	0	4,889	43,137	5,855	0	22,681	309,477		
\$320,001–\$345,000	9	238,889	0	7,884	45,249	6,342	0	7,429	329,730		
\$345,001–\$370,000	6	269,398	0	21,923	53,304	6,876	0	0	351,501		
\$370,001–\$395,000	5	238,705	0	90,282	44,798	6,159	0	0	379,944		
\$395,001–\$420,000	0	0	0	0	0	0	0	0	0		
\$420,001–\$445,000	2	228,488	0	130	33,696	4,742	0	164,923	431,979		
\$445,001–\$470,000	0	0	0	0	0	0	0	0	0		
\$470,001–\$495,000	2	201,947	0	106,083	40,319	5,395	0	132,716	486,460		

Note: Senior executives who were part of key management personnel (Table 77) for part of the year have the remainder of their remuneration reported in this table.

Table 79 Information about remuneration for other highly paid staff

Remuneration band	Number of other highly paid staff	Short-term benefits			Post-employment benefits		Other long-term benefits			Termination benefits	Total remuneration
		Average base salary (\$)	Average Bonuses (\$)	Average other benefits and allowances (\$)	Average superannuation contributions (\$)	Average long service leave (\$)	Average other long-term benefits (\$)	Average termination benefits (\$)			
\$225,001–245,000	8	171,117.00	0	34,368.00	26,585.00	3,666.00	0	0	235,736.00		
\$245,001–\$270,000	3	162,008.00	0	59,742.00	30,607.00	3,608.00	0	0	255,965.00		
\$270,001–\$295,000	3	127,666.00	0	133,279.00	24,676.00	3,835.00	0	0	289,456.00		
\$295,001–\$320,000	3	138,838.00	0	126,736.00	31,209.00	3,568.00	0	0	300,351.00		
\$320,001–\$345,000	3	135,277.00	0	167,120.00	26,751.00	3,568.00	0	0	332,716.00		
\$345,001–\$370,000	1	144,888.00	0	170,310.00	26,405.00	3,568.00	0	0	345,171.00		

Appendix E:

Service standards

Table 80 Service standards, client contact services, 2019–20

Service standard description	Target	Result
Correspondence by phone For calls received through the national contact number we will answer your call within 5 minutes. This standard applies to clients contacting the department through the national contact number: 1800 900 090.	80% of calls to be answered within our service standard	84%
Correspondence by online forms For general enquiries received through the department's online contact form we will provide immediate confirmation of receipt and respond to your request within 10 business days of receipt. If we cannot fully answer your query in that time we will advise you of when a complete response can be expected. Wherever possible, we will respond earlier. For some services, such as permit and grant applications, specific service standards may exist.	80% of requests to be responded to within our service standard	80%
Bookings by phone/email We will confirm your booking request, cancellation or amendment within 1 business day of receipt	95% of bookings to be confirmed within our service standard	65% a b
Updated 22 January 2020: Bookings by phone/email We will confirm receipt of your booking request, cancellation or amendment within 1 business day.	95% of bookings to be confirmed within our service standard	100% c

a The result was affected by increased volumes of booking requests across multiple commodities, as well as non-commodity related inspection bookings such as Cargo Compliance Verification (CCV) and Brown marmorated stink bug (BMSB). There was high demand throughout the reporting period. **b** This result covers the period from 1 July 2019 to 21 January 2020. On 22 January 2020, this standard was updated to enable a more efficient, accurate and practical booking process and help reduce waiting times for inspection appointments. **c** Covers the period from 22 January to 30 June 2020.

Table 81 Service standards, import services, 2019–20

Service standard description	Target	Result
Inspection of goods at an approved premises We will provide this service within 3 business days of confirmation of your scheduled appointment. During periods of significant short-term increases in trade activity, there may be delays. If this is the case, we will consult you to agree on a mutually suitable time for your appointment.	95% of inspections to be provided within our service standard	89% a
Inspection of non-commercial vessels On arrival at a port at which the department has a permanent staff presence, we will aim to provide an initial inspection within 1 business day from you advising the department of your arrival. In periods of increased arrivals, such as regattas, the time to attend an inspection may be slightly longer.	95% of inspections to be provided within our service standard	100%
Treatments We will provide your or your representative with treatment direction within 2 business days following an inspection. The time taken for processing your goods is dependent on the nature of treatment or the mandatory duration of quarantine periods.	95% of treatments to be processed within our service standard	89% b
Assess/issue import documentation lodged via COLS We will process your lodgement within 1 business day of receipt for urgent items. Non-urgent items will be processed within 2 business days of receipt. Lodgement processing may take longer if: <ul style="list-style-type: none"> • they require policy advice • incomplete or incorrect information is provided • additional information is required to continue the assessment (applicants will be notified of this by the assessing officers). 	80% of assessments to be processed within our service standard	92% within 1 business day 83% within 2 business days
Assess/issue import documentation lodged via email We will process your lodgement within 3 business day of receipt. Lodgement processing may take longer if: <ul style="list-style-type: none"> • they require policy advice • incomplete or incorrect information is provided • additional information is required to continue the assessment (applicants will be notified of this by the assessing officers). Email lodgement is to be used only for items listed as per industry notice 20–2016.	80% of assessments to be processed within our service standard	99%

Table 81 Service standards, import services, 2019–20

Service standard description	Target	Result
<p>Attendance in-office for clearing of imported or exported goods</p> <p>We aim to attend to you within 30 minutes of you arriving at the office.</p> <p>During peak periods throughout a business day and when there are significant short-term increases in trade activity, there may be delays in our larger offices.</p> <p>You can expect to spend about 15 minutes with a departmental officer for each standard transaction that is accompanied by valid documentation.</p> <p>Urgent and non-commercial client personal effects will be considered higher priority.</p>	80% of clearances to be processed within our service standard	– c
<p>Import permits – applications using BICON</p> <p>We will issue import permits within 20 business days of completed applications being received and paid for in full. Applications may take longer if:</p> <ul style="list-style-type: none"> • they require technical assessment • incomplete or incorrect information is provided by the applicant • additional information is required to continue the assessment (applicants will be notified of this by the assessing officers) • it is a novel product or has been prepared in a novel manner. 	90% of import permits to be issued within our service standard	88%

a Target was met in Western Australia (99%), Queensland (97%), South Australia (100%) and Northern Territory (100%). Target was not met in Victoria (83%) and New South Wales (87%). **b** We rely on the importer or their agent to advise of their preferred treatment option after an inspection. This can affect our ability to meet the standard if the importer takes longer than 2 days to provide their preference. **c** We no longer record results for this standard, because of the decommissioning of old technology. Effective from 11 May 2020, and until further notice, the department temporarily ceased client-facing import document assessments. We are still providing front counter services for export document assessments.

Table 82 Service standards, export services, 2019–20

Service standard description	Target	Result
Inspection of goods at an export-registered establishment We will aim to provide an officer to inspect goods at an export-registered establishment within 3 business days of your request for an appointment. Inspection times are based on availability so we may be able to provide the service within a shorter time frame.	95% of inspections to be provided within our service standard	100%
Inspection of goods for airfreight exports We will aim to provide an inspection for goods exported by airfreight within 24 hours of your request for an appointment. During periods of increased trade activity, there may be delays in meeting your requested inspection time.	95% of inspections to be provided within our service standard	100%
Inspection of goods for sea freight exports We will aim to provide an inspection for goods exported by sea freight within 3 business days of your request for an appointment. During periods of increased trade activity, there may be delays in meeting your requested inspection time.	95% of inspections to be provided within our service standard	100%
Inspection of bulk vessels for export appointment We will aim to provide a physical inspection within 3 business days of a confirmed	95% of inspections to be provided within our service standard	100%
Assess/issue export documentation We will process your lodgement within 1 business day for airfreight. We will process your lodgement within 3 business days for sea freight.	95% of assessments to be processed within our service standard	100% within 1 business day 94% within 3 business days
Plant export authorised officer application—application assessment When an application is received and the application fee has been paid, we will aim to assess your application within 15 business days.	90% of application assessments to be processed within our service standard	100%
Plant export authorised officer application—Deed of Obligations When an assessment tool that has a competent result is received, we will require a further 10 business days to process an invoice for the appointment fee.	90% of requests to be processed within our service standard	90%
Plant export authorised officer application—Instrument of Appointment When all training, assessment and further documentation have been completed and all fees have been paid, we will require a further 10 business days to provide the Instrument of Appointment.	90% of Instruments of Appointment to be processed within our service standard	100% of Instruments of Appointment were processed within our service standard

Table 83 Service standards, live animal export services, 2019–20

Service standard description	Target	Result
<p>Inspection of livestock at an export registered premise, approved premise, airside or vessel</p> <p>We will:</p> <ul style="list-style-type: none"> • service an appointment made 3 business days prior to the required inspection • undertake inspections only in areas which are well lit. <p>Fees may apply for changing or cancelling an appointment/inspection as per the current charging guidelines</p> <p>Wherever reasonable, we will seek to accommodate bookings and changes made inside the 3 business days' period. However we cannot guarantee that we will be able to service this request.</p>	<p>95% inspections provided within standard.</p>	<p>95%</p>
<p>Assess/issue live animal export documentation</p> <p>We will:</p> <ul style="list-style-type: none"> • assess documents during standard hours of service (6:30am-6:30pm). • advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents. 	<p>95% processed within standard.</p>	<p>95%</p>
<p>Application for (or renewal of) an export licence or variation of an export licence</p> <p>We will:</p> <ul style="list-style-type: none"> • assess and make a decision on the application within 40 business days of receipt. • advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents. <p>Wherever possible, we will respond earlier, however the complexity of the application and the volume of applications being processed will have an effect on processing time.</p>	<p>90% of applications processed within standard</p>	<p>88%</p>
<p>Registration or renewal of registered premises</p> <p>We will:</p> <ul style="list-style-type: none"> • assess and make a decision on the application within 40 business days of receipt a • advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents. <p>Wherever possible, we will respond earlier, however the complexity of the application and the volume of applications being processed will have an effect on processing time.</p>	<p>90% of applications processed within standard</p>	<p>40%</p>

Table 83 Service standards, live animal export services, 2019–20

Service standard description	Target	Result
Registration of an Australian Government Accredited Veterinarians for livestock export We will: <ul style="list-style-type: none"> • assess and make a decision on the application within 10 business days of receipt a • advise you as soon as practicable if there are missing, incomplete, incorrect or ineligible documents. 	90% of applications processed within standard	93%
Application for an approved arrangement We will assess the application, audit the business and make a decision within 40 business days of receipt. a If we do not make a decision within 60 days you have the right to appeal to the Administrative Appeals Tribunal to get a decision. We will advise you as soon as practical if there are missing, incomplete, incorrect or ineligible documents.	90% of applications processed within standard	50% b
Application for a variation to an approved arrangement We will: <ul style="list-style-type: none"> • assess and make a decision on the application within 20 business days of receipt a • advise you as soon as practicable if there are missing, incomplete, incorrect or ineligible documents. Applications for variations which include more than 5 Standard Export Plans will wherever possible be assessed and a decision made within 20 business days of receipt. a However, due to the many possible variables and complexities involved, the department reserves the right to vary the time frame according to the quantity and complexity of SEPs. If we do not make a decision within 60 days you have the right to appeal to the Administrative Appeals Tribunal to get a decision.	90% of applications processed within standard	34%
Submission of Notice of Intention (without an approved arrangement) We will make a decision on the application within 10 business days of receipt of a complete application. Variations that require reassessment will be assessed and decided on within 7 business days of receipt.	95% of applications processed within standard	100%
Submission of Notice of Intention (with an approved arrangement) Assess and approve or reject Notices of Intention for consignments under approved arrangements within 3 business days of receipt. a	95% of applications processed within our service standard	70%

Table 83 Service standards, live animal export services, 2019–20

Service standard description	Target	Result
Exporter Supply Chain Assurance System (ESCAS) applications and variations New ESCAS applications – Assess and make a decision on the application within 10 business days of receipt. ESCAS Variations – Assess and make a decision on the application within 10 business days of receipt.	90% processed within standard	67% for new applications 88% for ESCAS variations
Assess 3rd party reported non-conformances c We will: <ul style="list-style-type: none"> • assess and make a decision on a reported non-compliance within 3 months if it involves a single compliance issue for one exporter • assess and make a decision on a reported non-compliance within 6 months if it involves multiple issues or exporters. d 	90% processed within standard	N/A for single compliance issues 50% for multiple issues or exporters
Assess self-reported non-conformances We will assess and make a decision on a reported non-compliance within 3 months d	90% processed within standard	64%
Reportable mortality events We will assess and report on a notifiable mortality incident within 6 months.	90% processed within standard	100%

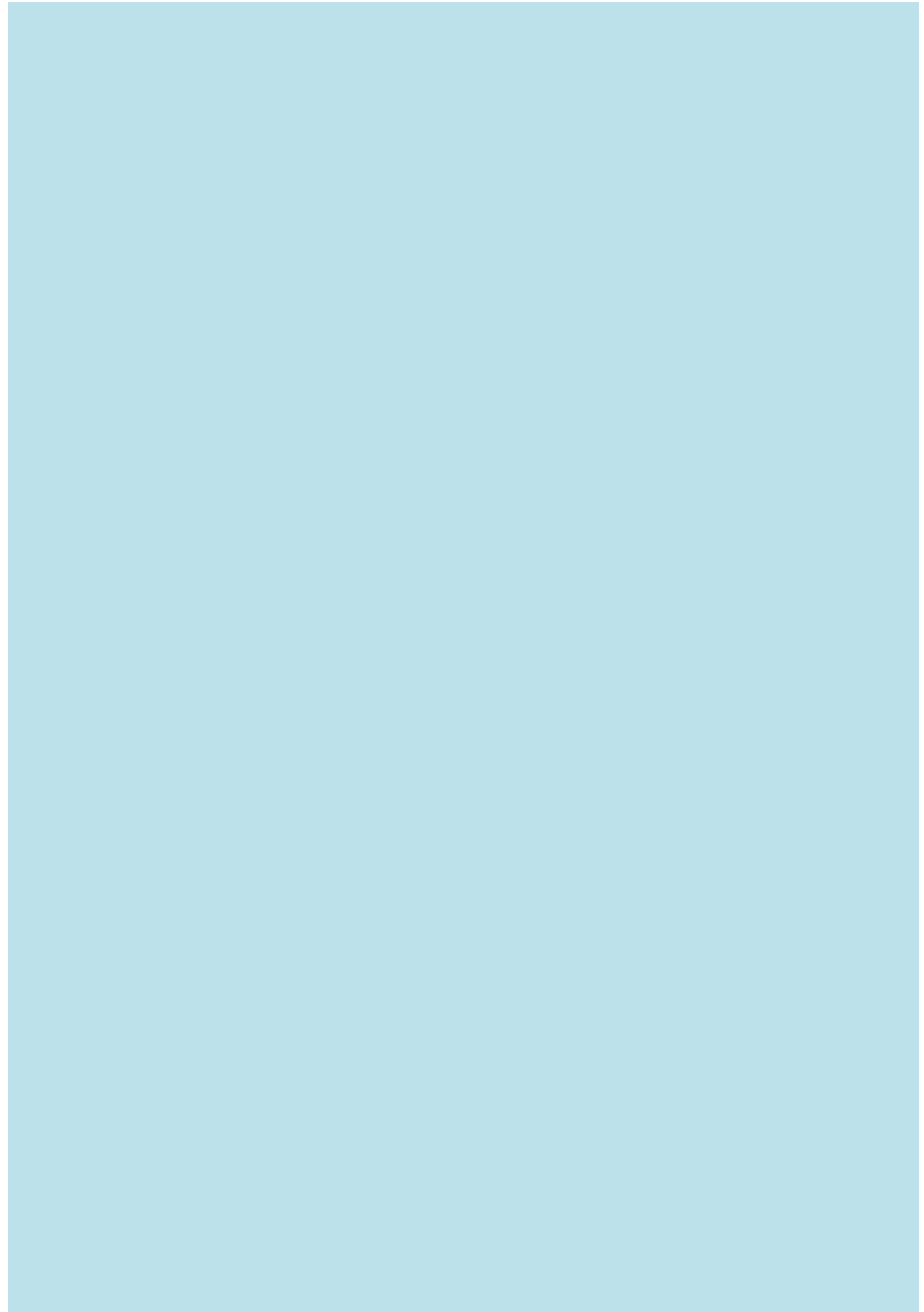
N/A – not applicable. We work with each applicant so that their application can be recommended for approval wherever possible. Some applications require significant amendments and revisions which may take time. Some applications may be delayed while importing country requirements are negotiated or clarified. In every case, we advised on any incomplete, incorrect or ineligible documents as soon as practicable. **a** Time frame does not include time taken for applicant to provide more information. **b** In 2019–20 we completed 2 applications for new approved arrangements. One was completed within 40 business days and one was completed in 86 business days. **c** Third party reports will likely involve multiple exporters, therefore all third party reports have been combined in the table. **d** Time frames are calculated between date of receipt and date of publication. ESCAS reports are published quarterly. The report may have been finalised, or a decision made, prior to its publication.

Appendix F:

Disability reporting

Since 1994 non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider 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](#) reports and the APS Statistical Bulletin. These reports are available on the Commission's website. Since 2010–11, entities have not been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken 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, 2-yearly report will track progress against each of the 6 outcome areas of the strategy and present a picture of how people with a disability are faring. The first of these progress reports was published in 2014, and reports can be found at the Department of Social Services [website](#).



Part 5

Financial statements





Auditor-General for Australia



INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture, Drought and Emergency Management

To the Minister for the Environment

To the Minister for Resources, Water and Northern Australia

Opinion

In my opinion, the financial statements of the Department of Agriculture, Water and the Environment (the Entity) for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements, the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* and the *Public Governance, Performance and Accountability Rule 2014*; and
- (b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 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 and forming part of 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 Entity 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 (including Independence Standards)* (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
38 Sydney Avenue FORREST ACT 2603
Phone (02) 6203 7300 Fax (02) 6203 7777

Key audit matter	How the audit addressed the matter
<p>Accuracy and completeness of Own Source Revenue</p> <p><i>Refer to Note 2A 'Revenue from contracts with customers' and Note 17 'Regulatory Charging Summary'</i></p> <p>I considered this area a key audit matter due to the significant value of revenue from import and export regulatory functions, the risk that the declaration process results in under-collection of import and export revenue, and the complex administrative and Information Technology system arrangements that support the collection of fees and charges.</p> <p>The Entity collects a range of legislated fees and charges for import and export regulatory functions. Information is captured through multiple business systems via manual data entry and online applications. In 2019–20, total own source revenue from import and export regulatory functions was \$405.3 million.</p> <p>As fees and charges revenue is dependent on the declared volume and nature of import and export activity, the Entity undertakes a compliance program to obtain assurance that declarations made accurately report the value, volume and nature of goods declared.</p>	<p>To audit the accuracy and completeness of own source revenue, I performed the following procedures:</p> <ul style="list-style-type: none"> assessed the effectiveness of governance and reporting arrangements implemented by the Entity to obtain assurance over the completeness of own source revenue; assessed the design and operating effectiveness of compliance programs that provide the Entity with assurance over the completeness and accuracy of own source revenue; tested the Entity's assurance processes over the interface and transfer of data between revenue business systems and the finance system, including the IT general and application controls for the significant systems that record receipts; agreed the fees and charges recorded in business systems, which are used to calculate own source revenue, to legislation; tested a sample of revenue transactions and checked the manual calculations were accurate based on the information declared by the importer or exporter; and tested the year end amount of revenue accrued by agreeing inputs used in calculations to information in the revenue business systems and Australian Bureau of Agricultural and Resource Economics and Sciences estimates.
Key audit matter	How the audit addressed the matter
<p>Valuation of Other Provisions</p> <p><i>Refer to Note 6B 'Other Provisions'</i></p> <p>I considered this area a key audit matter because significant management judgement is used to determine the value of the provision.</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.</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, timing of activity, discount rates, inflation rates, asset useful lives, shipping, transport and handling costs, and the timing of cash outflows. Key assumptions are subject to significant judgement</p>	<p>To audit the valuation of other provisions, I performed the following procedures:</p> <ul style="list-style-type: none"> assessed the accuracy and completeness of the fixed asset data used in the model by the Entity; considered the competence and objectivity of management's valuation expert and evaluated the appropriateness, rationale and consistent application of the estimation methods; 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; considered the reasonableness of useful lives of assets and of the inflation rates and discount rates applied; and tested the calculation logic and arithmetic accuracy of the model.

and sensitivity and are disclosed in Note 6B.

The Other Provisions balance at 30 June 2020 was \$754.6 million.

Key audit matter

Accuracy and completeness of primary industry levies and charges

Refer to Note 21A 'Levies and Charges'

I considered this area a key audit matter as there is a risk of under-collection arising from the submission of inaccurate levy returns and declarations, whether accidental or deliberate.

Levies are collected from primary industry producers and agents using a self-assessment regime. For the 2019–20 reporting period the total levies reported were \$474.3 million.

The Entity undertakes a compliance program to obtain assurance that levy returns and declarations accurately report the value and quantity of agricultural commodities declared.

How the audit addressed the matter

To audit the accuracy and completeness of primary industry levies and charges revenue, I performed the following procedures:

- assessed the design and operating effectiveness of the IT general and application controls to confirm the integrity of data within the levies IT system. This included an assessment of the completeness and accuracy of data transferred between the levies IT system and the finance system;
- evaluated the design and operating effectiveness of, and tested on a sample basis, the Entity's National Compliance Program which applies a risk based approach to assessing the accuracy and completeness of submitted returns and levies collected;
- tested a sample of revenue transactions by agreeing calculations to supporting documentation, and sighted approvals; and
- agreed changes of levy rates recorded in the levies IT system to approvals signed by the Minister.

Key audit matter

Valuation of Loans to State and Territory Governments and Farm Businesses

Refer to Note 22B 'Trade, taxation and other receivables'

I considered this area a key audit matter given the significance of this balance to the Entity's receivable balances and the significant judgement applied to assessing lending limits, lending terms and the complexity of calculations in determining the valuation and impairment of the loan balances, some of which are classified as concessional loans.

The Entity is responsible for administering a range of Farm Finance and Drought Assistance loan packages which provide eligible recipients with low interest loans to assist in managing their farm businesses. Loans are made to the State and Territory Governments and to farm businesses through the Regional Investment Corporation, who are responsible for the ongoing maintenance and management of the loans.

Impairment of the loan balances is calculated using a 12 month expected credit losses valuation model.

How the audit addressed the matter

To audit the valuation of the loans to State and Territory Governments and farm business, I performed the following procedures:

- evaluated the application of the Entity's accounting policy for the recognition and measurement of the fair value of new loans in accordance with Australian Accounting Standards, including any concessional component;
- assessed the reasonableness of the methodology and key assumptions applied to the impairment assessment supporting the valuation of the loans against accepted industry benchmarks;
- assessed the Entity's monitoring of loans and service payments collected to assess the accuracy and completeness of information provided by the State and Territory Governments and the Regional Investment Corporation;
- agreed a sample of approvals of new loans, or variations to existing loans, to supporting

<p>This model is dependent on assumptions that require significant judgement about the value of security held against each loan, the impact of worsening drought conditions, and macroeconomic factors including interest rates and commodity pricing. The Entity engaged an expert to assist in calculating the impairment of loans.</p> <p>The loans receivable balance at 30 June 2020 was \$935.8 million.</p>	<p>documentation; and</p> <ul style="list-style-type: none"> for a sample of loans, recalculated the interest revenue using the approved interest rates and agreed principal repayments to the loan agreement.
Key audit matter	How the audit addressed the matter
<p>Valuation of water assets</p> <p><i>Refer to Note 23 'Administered – Non Financial Assets - Water entitlements'</i></p> <p>I considered this area a key audit matter because of the significant judgment required to determine the appropriate valuation model for water assets. The Entity reports water assets as intangible assets, with indefinite useful lives, and measures these assets using the cost model. Due to the limited availability of water trade data for some assets and uncertainties in relation to the reliability of available water trade data, the Entity exercises judgement in determining appropriate transactions from water trade data and broker pricing data used to estimate the recoverable amount of water assets.</p> <p>The water assets balance at 30 June 2020 was \$4,012.0 million.</p>	<p>To audit the valuation of water assets I performed the following procedures:</p> <ul style="list-style-type: none"> assessed the reasonableness of the Entity's conclusion that an active market does not exist for water assets against the requirements of the Australian Accounting Standards; considered the competence and objectivity of management's valuation expert; and assessed the appropriateness, rationale and consistent application of the methodology used in estimating the recoverable amount of water assets. This included assessing management expert's: <ul style="list-style-type: none"> identification of suitable proxy trades for water catchments where no trade data was available; exclusion of trade data where reported trade prices were deemed as unreasonable outliers; use of a volume weighted average price for determining the recoverable amount of water assets; and evaluation of the determined recoverable amount to estimates from other sources including broker pricing data, expert analysis and recent Commonwealth purchases of water assets.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation 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 ability of the Entity 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 the Accountable Authority 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 the Accountable Authority, 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
16 September 2020

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT

Financial Statements

for the period ended 30 June 2020

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT STATEMENT BY THE SECRETARY AND CHIEF FINANCE OFFICER

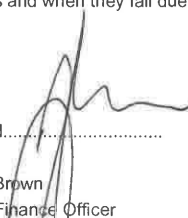
In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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

Signed.....

Andrew Metcalfe AO
Secretary

16 September 2020

Signed.....

Scott Brown
Chief Finance Officer

16 September 2020

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Overview

Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with the:

- *Public Governance, Performance and Accountability Rule 2014*;
- *PGPA (Financial Reporting) Rule 2015 (FRR)*; and
- 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 are 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.

Impact of the Machinery of Government change 2019-20

In 2019-20 the structure of the department has changed through the Administrative Arrangements Orders (AAO's) issued by the Governor-General of the Commonwealth of Australia. The changes that came into effect were:

- The National Drought Map function was relinquished to the National Drought and North Queensland Flood Response and Recovery Agency on 5 December 2019.
- All the functions of the Department of Agriculture were relinquished to the Department of Agriculture, Water and the Environment (formally known as the Department of the Environment and Energy) on 1 February 2020.
- Climate Change and Energy functions of the former Department of the Environment and Energy were relinquished to the Department of Industry, Science, Energy and Resources (formerly known as the Department of Industry, Innovation and Science) on 1 February 2020.

Financial reporting and accounting disclosures have been prepared in accordance with the requirements AASB 1004 *Contributions*, Section 26 of the FRR and the *Public Governance, Performance and Accountability Rule 2014*, which details the reporting and disclosure requirements when a restructure occurs.

The department has prepared a single set of financial statements as if the Department of Agriculture (the old entity) was part of the Department of Agriculture, Water and the Environment (the reporting entity) for the entire reporting period, including financial results attributable to the Climate and Energy functions from 1 July 2019 to 31 January 2020 with 2018-19 comparatives reported separately.

Details of assets and liabilities transferred are included at the Restructuring disclosures at Note 8 and Note 27. The appropriation notes have been prepared separately in accordance with legal authority.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

New Accounting Standards

All other new, revised or amended standards and interpretations that were issued prior to the sign-off date and are applicable in the current reporting period and, apart from the information disclosed below, did not have a material impact and are not expected to have a future material effect on the department's financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
<p>AASB 15 <i>Revenue from Contracts with Customers</i> (AASB 15)</p> <p>and</p> <p>AASB 1058 <i>Income of Not-For-Profit Entities</i> (AASB 1058)</p>	<p>AASB 15 and AASB 1058 became effective 1 July 2019 and replaced the requirements of AASB 118 <i>Revenue</i> (AASB 118) and AASB 1004 <i>Contributions</i> (AASB 1004).</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. AASB 15 replaces AASB 118 and moves from recognising revenue based on 'risk and reward' to meeting 'performance obligations'. The core principle of AASB 15 is to 'recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.'</p> <p>The department applies AASB 1058 in circumstances where AASB 15 or no other Australian Accounting Standards are applicable or where consideration paid for an asset is substantially below its fair value.</p> <p>The application of AASB 15 and AASB 1058 did not result in material changes to the recognition or measurement of revenue for the department. Changes to disclosures have been made where necessary to separate revenues and receivables between revenue with contracts with customers and other revenue subject to AASB 1058 or another standard. Comparatives have been reclassified where necessary for consistency.</p>
<p>AASB 16 <i>Leases</i> (AASB 16)</p>	<p>AASB 16 became effective on 1 July 2019 and replaced AASB 117 <i>Leases</i> (AASB 117).</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, with options to exclude leases where the lease term is twelve months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p> <p>The department adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated and is presented as previously reported under AASB 117 and related interpretations.</p>

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Application of AASB 16 Leases

Impact on transition

On transition to AASB 16, the department recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

Impact on Transition of AASB 16

	1 July 2019
Departmental	\$'000
Right-of-use assets - property, plant and equipment	488 781
Lease liabilities	487 245
Retained earnings	22 932

The following table reconciles the departmental minimum lease commitments disclosed in the department's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
	\$'000
Minimum operating lease commitment at 30 June 2019	526 188
Less: GST recognised on lease commitments	(30 861)
Less: short-term leases not recognised under AASB 16	(39 045)
Plus: other	3 486
Plus: effect of extension options reasonable certain to be exercised	36 050
Undiscounted lease payments	495 818
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(8 573)
Lease liabilities recognised at 1 July 2019	487 245

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the department's incremental borrowing rate as at 1 July 2019. The department's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.19%.

Comparative Figures

Certain comparative amounts have been reclassified to conform with the current year's reporting presentation. There has been no impact on the net operating result or net assets as a result of these adjustments.

In 2019-20 the department corrected prior period errors relating to the disclosure of amounts withheld under section 51 of the PGPA Act. The errors were due to a misinterpretation where the department erroneously reduced unspent appropriation balance disclosures for amounts withheld under section 51 of the PGPA Act. However, as directions to withhold amounts under section 51 of the PGPA Act do not legally adjust appropriations the appropriation balances should not have been reduced. The department has retrospectively restated all amounts to comply with the FRR.

Taxation

The department is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses, assets and liabilities are recognised net of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office and for receivables and payables.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 same policies as for departmental items, including the application of Australian Accounting Standards.

Breach of Section 83 of the Constitution

Section 83 of the *Commonwealth of Australia Constitution Act 1900* ("the Constitution") provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation by law. In 2019-20, the department identified one special appropriation with statutory conditions for payments which could result in potential breaches of the Constitution.

Total payments of \$134.354 million under the *Farm Household Support Act 2014* (FHA Act) were made during 2019-20. As at 30 June 2020, \$9.156 million worth of overpayments have been recorded as debts, and within this there may be amounts that relate to potential breaches. It should be noted that it is impossible to eliminate the potential for Section 83 breaches for FHA Act payments made by Services Australia on behalf of the department. In the majority of cases, information provided by customers is relied upon to estimate the entitlements paid. This information provided by customers is not always accurate or is subject to circumstances which can result in a breach of Section 83 of the Constitution.

Events After the Reporting Period

Departmental

There have been no events after the reporting period that had the potential to significantly affect the ongoing structure and financial activities of the department.

Administered

There have been no events after the reporting period that had the potential to significantly affect the ongoing structure and financial activities of the department.

Major events impacting the Australian Government in 2019-20

In 2019-20, Australia has faced significant events that have led to unpredicted impacts on the financial statements of Australian Government entities. The events being, the summer bushfires throughout Australia and the world wide Coronavirus (COVID-19) pandemic, which began to transpire around quarter three of this financial year.

COVID-19 has impacted on the activities of the department over the last quarter of 2019-20, leading to a decline in revenue due to the closure of international borders and enforced restrictions. It is anticipated this decline will continue into the next financial year. The department has assessed an immaterial impact on its ability to collect receivables (including accounts receivable, personal benefits receivable, levy receivables) and the carrying amount of non-financial assets). Additional information is included in the department's Budget disclosure at Note 19 and Note 35.

Also, due to the severity of these events, the Australian Government announced several stimulus packages including financial assistance to businesses and families of those affected. The financial packages announced by the government that involved the department were in response to the extraordinary impact of the above events and amounted to over \$380 million from 2019-20 to 2022-23. Payments for measures commencing in 2019-20 were made in quarter four. Payments will continue into the new financial year where applicable. The 2019-20 significant payments made by the department related to:

**DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

- Additional Support for Farm Household Support (FHA) Income Support Recipients [Coronavirus supplement] (additional \$550 per fortnight payment) - \$19.849 million;
- COVID-19 Response Package - \$11.228 million;
- Bushfire Response Package – Bushfire Wildlife Recovery Program - \$10.600 million; and
- COVID-19 Economic Stimulus – Stimulus Payments [Payments to Households to support growth] (additional \$750 payment) - \$5.905 million.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

		2020 ¹	DoEE ²	DoA ³
	Notes	\$'000	2019	2019
		\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1A	774 785	226 437	541 332
Suppliers	1B	407 532	220 386	264 195
Depreciation and amortisation	4	157 035	51 229	31 782
Grants	1C	7 798	5 104	3 341
Finance costs	1D	14 517	14 085	58
Impairment loss on financial instruments		580	134	1 692
Write-down and impairment of other assets	1E	760	903	1 646
Foreign exchange losses		-	75	-
Other expenses	1F	31 542	67 668	2 036
Total expenses		1 394 549	586 021	846 082
Own-source income				
Own-source revenue				
Revenue from contracts with customers	2A	405 336	33 137	407 712
Interest	2B	347	-	419
Rental income	2C	1 515	632	882
Other revenue	2D	35 362	9 192	29 518
Total own-source revenue		442 560	42 961	438 531
Gains				
Other gains	2E	1 755	177	310
Total gains		1 755	177	310
Total own-source income		444 315	43 138	438 841
Net cost of services		950 234	542 883	407 241
Revenue from Government		818 512	403 939	391 812
Deficit		(131 722)	(138 944)	(15 429)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves		(17 935)	(54 339)	-
Total other comprehensive income		(17 935)	(54 339)	-
Total comprehensive loss		(149 657)	(193 283)	(15 429)

1. The department has prepared a single set of financial statements as if the Department of Agriculture (the old entity) was part of the Department of Agriculture, Water and the Environment (the reporting entity) for the entire reporting period.
2. Former Department of the Environment and Energy (DoEE).
3. Former Department of Agriculture (DoA).

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

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

		2020	DoEE	DoA
	Notes	\$'000	2019 \$'000	2019 \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3A	29 743	15 499	38 547
Trade and other receivables	3B	306 442	98 752	105 131
Other investments		16 000	-	17 500
Total financial assets		352 185	114 251	161 178
Non-financial assets¹				
Land and buildings	4	619 880	213 022	6 705
Leasehold improvements	4	41 672	21 210	34 001
Property, plant and equipment	4	578 445	503 604	31 449
Heritage and cultural assets	4	72 319	72 319	-
Computer software	4	157 246	23 531	113 492
Inventories		10 004	8 096	2 110
Prepayments		14 281	10 838	6 799
Total non-financial assets		1 493 847	852 620	194 556
Total assets		1 846 032	966 871	355 734
LIABILITIES				
Payables				
Suppliers	5A	45 762	19 499	45 634
Grants		-	4	-
Other payables	5B	23 771	6 898	12 532
Total payables		69 533	26 401	58 166
Interest bearing liabilities				
Leases ²		425 452	-	-
Total interest bearing liabilities		425 452	-	-
Provisions				
Employee provisions	6A	243 626	78 198	169 916
Other provisions	6B	754 552	695 162	11 846
Total provisions		998 178	773 360	181 762
Total liabilities		1 493 163	799 761	239 928
Net assets		352 869	167 110	115 806
EQUITY				
Contributed equity		1 096 405	731 320	163 496
Asset revaluation reserves		403 627	395 897	25 665
Industry reserves		51 903	-	63 112
Accumulated deficit		(1 199 066)	(960 107)	(136 467)
Total equity		352 869	167 110	115 806

1. Right-of-use assets are included in Buildings and Property, Plant and Equipment.

2. Relates to the adoption of AASB 16. The above lease disclosure should be read in conjunction with the accompanying notes: 1B, 1D, 2C and 4.

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

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

	2020	DoEE	DoA
	\$'000	2019	2019
		\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	894 816	624 461	149 357
Transactions with owners			
Distributions to owners			
Restructuring	4 246	-	-
Contributions by owners			
Equity injection - Appropriations	132 242	82 381	4 315
Departmental capital budget	65 101	24 478	9 824
Total transactions with owners	201 589	106 859	14 139
Closing balance as at 30 June	1 096 405	731 320	163 496
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	(1 096 574)	(821 163)	(111 099)
Adjustment on initial application of AASB 9	-	-	(1 149)
Adjustment on initial application of AASB15/AASB 1058	(4 911)	-	-
Adjustment on initial application of AASB 16	22 932	-	-
Comprehensive income			
Deficit for the period	(131 722)	(138 944)	(15 429)
Total comprehensive income	(131 722)	(138 944)	(15 429)
Total comprehensive income attributable to Australian Government	(131 722)	(138 944)	(15 429)
Transfers between equity components	11 209	-	(8 790)
Closing balance as at 30 June	(1 199 066)	(960 107)	(136 467)
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	421 562	450 236	25 665
Comprehensive income			
Other comprehensive income	(17 935)	(54 339)	-
Total comprehensive income	(17 935)	(54 339)	-
Total comprehensive income attributable to Australian Government	(17 935)	(54 339)	-
Closing balance as at 30 June	403 627	395 897	25 665
INDUSTRY RESERVE			
Opening balance			
Balance carried forward from previous period	63,112	-	54 322
Transfers between equity components	(11 209)	-	8 790
Closing balance as at 30 June	51 903	-	63 112

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

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

	2020	DoEE	DoA
	\$'000	2019	2019
		\$'000	\$'000
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	282 916	253 534	118 245
Adjustment on initial application of AASB 9	-	-	(1 149)
Adjustment on initial application of AASB15/AASB 1058	(4 911)	-	-
Adjustment on initial application of AASB 16	22 932	-	-
Adjusted opening balance	300 937	253 534	117 096
Comprehensive income			
Deficit for the period	(131 722)	(138 944)	(15 429)
Other comprehensive income	(17 935)	(54 339)	-
Total comprehensive income	(149 657)	(193 283)	(15 429)
Total comprehensive income attributable to Australian Government	(149 657)	(193 283)	(15 429)
Transactions with owners			
Distributions to owners			
Restructuring	4 246	-	-
Contributions by owners			
Equity injection - Appropriations	132 242	82 381	4 315
Departmental capital budget	65 101	24 478	9 824
Total transactions with owners	201 589	106 859	14 139
Transfers between equity components	-	-	-
Closing balance as at 30 June	352 869	167 110	115 806

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.

Industry Reserves

Each cost recovered program holds a separate industry reserve. Programs in surplus are held within the industry reserve balance. Programs in deficit are held against the accumulated deficit of the department.

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

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
CASH FLOW STATEMENT
for the period ended 30 June 2020

		DoEE 2019	DoA 2019
Notes	2020 \$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	866 367	482 944	375 119
Sale of goods and rendering of services	397 335	44 657	400 764
Grants	-	51	-
Interest	347	-	-
GST received	45 831	33 787	25 469
Other	119 363	6 285	58 724
Total cash received	1 429 243	567 724	860 076
Cash used			
Employees	773 517	236 385	527 915
Suppliers	479 703	271 268	272 696
Interest payments on lease liabilities	5 053	-	-
Grants	9 486	5 121	41 088
Section 74 receipts transferred to OPA	49 708	50 871	-
Other	42 541	1 959	93
Total cash used	1 360 008	565 604	841 792
Net cash from operating activities	69 235	2 120	18 284
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant and equipment	516	84	33
Proceeds from sales of investments	17 500	-	16 500
Interest	74	-	416
Total cash received	18 090	84	16 949
Cash used			
Purchase of land and buildings	16 766	-	3 249
Purchase of property, plant and equipment	66 572	183 520	6 134
Purchase of software	41 764	7 717	31 881
Purchase of investments	16 000	-	17 500
Total cash used	141 102	191 237	58 764
Net cash used by investing activities	(123 012)	(191 153)	(41 815)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	47 113	161 630	20 184
Departmental capital budget	58 273	28 162	9 824
Total cash received	105 386	189 792	30 008
Cash used			
Principal payments of lease liabilities ¹	59 831	-	-
Other financing cash used	16 081	-	-
Total cash used	75 912	-	-
Net cash from financing activities	29 474	189 792	30 008
Net increase / (decrease) in cash held	(24 303)	759	6 477
Cash and cash equivalents at the beginning of the reporting period	54 046	14 740	32 069
Cash and cash equivalents at the end of the reporting period	29 743	15 499	38 547

1. Total cash outflow for leases for the year ended 30 June 2020 was \$97 982 206. It includes Principal payments, interest payments and short term or low value lease payments.

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

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Expenses

	2020	DoEE 2019	DoA 2019
	\$'000	\$'000	\$'000
Note 1A: Employee Benefits			
Wages and salaries	581 466	171 181	387 976
Superannuation:			
Defined contribution plans	64 305	19 015	41 405
Defined benefit plans	48 781	16 045	34 891
Leave and other entitlements	73 625	28 938	61 310
Separation and redundancies	4 159	699	3 000
Other employee expenses	23 519	9 032	13 924
Total employee benefits (gross)	795 855	244 910	542 506
Special account administration activities	(21 070)	(18 473)	(1 174)
Total employee benefits (net)	774 785	226 437	541 332

Accounting policy

Employee Benefits

Accounting policies for employee related expenses are contained in Note 6A.

Note 1B: Suppliers

Goods and services supplied or rendered

Contractors and consultants	128 112	73 370	51 152
IT services	100 689	39 793	50 079
General goods and services	41 871	25 322	17 879
Property operating expense	29 207	9 265	21 131
Travel	22 841	8 751	25 942
Analytical testing	11 998	-	11 161
Inventory consumed	11 936	10 546	-
Office equipment, stores and consumables	10 113	3 132	7 462
Staff development and recruitment	9 101	2 609	8 157
Legal expenditure	8 825	2 656	5 606
Quarantine services	3 311	-	4 739
Total goods and services supplied or rendered	378 004	175 444	203 308

Goods supplied	63 016	17 108	46 299
Services rendered	314 988	158 336	157 009
Total goods and services supplied or rendered	378 004	175 444	203 308

Other suppliers

Workers compensation expenses	11 110	3 458	5 953
Operating lease rentals ¹	-	53 322	55 419
Short-term leases	33 531	-	-
Low value leases	93	-	-
Total other suppliers	44 734	56 780	61 372
Total suppliers (gross)	422 738	232 224	264 680
Special account administration activities	(15 206)	(11 838)	(485)
Total suppliers (net)	407 532	220 386	264 195

1. The department has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated and continues to be reported under AASB 117. The above lease disclosure should be read in conjunction with the accompanying notes: Statement of Financial Position, 1D, 2C, and 4.

The department has short-term lease commitments of \$8 135 853 as at 30 June 2020.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting Policy

Short-term leases and leases of low-value assets

The department has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10 000). The department recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Note 1C: Grants			
Public sector:			
Australian Government entities (related parties)	634	43	522
State and Territory Governments	3 003	678	445
Private sector:			
Non-profit organisations	1 326	10	2 078
For profit organisations	64	1 461	119
Universities	1 052	841	-
Individuals	33	46	-
Overseas	1 301	1 974	177
Community grant hub charges	390	51	-
Total grants (gross)	7 803	5 104	3 341
Special account administration activities	(5)	-	-
Total grants (net)	7 798	5 104	3 341

Note 1D: Finance Costs

Interest on lease liabilities ¹	5 053	-	-
Unwinding of discount rates on makegood provision	9 464	14 083	58
Other interest payments	-	2	-
Total finance costs	14 517	14 085	58

1. Relates to the adoption of AASB 16. The above lease disclosure should be read in conjunction with the accompanying notes: Statement of Financial Position, 1B, 2C, and 4.

Note 1E: Write-Down and Impairment of Other Assets

Impairment of intangibles	194	-	1 414
Impairment on inventories	-	676	165
Impairment of plant and equipment	57	-	-
Impairment of leasehold improvements	132	-	50
Write-off of non-financial assets	377	227	17
Total write-down and impairment of other assets	760	903	1 646

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

		DoEE	DoA
	2020	2019	2019
	\$'000	\$'000	\$'000
Note 1F: Other Expenses			
Refunds of Prior Year Revenue	12 070	-	-
Remission of fees	-	-	1 941
Increase in base restitution provision	18 668	65 711	-
Official Development Assistance	804	1 579	93
Other	-	378	-
Loss from asset sales:			
Carrying value of assets sold	-	-	35
Proceeds from sale	-	-	(33)
Total other expenses	31 542	67 668	2 036

Accounting policy

Special account administration activities

The activities of the National Environment Protection Council Special Account, the National Heritage Trust of Australia Account, the Ozone Protection and SGG Account, and the Water Efficiency Labelling Scheme Account are included in the department's administered financial statements.

In accordance with the department's cash management practices, the department makes some payments initially from the departmental bank account, including for employees, suppliers and grants costs. Such payments are subsequently adjusted to record payments as though they had been paid directly from the special account in accordance with the PGPA Rule. For transparency purposes the department has shown the grossed-up amounts and an offsetting amount for each relevant departmental note. No amounts have been transferred from a special account to a departmental annual appropriation.

In 2019-20, the department paid a total of \$36 280 125 (2019: DoEE \$30 310 216, DoA \$1 658 359) that was later adjusted as payments made from special accounts.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2: Income

	2020	DoEE 2019	DoA 2019
	\$'000	\$'000	\$'000

Own-Source Revenue

Note 2A: Revenue from contracts with customers

Rendering of services	405 295	33 137	407 705
Sale of goods	41	-	7
Total revenue from contract with customers¹	405 336	33 137	407 712

1. The department has applied AASB 15 using the modified retrospective approach and therefore comparative information has not been restated and continues to be reported under AASB 118.

Disaggregation of revenue from contracts with customers

Cost recovery activity	
Biosecurity arrangement	250 536
Food export arrangement	91 299
Plant export arrangement	17 904
Live animal export arrangement	8 423
Other cost recovery	18 393
Other services	18 781
Total revenue from contract with customers	405 336

Accounting policy

Regulatory Cost Recovery Activities

The department's main source of revenue from contracts with customers is from the cost recovery of regulatory activities, including biosecurity, food export, plant export and live animal export arrangements. The department uses a combination of regulatory fees and charges depending on the charging legislation which governs the relevant activity.

The department's charging framework ensures that all user groups contribute to the biosecurity regulatory system. Those user groups that use more regulatory resources contribute more to the regulatory framework, reflecting their higher usage of the system. All regulatory charging undertaken by the department is undertaken in accordance with the relevant charging legislation and is consistent with the requirements set out in the Australian Government Charging Framework. For further information refer to Note 17.

Fees are used to recover the costs of direct intervention and certification activities undertaken for particular importers or regulated entities. The nature of the interventions and certifications is short term and the department recognises revenue at a point in time on completion of services.

Cost recovery charges are imposed when activities are provided to a group of individuals or organisations. This recovers costs not directly linked to a specific individual or organisation but form part of the costs of the overall biosecurity regulatory system. This provides individuals access to the system and permission to undertake import and export activities.

From an accounting standards perspective, the department considers the charges to be akin to licences or permits. Payment by users provides them with permission to access the system. The department has opted to recognise the revenue using the short term recognition exemption applicable to licences as the permissions provided are short term for a financial year or for a specific export or import.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Other services

The department also has other revenue from general contracts that are enforceable through legal or equivalent means and have specific performance obligations that transfer goods or services to a customer. Contracts are considered to be enforceable where there are specific rights specified in the agreement, the parties can reasonably be expected to act on their obligations.

The department provides services to other entities and individuals including undertaking functions or incurring costs on behalf of other Australian Government entities in accordance with Memorandum of Understandings.

Revenue is recognised over time as costs are incurred where the department is entitled to recover the costs or point in time on completion of services depending on the nature of the services being provided

A contract liability for unearned revenue is recorded for obligations under contracts for which payment has been received in advance. Contract liabilities unwind as "revenue from contracts with customers" upon satisfaction of the performance obligations under the terms of the contract. The department reports contract liabilities as unearned income in Note 5B.

	2020	DoEE 2019	DoA 2019
	\$'000	\$'000	\$'000
Note 2B: Interest			
Deposits	347	-	419
Total interest	347	-	419

Accounting policy

Interest revenue is recognised using the effective interest method.

Note 2C: Rental Income

Sub-leasing right-of-use assets ¹	1 515	632	882
Total rental income	1 515	632	882

Operating Leases

The department has sub-leases for commercial and staff rental housings. Most of the sub-leases arrangements are in hold over period and the risk associated with any rights it retains in underlying assets is low.

Maturity Analysis of Operating Lease Income Receivables

	2020
	\$'000
Within 1 year	70
One to two years	25
Total undiscounted lease payments receivable	95

1. Relates to the adoption of AASB 16. The above lease disclosure should be read in conjunction with the accompanying notes: Statement of Financial Position, 1B, 1D, and 4.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2020	DoEE 2019	DoA 2019
	\$'000	\$'000	\$'000
Note 2D: Other Revenue			
Resources received free of charge			
ANAO audit fee	1 000	598	570
Mickleham Post Entry Quarantine Facility ¹	-	-	13 827
Other	1 702	2 770	1 154
Grants received	70	51	-
Insurance and other recoveries	3 730	5 429	-
Levies	11 544	-	10 471
Agricultural levies administration	4 722	-	-
State contributions	4 458	-	1 751
Research contributions	2 634	-	-
Repayment of prior year grant expenditure	1 254	141	-
Other	4 248	203	1 745
Total other revenue	35 362	9 192	29 518

1. In 2019, the former Department of Agriculture recognised the Mickleham Post Entry Quarantine Facility as a resource received free of charge from the Department of Finance and accounted for the arrangement under AASB 117. As a result of the application of AASB 16 from 1 July 2019, the resource received free of charge is no longer reported.

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.

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 or as contributions by owners.

Gains

Note 2E: Other Gains

Assets now recognised	5	51	101
Write-down of provisions and payables	744	28	169
Gain from asset sales:			
Proceeds from sale	516	-	-
Carrying value of assets sold	(354)	-	-
Carrying value of liability derecognised	13	-	40
Reversal of impairment losses - financial asset	488	-	-
Other	343	98	-
Total other gains	1 755	177	310

Accounting policy

Sale of Assets

Gains from the disposal of assets are recognised when control of the asset has passed to the buyer.

Other Gains

Gains may be realised or unrealised and are recognised on a net basis.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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. Appropriations receivable are recognised at their nominal amounts.

Note 3: Financial Assets

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Note 3A: Cash and Cash Equivalents			
Cash in special accounts	25 266	10 140	35 288
Cash on hand or on deposit	4 477	5 359	3 259
Total cash and cash equivalents	29 743	15 499	38 547
Note 3B: Trade and Other Receivables			
Goods and services receivables in connection with			
Goods and services	50 185	11 814	35 897
Total goods and services receivables	50 185	11 814	35 897
Appropriations receivables			
Operating	113 212	45 554	65 805
Departmental capital budget	8 846	2 018	-
Equity injection	120 359	34 710	520
Total appropriations receivables	242 417	82 282	66 325
Other receivables			
Statutory receivables	9 648	4 036	3 298
Interest	123	-	197
Other	7 679	754	3 383
Total other receivables	17 450	4 790	6 878
Total trade and other receivables (gross)	310 052	98 886	109 100
Less impairment loss allowance	(3 610)	(134)	(3 969)
Total impairment loss allowance	(3 610)	(134)	(3 969)
Total trade and other receivables (net)	306 442	98 752	105 131

During the 2020 financial year, credit terms for goods and services were within 30 days (2019: 30 days).

Accounting policy

Financial Assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest and are not provided at below market rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4: Non-Financial Assets

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles						
	Land and Buildings ¹ \$'000	Leasehold Improvements ¹ \$'000	Heritage and cultural ² \$'000	Other property, plant and equipment ¹ \$'000	Computer Software ³ \$'000	Total \$'000
DoEE as at 1 July 2019						
Gross book value	236 120	27 533	72 500	94 468	79 753	510 374
Work in progress	20 463	1 066	-	436 726	12 135	470 390
Accumulated depreciation, amortisation and impairment	(43 561)	(7 389)	(181)	(27 590)	(68 357)	(147 078)
DoEE total as at 1 July 2019	213 022	21 210	72 319	503 604	23 531	833 686
DoA as at 1 July 2019						
Gross book value	6 873	52 154	-	48 313	149 361	256 701
Work in progress	-	1 392	-	2 768	46 399	50 559
Accumulated depreciation, amortisation and impairment	(168)	(19 545)	-	(19 632)	(82 268)	(121 613)
DoA total as at 1 July 2019	6 705	34 001	-	31 449	113 492	185 647
Recognition of right of use assets on initial application of AASB 16 ⁴	477 731	-	-	11 050	-	488 781
Adjusted total as at 1 July 2019	697 458	55 211	72 319	546 103	137 023	1 508 114
Additions						
By purchase	11 351	4 993	-	66 577	12 676	95 597
Internally developed	-	-	-	-	29 088	29 088
Right-of-use assets	3 686	-	-	2 244	-	5 930
Restructuring	-	(1 645)	-	(69)	(2 883)	(4 597)
Impairments recognised in the net cost of services	(6 407)	-	-	(14)	-	(6 421)
Reclassification	-	(132)	-	(57)	(194)	(383)
Depreciation and amortisation expense	(15)	(450)	-	(2 179)	2 644	-
Depreciation on right-of-use assets	(23 869)	(16 289)	-	(28 016)	(20 932)	(89 106)
Other movements	(62 324)	-	-	(5 605)	-	(67 929)
Disposals	-	-	-	-	-	-
By write-off	-	(16)	-	(185)	(176)	(377)
By sale	-	-	-	(354)	-	(354)
Total as at 30 June 2020	619 880	41 672	72 319	578 445	157 246	1 469 562
Total as at 30 June 2020 represented by:						
Gross book value	250 266	74 199	72 500	162 910	258 854	818 729
Work in progress	24 526	2 810	-	482 195	53 042	562 573
Accumulated depreciation, amortisation and impairment	(67 598)	(35 337)	(181)	(74 335)	(154 650)	(332 101)
Total as at 30 June 2020	207 194	41 672	72 319	570 770	157 246	1 049 201
Carrying amount of right-of-use assets⁴	412 686	-	-	7 675	-	420 361

- These classes of assets are held at fair value.
- Land, buildings and other property, plant and equipment that met the definition of a heritage and cultural item were disclosed in the heritage and cultural asset class.
- The carrying amount of computer software included \$41 340 652 purchased software and \$115 904 990 internally developed software.
- Relates to the adoption of AASB 16. The above lease disclosure should be read in conjunction with the accompanying notes: Statement of Financial Position, 1B, 1D, and 2C.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Disposal of non-financial assets

No significant land, buildings or leasehold items are expected to be sold or disposed of within the next 12 months.

No significant heritage or cultural items are expected to be sold or disposed of within the next 12 months.

No significant property, plant and equipment items are expected to be sold or disposed of within the next 12 months.

No significant software items are expected to be sold or disposed of within the next 12 months.

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.

2019-20 Capital Commitments	< 1 year	1 year to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Buildings	964	-	-	964
Leasehold Improvements	94	-	-	94
Plant and Equipment	78 816	-	-	78 816
Intangibles	1 838	604	-	2 442
Total commitments	81 712	604	-	82 316

2018-19 Capital Commitments	< 1 year	1 year to 5 years	> 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Buildings	2 678	-	-	2 678
Leasehold Improvements	-	-	-	-
Plant and Equipment	99 188	-	-	99 188
Intangibles	235	-	-	235
Total commitments	102 101	-	-	102 101

Comparative figures are represented solely by the former Department of the Environment and Energy figures. The former Department of Agriculture disclosed no capital commitments in 2018-19.

The Plant and Equipment capital commitments under 1 year for 2018-19 included \$96 million of payments for the new Antarctic Icebreaker RSV Nuyina. The majority of this amount remains a commitment at 30 June 2020 due to delays in commissioning the ship mainly as a result of travel restrictions caused by COVID-19.

Accounting policy

Assets are recorded at cost on acquisition except as stated. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

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.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position. As a result of the machinery of government change, the asset recognition thresholds were reviewed to determine thresholds that the department will apply from 1 July 2020. During 2019-20 the department continued to apply the respective threshold of the predecessor departments as outlined in the following table:

	DoEE		DoA	
	2020	2019	2020	2019
Land and buildings	\$50 000	\$50 000	\$0	\$0
Leasehold	\$50 000	\$50 000	\$150 000	\$150 000
Property, plant and equipment	\$7 000 individual purchases	\$7 000 individual purchases	\$5 000 individual purchases/ \$50 000 group purchases	\$5 000 individual purchases/ \$50 000 group purchases
Internally developed	\$10 000	\$10 000	\$200 000	\$200 000
Purchased software	\$10 000	\$10 000	\$150 000	\$150 000
Heritage and cultural	\$0	\$0	N/A	N/A

Purchases under the asset recognition thresholds are expensed in the year of acquisition.

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 restoration provisions in property leases taken up by the department where an obligation exists to restore the property to its original condition. These costs are included in the value of the department's leasehold improvements with a corresponding provision for the restoration recognised.

The department's intangible assets comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by the department as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Lease ROU assets continue to be measured at cost after initial recognition.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revaluations and fair value measurement

All property, plant and equipment assets are measured at fair value.

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values at the reporting date. Independent revaluations for property, plant and equipment are conducted every three years, however further valuations are undertaken dependent 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 or deficit. Revaluation decrements for a class of assets are recognised in the surplus or deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Recurring and non-recurring fair value measurements – valuation processes

An independent professional valuer conducted a detailed external valuation of non-financial assets (excluding intangibles) for the Department of Agriculture at 30 June 2017 and the Department of the Environment and Energy at 30 June 2018.

An independent professional valuer also conducted a materiality assessment over the department's combined non-financial asset base at 30 June 2020 and the department has relied upon those outcomes to establish carrying amounts.

A full external valuation will be conducted in financial year 2020-21.

Depreciation and amortisation

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.

Intangible assets are amortised on a straight-line basis over their anticipated useful life.

As for the assessment undertaken on asset capitalisation thresholds, the department also reviewed the useful lives of the asset classes below as a result of the machinery of government change. Depreciation rates applying to each class of depreciable asset are based on the following useful lives for 2020:

		DoEE	DoA
	2020	2019	2019
Buildings	3 to 70 years	3 to 70 years	40 to 50 years
Leasehold improvements	Lesser of useful life or lease term	Lesser of useful life or lease term	Lesser of useful life or lease term
Property, plant and equipment	1 to 100 years	1 to 100 years	3 to 15 years
Internally developed software	5 to 12 years	5 to 12 years	5 to 10 years
Purchased software	3 to 17 years	3 to 17 years	3 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Impairment

All non-financial assets were assessed for impairment at 30 June 2020. 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 depreciated 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.

Heritage and Cultural

Heritage and cultural assets include the Antarctic Ice Core Collection. The department maintains preservation policies for the Ice Core Collection.

Inventories

All Inventory is held for distribution and 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.

Inventory valued at \$11 935 628 (2019: \$10 545 997) (Note 1B Suppliers) held for distribution has been recognised as an expense.

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

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Payables

	2020	DoEE 2019	DoA 2019
	\$'000	\$'000	\$'000
Note 5A: Suppliers			
Trade creditors and accruals	45 762	18 925	31 201
Operating lease payable	-	574	14 433
Total suppliers	45 762	19 499	45 634
Settlement is usually made within 20 days (2019: 30 days).			
Note 5B: Other Payables			
Salaries and wages	9 963	1 555	3 404
Unearned income	5 132	3 240	2 315
Separations and redundancies	1 918	1 785	931
Superannuation	3 208	265	580
Other	3 550	53	5 302
Total other payables	23 771	6 898	12 532

Accounting policy

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, identified the positions affected, assessed expressions of interest from employees and made formal offers. Separation and redundancy is reported as a payable when an agreement has been reached with the relevant employee.

Superannuation

The majority of the department's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap). However, some staff have elected to be members of other private superannuation funds.

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 in the Department of Finance's administered schedules and notes.

The department makes employer contributions to the defined benefits 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 schemes.

The liability for superannuation recognised at 30 June 2020 represents outstanding contributions.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6: Provisions

	2020	DoEE	DoA
	\$'000	2019	2019
		\$'000	\$'000
Note 6A: Employee Provisions			
Leave	243 626	78 105	169 916
Separations and redundancies	-	93	-
Total employee provisions	243 626	78 198	169 916

Accounting policy

Liabilities for 'short-term employee benefits' and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will apply at the time the leave is taken, including the department's employer superannuation contribution rates to the extent that 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 2020. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Note 6B: Reconciliation Other Provisions

	Antarctic solid waste disposal sites ¹	Antarctic regions ²	Other localities ³	Provision for lease incentives ⁴	Other provisions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2019	279 402	401 265	18 405	7 936	-	707 008
Additional provisions made/(amounts reversed)	10 351	(9 649)	(11)	(7 936)	12 070	4 825
Amounts used	-	-	(425)	-	-	(425)
Amounts transferred as part of restructuring	-	-	(2 223)	-	-	(2 223)
Change in discount rate	8 317	25 265	2 321	-	-	35 903
Unwinding of discount ⁵	4 103	4 853	508	-	-	9 464
Total as at 30 June 2020	302 173	421 734	18 575	-	12 070	754 552

1. The impact of the change in the valuation and the change in the discount rate on the provision for restoration of the Antarctic solid waste disposal sites were taken to the statement of comprehensive income and are reported under other expenses in Note 1F.

2. The impact of the change in the valuation and the change in the discount rate on the provision for restoration of Antarctic regions was taken to the asset revaluation reserve.

3. The impact of the change in the valuation and the change in the discount rate on the provision for other localities was taken to the asset revaluation reserve.

4. Provisions for lease incentives were reversed under AASB 16 Leases.

5. Unwinding of the discount associated with the provisions is recorded as finance costs in the Statement of Comprehensive Income.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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 in 2017-18. In 2019-20, to ensure the provisions reflected a realistic approach to the restoration of Antarctic areas, the department updated the costing model for changes to key economic and engineering assumptions.

Accounting Policy

Accounting Judgements and Estimates

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.

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

This provision represents Australia's responsibility to clean up the past and present solid waste disposal sites it has generated in Antarctica.

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 2049.

The estimate is dependent upon four key parameters/variables: Discount Rate, Cost Escalation Factor, Nominal Cost Estimates and Shipping Assumptions.

	2020	2019	
Discount rate	1.15%	1.47%	Based on the government bond rate which best reflects the expected period over which restoration activities will be completed. For 2020, this rate is the 14-year Australian government bond rate as at 31 March 2020.
Cost escalation factor	3.06%	2.99%	The 2020 factor is based on the 15 year National BPI Average (Rawlinson's Building Cost Guide) as at 31 March 2020.
Nominal cost estimates	Key nominal cost drivers were re-assessed by an external consulting engineer as at 30 June 2020. 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 2020. 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 \$4 150 000 (1.4%). For the Cost Escalation Factor for every 0.1% change in the factor the impact is \$4 130 000 (1.4%).

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Provision for Restoration Obligations – Antarctic and Sub-Antarctic Regions

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 at Australia's Antarctic and sub-Antarctic Stations, within Australian Territories.

The estimate is dependent upon five key parameters/variables: Shipping Assumptions, Discount Rate, Cost Escalation Factor, Asset Replacement Costs and Asset Remaining Useful Lives.

	2020	2019	
Shipping assumptions	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 2020. 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	Variable	The discount rate is derived for each individual asset based on the expected timing of dismantling, with the closest available year of the government bond rate as at 30 June 2020 used in the calculation.
Cost escalation factor	3.06%	2.99%	Per the Antarctic Solid Waste Disposal Sites.
Asset replacement costs	These are calculated in accordance with the department's policy in Note 4. An expert valuer has been 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 for 30 June 2020.		
Asset remaining useful lives			
	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.		

The two most sensitive variables in the calculation of the provision value are the discount rate and the cost escalation factor. Sensitivity calculations for the Discount Rate show that for every 0.1% change in the bond rate the impact on the provision is approximately \$3 650 000 (0.9%). For the Cost Escalation factor for every 0.1% change in the cost escalation factor the impact is \$3 760 000 (0.9%).

Provision for Restoration Obligations – Other Localities

The department currently recognises 36 (2019: DoEE 4, DoA 38) provisions for premises requiring restoration to their original condition at the conclusion of the lease. The provisions reflect the present value of this obligation

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7: Aggregate Assets and Liabilities

	2020	DoEE 2019	DoA 2019
	\$'000	\$'000	\$'000
Assets expected to be recovered in:			
No more than 12 months	371 128	132 127	167 798
More than 12 months	1 474 904	834 744	187 936
Total assets	1 846 032	966 871	355 734
Liabilities expected to be settled in:			
No more than 12 months	213 502	45 752	98 154
More than 12 months	1 279 661	754 009	141 774
Total liabilities	1 493 163	799 761	239 928

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8: Restructuring

Note 8A: Departmental Restructuring

	2020 Climate Change and Energy Department of Industry, Science, Energy and Resources ^{1,2,3} \$'000	2020 All functions Department of Agriculture ⁴ \$'000
FUNCTIONS ASSUMED		
Assets recognised		
Cash and cash equivalents	-	52 021
Trade and other receivables	-	263 995
Other investments	-	17 500
Land, Buildings and leasehold improvements	-	181 919
Property, plant and equipment	-	27 636
Computer software	-	119 233
Inventories	-	2 110
Prepayments	-	12 488
Total assets recognised	-	676 901
Liabilities recognised		
Suppliers	-	15 665
Other payables	-	26 163
Leases	-	139 230
Employee provisions	-	169 168
Other provisions	-	3 508
Total liabilities recognised	-	353 734
Net assets assumed	-	323 168
Income assumed		
Recognised by the receiving entity	-	199 272
Recognised by the losing entity	-	646 966
Total income assumed	-	846 238
Expenses assumed		
Recognised by the receiving entity	-	391 874
Recognised by the losing entity	-	476 886
Total expenses assumed	-	868 760
FUNCTIONS RELINQUISHED		
Assets relinquished		
Cash and cash equivalents	16 081	-
Trade and other receivables	678	-
Property, plant and equipment	8 135	-
Intangibles	2 883	-
Prepayments	717	-
Total assets relinquished	28 494	-
Liabilities relinquished		
Suppliers	259	-
Other payables	3 074	-
Leases	6 491	-
Employee provisions	20 693	-
Other provisions	2 223	-
Total liabilities relinquished	32 740	-
Net liabilities relinquished	4 246	-

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Climate Change and Energy functions of the former Department of the Environment and Energy were relinquished to the Department of Industry, Science, Energy and Resources (formerly known as the Department of Industry, Innovation and Science) as a result of the Administrative Arrangement Order on 1 February 2020.
2. The net liabilities relinquished to the Department of Industry, Science, Energy and Resources were \$4 246 000.
3. The net administered assets relinquished to the Department of Industry, Science, Energy and Resources are disclosed at Note 27.
4. The National Drought Map function was relinquished to the National Drought and North Queensland Flood Response and Recovery Agency following a decision of the Prime Minister, effective 5 December 2019. No assets or liabilities were transferred.

Note 8B: Departmental Restructuring - Department of Agriculture

	2020
	All functions
	Department of
	Agriculture, Water and
	the Environment ^{1,2,3}
	\$'000
FUNCTIONS RELINQUISHED	
Assets relinquished	
Cash and cash equivalents	52 021
Trade and other receivables	263 995
Other investments	17 500
Land, Buildings and leasehold improvements	181 919
Property, plant and equipment	27 636
Computer software	119 233
Inventories	2 110
Prepayments	12 488
Total assets relinquished	676 901
Liabilities relinquished	
Suppliers	15 665
Other payables	26 163
Leases	139 230
Employee provisions	169 168
Other provisions	3 508
Total liabilities relinquished	353 734
Net (assets) relinquished	(323 168)

1. All functions of the Department of Agriculture were relinquished to the Department of Agriculture, Water and the Environment (formerly known as the Department of Environment and Energy) as a result of the Administrative Arrangement Order on 1 February 2020.
2. The net assets relinquished to the Department of Agriculture, Water and the Environment were \$323 167 609.
3. The net administered assets relinquished to the Department of Agriculture, Water and the Environment are disclosed at Note 27.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 9: Contingent Assets and Liabilities

	Claims for damages or costs	
	2020	2019
	\$'000	\$'000
Contingent assets		
Balance from previous period	2 911	2 734
New contingent assets recognised	2 784	3 438
Re-measurement	(10)	5
Assets realised	(2 911)	(3 266)
Total contingent assets	2 774	2 911
Net contingent assets (liabilities)	2 774	2 911

Quantifiable Contingencies

At 30 June 2020 the department had contingent assets of \$2.774 million (2019: \$2.911 million). This amount relates to:

- insurance recoveries for losses arising from insured events and insurance claims which are still pending at 30 June 2020; and
- a litigation matter in which the department is a party for which the department may receive its costs associated with defending this legal challenge.

Unquantifiable Contingencies

At 30 June 2020 the department is involved in a number of legal claims for which the Department may receive its costs. It is not possible to estimate the amounts of any eventual recoveries in relation to these claims.

At 30 June 2020, the department had a number of legal claims lodged against it for damages and costs. The department is responding to these claims in accordance with its obligations under the Legal Services Directions 2017. It is not possible to estimate the amount of any eventual payments in relation to these matters.

The department has unquantifiable contingencies in relation to potential under or overpayment of superannuation resulting from interpretations of Enterprise Agreements and other employee arrangements. A quantifiable contingency has not yet been determined and uncertainty exists

On 2 June 2020 the Federal Court of Australia handed down judgment in relation to the claim for the compensation for alleged losses due to the temporary suspension of exports of live animals to Indonesia that was put in place on 7 June 2011. The Court found in favour of the lead applicant. The Commonwealth has decided not to appeal the decision. The quantum of any damages and the ongoing claims of class members are still matters before the Court. The Department of Finance, which has responsibility for Comcover (the Australian Government's general insurance fund), has assumed insurance responsibility for the potential claims under its insurance arrangements with the department.

Accounting policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the relevant 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 measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the department, directly or indirectly. This includes those personnel who have temporarily performed the relevant roles for a period of twelve weeks or more. The department has determined the key management personnel to be all Ministers and Assistant Ministers of the department, the Secretary and members of the Executive Board. Key management personnel remuneration is reported in the table below:

		DoEE	DoA
	2020	2019	2019
	\$'000	\$'000	\$'000
Department of Agriculture, Water and the Environment			
Short-term employee benefits	4 099	2 144	3 258
Post-employment benefits	609	346	515
Other long-term benefits	117	101	81
Termination benefits	334	-	-
Total key management personnel remuneration expenses¹	5 159	2 591	3 854

The total number of key management personnel that are included in the above table is 16, being five substantive officers for the whole period, eight substantive officers for part of the year and three officers that acted for more than 12 weeks of the period (DoEE 2019: five, being four substantive officers for the full year and one officer that acted more than six weeks of the year and was later substantive for the rest of the year. DoA 2019: 13, being four substantive officers for the full year, six substantive officers for part of the year, one officer that acted for more than eight weeks of the year and was later substantive for part of the year and two acting officers for part of the year).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Ministers and Assistant Ministers of the department. The Ministers' and Assistant Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the department.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 11: 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 Ministers and Assistant Ministers of the department 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. 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, the department has determined there are no related party transactions that require separate disclosure (2019: Nil).

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12: Financial Instruments

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Note 12A: Categories of Financial Instruments			
Financial assets at amortised cost			
Negotiable securities - certificates of deposit	16 000	-	17 500
Cash and cash equivalents	29 743	15 499	38 547
Trade and other receivables (net)	54 377	12 434	35 508
Total financial assets at amortised cost	100 120	27 933	91 555
Total financial assets	100 120	27 933	91 555
Financial Liabilities			
Financial liabilities measured at amortised cost			
Trade creditors	45 762	18 925	31 201
Grants payable	-	4	-
Lease liabilities	425 452	-	-
Total financial liabilities measured at amortised cost	471 214	18 929	31 201
Total financial liabilities	471 214	18 929	31 201

At 30 June 2020, there are 10 (2019: 11) certificates of deposit maturing at different dates within the next 12 months. Interest rates range from 1.00% to 1.85% (2019: 2.20% to 2.77%) payable upon maturity.

Note 12B: Net Gains or Losses from Financial Assets

Held-to-maturity investments

Interest revenue	347	-	419
Net gain on held-to-maturity investments	347	-	419

Financial assets at amortised cost

Impairment	(580)	(134)	(1 692)
Net losses on financial assets at amortised cost	(580)	(134)	(1 692)
Net gains / (losses) on financial assets	(233)	(134)	(1 273)

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting policy

Financial assets

Under AASB 9 *Financial Instruments* the department classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the department's business model for managing the financial assets and contractual cash flow characteristics of the item on initial recognition. Financial assets are recognised when the department becomes a party to the contract and, as a consequence, has legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon a trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- 1. the financial asset is held in order to collect the contractual cash flows; and
- 2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

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Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the simplified approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if the risk has not increased.

The department has used the simplified approach for trade, contract and lease receivables. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'. All of the department's financial liabilities are categorised as other financial liabilities.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

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).

All payables are expected to be settled within 12 months except where indicated.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Appropriations

The following tables represents the appropriations of the former DoEE including Climate Change and Energy functions from 1 July 2019 until 31 January 2020; and the merged Department of Agriculture, Water and the Environment from 1 February 2020 until 30 June 2020.

Note 13A: Annual and Unspent Appropriations ('Recoverable GST exclusive')

	2020 \$'000	2019 \$'000
Ordinary annual services		
Annual appropriation		
Annual Appropriation - Operating	498 316	403 939
Capital Budget ¹	58 241	24 478
Section 74 receipts	49 708	47 219
Section 75 transfers ²	142 058	-
Total available appropriation	748 323	475 636
Appropriation applied (current and prior years)	(674 719)	(485 450)
Variance	73 604	(9 814)
Opening unspent appropriation balance	52 930	62 744
Closing unspent appropriation balance	126 534	52 930
Balance comprises appropriations as follows:		
Appropriation Act (No. 1) 2018-19	-	47 572
Appropriation Act (No. 1) 2019-20	122 057	-
Cash at bank	4 477	5 358
Total unspent appropriation - ordinary annual services	126 534	52 930
Other Services - equity		
Annual appropriation		
Annual Appropriation	127 119	86 249
Section 75 transfers ³	4 348	-
Total available appropriation	131 467	86 249
Appropriation applied (current and prior years)	(45 818)	(161 630)
Variance	85 649	(75 381)
Opening unspent appropriation balance	38 578	113 959
Closing unspent appropriation balance	124 227	38 578
Balance comprises appropriations as follows:		
Appropriation Act (No. 2) 2017-18- Non Operating - Equity Injection	3 868	3 868
Appropriation Act (No. 2) 2018-19- Non Operating - Equity Injection	-	34 710
Appropriation Act (No. 2) 2019-20 - Non Operating - Equity Injection	66 653	-
Supply Act (No. 2) 2019-20 - Non Operating - Equity Injection	41 989	-
Appropriation Act (No. 4) 2019-20 - Non Operating - Equity Injection	11 717	-
Total unspent appropriation - other services - equity⁴	124 227	38 578
Total unspent appropriation	250 761	91 508

1. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of the ordinary annual services, and are not separately identified in the Appropriation Acts.

2. In response to the Administrative Arrangement Order (AAO) made on 5 December 2019, \$76 564 433 was transferred to Department of Industry, Science, Energy and Resources, \$1 157 804 was transferred to the National Drought and North Queensland Flood Response and Recovery Agency and \$219 780 161 was transferred from the Department of Agriculture.

3. In response to the Administrative Arrangement Order (AAO) made on 5 December 2019, \$4 347 875 was transferred from the Department of Agriculture.

4. The unspent other services appropriation is shown inclusive of Section 51 withholdings against Appropriation Act (No. 2) 2017-18 of \$3 868 000.

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Note 13B: Special Appropriations ('Recoverable GST exclusive')

Authority	Appropriation applied	
	2020	2019
	\$'000	\$'000
<i>Public Governance, Performance and Accountability Act 2013, s. 58 (National Residue Survey)</i>		
Prior year investments redeemed in current year (\$7 000 000), Redemptions of current year investments (gross) (nil).	(5 500)	-
Total special appropriations applied	(5 500)	-

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Note 14: Appropriations – Department of Agriculture

The following tables represents the appropriations of the former DoA from 1 July 2019 until 31 January 2020.

Note 14A: Annual and Unspent Appropriations ('Recoverable GST exclusive') - Department of Agriculture

	2020 \$'000	2019 \$'000
Annual appropriation		
Annual Appropriation - Operating ¹	394 986	391 812
Annual Appropriation - Capital budget ^{1,2}	9 793	9 824
PGPA Act Section 74 receipts ¹	15 434	13 123
Total available appropriation	420 213	414 759
Appropriation applied (current and prior years) ¹	(267 385)	(396 789)
Variance	152 828	17 970
Opening unspent appropriation balance	69 064	51 094
Closing unspent appropriation balance	221 892	69 064
Balance comprises appropriations as follows:		
Appropriation Act (No. 1) 2018-19	-	56 667
Appropriation Act (No. 3) 2018-19	-	9 138
Supply Act (No. 1) 2019-20	12 239	-
Appropriation Act (No. 1) 2019-20	207 541	-
Cash on hand - Appropriation Act (No.1) 2018-19	-	3 259
Cash on hand - Appropriation Act (No.1) 2019-20	2 112	-
Total unspent appropriation - ordinary annual services	221 892	69 064
Other Services - equity		
Annual appropriation		
Annual Appropriation - Equity injection ³	5 123	7 273
Prior years Appropriation Acts repealed	-	(2 959)
Total available appropriation	5 123	4 314
Appropriation applied (current and prior years) ³	(1 295)	(20 184)
Variance	3 828	(15 870)
Opening unspent appropriation balance	520	16 390
Closing unspent appropriation balance	4 348	520
Balance comprises appropriations as follows:		
Appropriation Act (No. 2) 2018-19	437	520
Supply Act (No. 2) 2019-20	418	-
Appropriation Act (No. 2) 2019-20	3 493	-
Total unspent appropriation - other services - equity	4 348	520
Total unspent appropriation⁴	226 240	69 584

1. The variance between amounts appropriated in 2020 and appropriation applied is \$152 828 000.

2. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

3. The variance between amounts appropriated in 2020 and appropriation applied is (\$3 828 000).

4. Unspent appropriation of \$224 128 000 (excluding cash on hand) was transferred to the Department of Agriculture, Water and the Environment (formerly known as the Department of the Environment and Energy) as a result of the Administrative Arrangement Order on 1 February 2020 (in accordance with PGPA Act Section 75 transfers).

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Note 14B: Special Appropriations ('Recoverable GST exclusive') - Department of Agriculture

Authority	Appropriation applied	
	2020	2019
	\$'000	\$'000
<i>Public Governance, Performance and Accountability Act 2013, s. 58 (National Residue Survey)</i>		
Prior year investments redeemed in current year (\$10 500 000), Redemptions of current year investments (gross) (nil).	(10 500)	(17 500)
Total special appropriations applied	(10 500)	(17 500)

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15: Net Cash Appropriation Arrangements

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Total comprehensive loss attributable to the department	(149 657)	(193 283)	(15 429)
Plus: depreciation/amortisation expenses previously funded through revenue appropriation ¹	73 442	51 229	17 078
Plus: depreciation right-of-use assets	67 929	-	-
Less: principal repayments - leased assets	(59 831)	-	-
Total comprehensive loss plus depreciation/amortisation expenses previously funded through revenue appropriations	(68 117)	(142 054)	1 649
Add back: changes in asset revaluation reserve	17 935	54 339	-
Operating loss attributable to the department	(50 182)	(87 715)	1 649

1. The department's depreciation charges for 2020 were comprised of:

- amounts funded by cost recovery arrangements totalling \$15 663 655 (2019: \$14 704 271); and
- unfunded totalling \$141 371 720 (2019: DoEE \$51 229 401, DoA \$17 077 835).

From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are appropriated in the period when cash payment for capital expenditure is required.

The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principle repayment amount reflects the cash impact on implementation of AASB 16 Leases, it does not directly reflect a change in appropriation arrangements.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Special Accounts

	Australian Quarantine and Inspection Service Special Account (AQIS) ¹		National Residue Survey Account (NRS) ²		Energy Special Account ³	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance brought forward from previous period	34 209	28 974	1 079	1 113	10 140	13 604
Increases	537 246	527 277	28 909	28 475	10 054	7 907
Total increases	537 246	527 277	28 909	28 475	10 054	7 907
Available for payments	571 455	556 251	29 988	29 588	20 194	21 511
Decreases	(548 335)	(522 042)	(27 842)	(28 509)	(20 194)	(11 371)
Total decreases	(548 335)	(522 042)	(27 842)	(28 509)	(20 194)	(11 371)
Total balance carried to the next period	23 120	34 209	2 146	1 079	-	10 140
Balance made up of:						
Cash held in the Official Public Account	21 025	30 521	2 146	1 079	-	10 140
Cash held in entity bank accounts	2 095	3 688	-	-	-	-
Total balance carried to the next period	23 120	34 209	2 146	1 079	-	10 140

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The following special account is appropriated under *Public Governance, Performance and Accountability Act 2013* section 80

Special Account	Establishing Instrument	Purpose
2. National Residue Survey Account	<i>National Residue Survey Administration Act 1992</i> section 6 (1)	For the purposes of conducting national residue surveys and to provide for collection of the NRS levy imposed by various acts.

The following special accounts are appropriated under *Public Governance, Performance and Accountability Act 2013* section 78

Special Account	Establishing Instrument	Purpose
1. Australian Quarantine and Inspection Service Special Account	<i>Financial Management and Accountability Determination 2010/11 – Australian Quarantine and Inspection Service Special Account Establishment 2010</i>	For expenditure relating to the provision of quarantine and inspection services and payment of moneys to the Consolidated Revenue Fund as agreed to by the relevant Minister and Minister for Finance.
3. Energy Special Account	<i>PGPA Act (Energy Special Account 2015-Establishment) Determination 2015/07</i>	For the purposes of conducting activities that contribute to policy development in the energy and resources sectors. This account is non-interest bearing. As a result of the Administrative Arrangement Order on 1 February 2020, this special account was transferred to Department of Industry, Science, Energy and Resources.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 17: Regulatory Charging Summary

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Amounts applied			
Departmental			
Annual appropriations	114 296	7 786	80 507
Own source revenue	397 173	-	408 991
Total amounts applied	511 469	7 786	489 498
Expenses			
Departmental	528 172	7 593	491 885
Total expenses	528 172	7 593	491 885
Revenue			
Departmental	388 519	97	409 557
Total revenue	388 519	97	409 557
Amounts written off			
Departmental	220	-	2 061
Total amounts written off	220	-	2 061

Competitive Neutrality

The department operates a number of cost recovery arrangements across the Biosecurity, Export Certification and other business service areas in accordance with the Australian Government Charging Framework and are not for profit activities. The department is not subject to competitive neutrality arrangements for this reason.

Departmental Regulatory Charging Activities

- Dairy Exports Program Services
- Fish and Egg Export Program Services
- Hazardous Waste Permits
- Horticulture Exports Program Services
- Import Clearance Program Services
- Levies Revenue Service
- Live Animal Export Program Services
- Meat Export Program Services
- Non-road Spark Ignition Engines and Equipment (NRSIEE)
- Environmental Assessments under the *Environmental Protection and Biodiversity Conservation Act 1999*
- National Residue Survey Services
- Grain and Seed Export Program Services
- Passenger Program Services
- Post Entry Plant Quarantine Program Services
- Sea Dumping Permit Applications
- Seaports Program Services
- Voluntary Product Stewardship Accreditation
- Wildlife Trade Permits
- Ozone Protection and Synthetic Greenhouse Gas Management Program
- Non-Prescribed Goods Export Program Services

The following regulatory charging activities were transferred to the Department of Industry, Science, Energy and Resources on 1 February 2020. This note accounts for these activities for the period 1 July 2019 to 31 January 2020.

- Application Fees to vary Fuel Standards
- Commercial Building Disclosure
- Greenhouse and Energy Minimum Standards

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Documentation (Cost Recovery Implementation Statements) for the above activities is available at:

- Environment regulatory charging activities: www.environment.gov.au/about-us/accountability-reporting/cost-recovery
- Agriculture regulatory charging activities: www.agriculture.gov.au/fees/cost-recovery

Industry Rebates and Program Results

The former Department of Agriculture cost recovered activities including biosecurity, export certification, quota management and National Residue Survey are maintained on a program basis with many of the programs aligning to an industry sector. The management of each program, including the establishment of the level and structure of fees and charges, is conducted in consultation with an Industry Consultative Committee, as applicable, and the Department of Finance.

Where fees and charges are collected for a cost recovered program exceed its costs during a financial year, the excess revenue is reported in total comprehensive income (loss) for the period. The amount of excess revenue is transferred from retained earnings into an industry reserve.

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Note 18: Assets Held in Trust

	2020	DoEE	DoA
	\$'000	2019	2019
		\$'000	\$'000
The Department holds monies in trust on behalf of Environment Protection Authority Victoria in relation to management of Hazardous Wastes, Substances and Pollutants program.			
Monetary assets – Services for other entities and trust monies			
As at 1 July	365	365	-
Receipts	365	-	-
Payments	(365)	-	-
Total as at 30 June	365	365	-
Total monetary assets held in trust	365	365	-

The old special account, Services for Other Entities and Trust Moneys – Department of the Environment, Water, Heritage and the Arts Special Account Establishment 2010, was repealed on 9 April 2020. The new special account, Environment SOETM Special Account 2020, commenced on 9 April 2020. An amount equal to the closing balance of the old special account was credited to the new special account on 9 April 2020, refer to Note 33 for more information.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19: Budgetary Reporting

Note 19A: Statement of Comprehensive Income Budgetary Reporting

	Actual 2020 \$'000	DoEE Original Budget 2020 \$'000	DoA Original Budget 2020 \$'000	Variance to Original Budget 2020 \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	774 785	235 539	511 695	27 551
Suppliers	407 532	245 984	313 902	(152 354)
Depreciation and amortisation	157 035	1 050	29 905	126 080
Grants	7 798	45 750	2 044	(39 996)
Finance costs	14 517	17 100	77	(2 660)
Impairment loss on financial instruments	580	-	-	580
Write-down and impairment of other assets	760	-	919	(159)
Other expenses	31 542	400	-	31 142
Total expenses	1 394 549	545 823	858 542	(9 816)
Own-Source Income				
Own-source revenue				
Revenue from contract with customers	405 336	38 442	405 932	(39 038)
Interest	347	711	382	(746)
Rental income	1 515	-	-	1 515
Other revenue	35 362	-	37 524	(2 162)
Total own-source revenue	442 560	39 153	443 838	(40 431)
Gains				
Other gains	1 755	-	1 618	137
Total gains	1 755	-	1 618	137
Total own-source income	444 315	39 153	445 456	(40 294)
Net cost of services	950 234	506 670	413 086	30 478
Revenue from Government	818 512	441 902	396 848	(20 238)
Deficit attributable to the Australian Government	(131 722)	(64 768)	(16 238)	(50 716)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves	(17 935)	-	-	(17 935)
Total other comprehensive income	(17 935)	-	-	(17 935)
Total comprehensive loss attributable to the Australian Government	(149 657)	(64 768)	(16 238)	(68 651)

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19B: Statement of Financial Position Budgetary Reporting

	Actual 2020 \$'000	DoEE Original Budget 2020 \$'000	DoA Original Budget 2020 \$'000	Variance to Original Budget 2020 \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	29 743	8 377	24 819	(3 453)
Trade and other receivables	306 442	69 012	84 746	152 684
Other investments	16 000	-	16 000	-
Total financial assets	352 185	77 389	125 565	149 231
Non-financial assets				
Buildings	619 880	250 903	34 243	334 734
Leasehold improvements	41 672	-	-	41 672
Property, plant and equipment	578 445	709 021	23 191	(153 767)
Heritage and cultural assets	72 319	-	-	72 319
Computer software	157 246	35 034	139 343	(17 131)
Inventories	10 004	7 793	2 275	(64)
Prepayments	14 281	6 562	8 822	(1 103)
Total non-financial assets	1 493 847	1 009 313	207 874	276 660
Total assets	1 846 032	1 086 702	333 439	425 891
LIABILITIES				
Payables				
Suppliers	45 762	19 860	16 862	9 040
Grants	-	21	-	(21)
Other payables	23 771	4 657	46 339	(27 225)
Total payables	69 533	24 538	63 201	(18 206)
Interest Bearing Liabilities				
Leases	425 452	-	-	425 452
Total interest bearing liabilities	425 452	-	-	425 452
Provisions				
Employee provisions	243 626	73 739	138 947	30 940
Other provisions	754 552	595 230	13 459	145 863
Total provisions	998 178	668 969	152 406	176 803
Total liabilities	1 493 163	693 507	215 607	584 049
Net assets	352 869	393 195	117 832	(158 158)
EQUITY				
Contributed equity/capital	1 096 405	907 940	181 413	7 052
Asset revaluation reserves	403 627	450 236	25 665	(72 274)
Industry reserves	51 903	-	54 322	(2 419)
Retained earnings	(1 199 066)	(964 981)	(143 568)	(90 517)
Total equity	352 869	393 195	117 832	(158 158)

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 19C: Cash Flow Statement Budgetary Reporting

	Actual 2020 \$'000	Budget estimate		Variance to Original 2020 \$'000
		DoEE Original 2020 \$'000	DoA Original 2020 \$'000	
OPERATING ACTIVITIES				
Cash received				
Appropriations	866 367	443 820	400 440	22 107
Sale of goods and rendering of services	397 335	38 442	404 382	(45 489)
Interest	347	-	382	(35)
Net GST received	45 831	-	27 180	18 651
Other	119 363	-	19 851	99 512
Total cash received	1 429 243	482 262	852 235	94 746
Cash used				
Employees	773 517	235 539	513 341	24 637
Suppliers	479 703	245 273	321 669	(87 239)
Interest payments on lease liabilities	5 053	-	-	5 053
Grants	9 486	1 050	2 044	6 392
Section 74 receipts transferred to OPA	49 708	-	-	49 708
Other	42 541	400	-	42 141
Total cash used	1 360 008	482 262	837 054	40 692
Net cash from operating activities	69 235	-	15 181	54 054
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of property, plant and equipment	516	-	-	516
Proceeds from sales of financial instruments	17 500	-	16 500	1 000
Interest	74	-	-	74
Total cash received	18 090	-	16 500	1 590
Cash used				
Purchase of land and buildings	16 766	23 593	3 366	(10 193)
Purchase of property, plant and equipment	66 572	124 471	5 611	(63 510)
Purchase of software	41 764	24 687	24 913	(7 836)
Purchase of investments	16 000	-	16 000	-
Total cash used	141 102	172 751	49 890	(81 539)
Net cash used by investing activities	(123 012)	(172 751)	(33 390)	83 129
FINANCING ACTIVITIES				
Cash received				
Contributed equity	47 113	114 263	5 123	(72 273)
Departmental capital budget	58 273	58 488	9 843	(10 058)
Total cash received	105 386	172 751	14 966	(82 331)
Cash used				
Principal payments of lease liabilities	59 831	-	-	59 831
Other financing cash used	16 081	-	-	16 081
Total cash used	75 912	-	-	75 912
Net cash from financing activities	29 474	172 751	14 966	(158 243)
Net increase / (decrease) in cash held	(24 303)	-	(3 243)	(21 060)
Cash and cash equivalents at the beginning of the reporting period	54 046	8 377	28 062	17 607
Cash and cash equivalents at the end of the reporting period	29 743	8 377	24 819	(3 453)

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Budget Variance Commentary

The following tables provide a comparison of the original budget as presented in the 2019-20 Portfolio Budget Statements (PBS) to the 2019-20 final outcome as presented in accordance with Australian Accounting Standards for the department. The Budget is not audited. Explanations of major variances are provided below.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than +/- 10% of the original budget and +/- \$10 million for a line item; or
- the variance between budget and actual is greater than +/-2% of the relevant sub-total (i.e. total expenses, total income, total assets or total liabilities) and +/- \$10 million; or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the department.

Major variances and explanations	Affected line items
<u>Statement of Comprehensive Income</u>	
Total expenses were \$9.8 million lower than the original budget estimate mainly as a result of:	
<ul style="list-style-type: none"> Higher than budgeted employee benefits expenses of \$27.6 million due to increases in employee provisions as a result of a decrease in the 10 year government bond rate and pay increases as a result of former Department of Agriculture staff transferring to the department's Enterprise Agreement; offset by reduced employee expenses relating to Climate Change and Energy functions relinquished to the Department of Industry, Science, Energy and Resources. 	<ul style="list-style-type: none"> Employee benefits expense
<ul style="list-style-type: none"> Higher than budgeted depreciation and amortisation expenses of \$81.4 million due to the creation of right-of-use assets under the implementation of AASB 16 Leases. 	<ul style="list-style-type: none"> Depreciation and amortisation expense
<ul style="list-style-type: none"> The restoration provision for Antarctic solid waste disposal was reviewed and updated for changes in key economic and engineering assumptions in 2019-20 increasing expenses by \$18.7 million, the changes were not budgeted. 	<ul style="list-style-type: none"> Other expenses
<ul style="list-style-type: none"> Offset by lower than budgeted suppliers expense of \$152.3 million as a result of Climate Change and Energy functions relinquished to the Department of Industry, Science, Energy and Resources; the removal of operating lease expenses under the implementation of AASB 16 Leases; and general expenditure reductions relating to activities affected by the COVID-19 pandemic. 	<ul style="list-style-type: none"> Suppliers

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Major variances and explanations	Affected line items
<p>Total own source income was \$40.4 million lower than the original budget estimate mainly as a result of:</p> <ul style="list-style-type: none"> Revenue from contracts with customers was \$39.0 million lower than the original budget primarily due to lower rendering of services revenue relating to activities affected by the COVID-19 pandemic and the reclassification of special account administration activities from revenue to contra expenses. 	<ul style="list-style-type: none"> Revenue from contract with customers
<p><u>Statement of Financial Position</u></p> <p>Total assets was \$425.9 million higher than the original budget estimate mainly as a result of:</p> <ul style="list-style-type: none"> Trade and other receivables balance was \$157.5 million higher than the original budget due to delays in payments for the new Antarctic Icebreaker RSV Nuyina and other appropriations not spent due to reduced activities affected by the COVID-19 pandemic. Non-financial asset balances was \$277.8 million higher than the original budget due to the creation of right-of-use assets under the implementation of AASB 16 Leases. <p>Total liabilities was \$584.0 million higher than the original budget estimate mainly as a result of:</p> <ul style="list-style-type: none"> Interest bearing liabilities was \$425.5 million higher than the original budget due to the impact of AASB 16 Leases on the lease liability balance. Employee provisions balance was \$30.9 million higher than the original budget due to significant increases in employee provisions as a result of a decrease in the 10 year government bond rate and pay rises. Other provisions were \$145.9 million higher than the budget as the provisions for Antarctic solid waste disposal and make good were reviewed and updated for changes in key economic and engineering assumptions in 2019-20. 	
<p><u>Cash Flow Statement</u></p> <p>In addition to the variances above, which also impacted on the cash received and used, the net decrease in cash held during 2019-20 was \$21.1 million higher than budget. The variance from budget primarily relates to the transfer of the Energy Special Account balance to the Department of Industry, Science, Energy and Resources and reduced cash in the Australian Quarantine and Inspection Service Special Account due to the impact of the COVID-19 pandemic on cost recovery revenue collections.</p>	
	<ul style="list-style-type: none"> Trade and other receivables Land and buildings Leasehold improvements Property, plant and equipment Leases Employee provisions Other provisions Net increase/(decrease) in cash held

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

		2020	DoEE	DoA
	Notes	\$'000	2019	2019
			\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Levy disbursements and Commonwealth contributions	20A	819 872	-	867 369
Grants	20B	314 470	153 549	125 922
Payments to corporate Commonwealth entities	20C	362 324	221 401	173 711
Suppliers	20D	220 863	198 692	32 692
Direct personal benefits - Income support for farmers		134 377	-	114 155
Assets transferred to related entities	21G	-	-	407 243
Depreciation and amortisation	23	7 918	12	7 747
Concessional loan discount		143 156	-	21 945
Impairment loss on financial instruments	20E	3 429	10	1 403
Write-down and impairment of assets	20F	28 195	33 321	3 155
Other expenses		494	-	-
Total expenses		2 035 098	606 985	1 755 342
Income				
Revenue				
Taxation revenue				
Levies and charges	21A	474 261	4 114	564 064
Other taxes		-	109	-
Total taxation revenue		474 261	4 223	564 064
Non-taxation revenue				
Revenue from contracts with customers	21B	19 560	7 414	-
Fees	21C	-	20 041	1 620
Interest	21D	21 349	2	23 976
Dividends	21E	108 500	139 950	-
Other revenue	21F	16 883	979	10 832
Total non-taxation revenue		166 292	168 386	36 428
Total revenue		640 553	172 609	600 492
Gains				
Reversal of impairment losses	23	36 903	58 909	6 955
Other gains	21G	81 251	407 243	249 461
Total gains		118 154	466 152	256 416
Total income		758 707	638 761	856 908
Net cost of services		1 276 391	(31 776)	898 434
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves		16 318	-	9 229
Items subject to subsequent reclassification to net cost of services				
Gains/(losses) on financial assets at fair value through other comprehensive income		36 175	3 775 197	101 323
Total other comprehensive income		52 493	3 775 197	110 552
Total comprehensive gain/(loss)		(1 223 898)	3 806 973	(787 882)

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

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2020

		2020	DoEE 2019	DoA 2019
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	22A	1 896 517	6 263 040	902 105
Trade, taxation and other receivables	22B	1 030 855	12 419	877 005
Investments in corporate Commonwealth entities	22C	1 175 958	16 052 167	501 545
Total financial assets		4 103 330	22 327 626	2 280 655
Non-financial assets				
Land	23	582	-	1 467
Infrastructure	23	537 868	-	527 029
Plant and equipment	23	1 820	-	1 836
Flooding easements	23	814	-	814
Heritage and cultural	23	976	987	-
Water entitlements	23	4 011 959	3 770 081	133 842
Inventories	23B	11 078	11 145	-
Prepayments		9 336	141	11 226
Total non-financial assets		4 574 433	3 782 354	676 214
Total assets administered on behalf of Government		8 677 763	26 109 980	2 956 869
LIABILITIES				
Payables				
Levy disbursements and Commonwealth contributions	24A	93 075	-	153 348
Grants	24B	8 512	6 977	3 550
Suppliers		58 016	48 122	718
Personal benefits - Income support to farmers		2 725	-	2 470
Corporate Commonwealth entities		17 735	-	-
Other payables		35	-	54
Total payables		180 098	55 099	160 140
Provisions				
Loan commitments to farm businesses	25A	95 278	-	17 881
Total provisions		95 278	-	17 881
Total liabilities administered on behalf of Government		275 376	55 099	178 021
Net assets		8 402 387	26 054 881	2 778 848

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

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
ADMINISTERED RECONCILIATION SCHEDULE
for the period ended 30 June 2020

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Opening assets less liabilities as at 1 July	28 833 729	21 938 125	2 474 877
Adjustment on initial application of AASB 9	-	-	(7 542)
Adjusted opening assets less liabilities	28 833 729	21 938 125	2 467 335
Net cost of services			
Income	758 707	638 761	856 908
Expenses			
Payments to entities other than corporate Commonwealth entities	(1 672 774)	(385 584)	(1 581 631)
Payments to corporate Commonwealth entities	(362 324)	(221 401)	(173 711)
Other comprehensive income			
Revaluations transferred to reserves			
Non-financial assets	16 318	-	9 229
Investments in corporate Commonwealth entities	36 175	3 775 197	101 323
Transfers (to)/from the Australian Government			
Appropriation transfers from Official Public Account			
Administered assets and liabilities appropriations	427 479	-	202 945
Annual appropriations			
Payments to entities other than corporate Commonwealth entities	672 280	388 901	169 982
Payments to corporate Commonwealth entities	203 480	50 082	175 664
Special appropriations (limited)			
Payments to corporate Commonwealth entities	150 589	171 500	-
Special appropriations (unlimited)			
Payments to entities other than corporate Commonwealth entities	662 703	40	702 722
Payments to corporate Commonwealth entities	308 706	-	292 139
Special account statutory credits	355 581	6 291	320 000
Appropriation transfers to Official Public Account			
Transfers to Official Public Account	(885 071)	(307 031)	(763 465)
Restructuring	27A (21 102 737)	-	-
Personal Benefits - Withholding	(454)	-	(592)
Closing assets less liabilities as at 30 June	8 402 387	26 054 881	2 778 848

Accounting Policy

Administered Cash Transfers to and from the Official Public Account (OPA)

Revenue collected by the department for use by the Government rather than the department is administered revenue. Collections are transferred to the OPA which is 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.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
ADMINISTERED CASH FLOW STATEMENT
for the period ended 30 June 2020

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
OPERATING ACTIVITIES			
Cash received			
Taxes	495 753	1 660	557 795
Sales of goods and rendering of services	21 313	6 255	-
Dividends	108 500	139 950	-
Fees and fines	-	20 268	-
GST received	125 130	61 037	27 807
Interest	153	2	-
Other	12 712	791	13 486
Total cash received	763 561	229 963	599 088
Cash used			
Levy disbursements and Commonwealth contributions	893 622	-	815 217
Grants	377 046	163 262	189 121
Suppliers	221 781	170 896	27 878
Personal benefits	134 354	-	112 338
Payments to corporate Commonwealth entities	344 589	221 401	175 664
Other	572	40	18
Total cash used	1 971 964	555 599	1 320 236
Net cash used by operating activities	(1 208 403)	(325 636)	(721 148)
INVESTING ACTIVITIES			
Cash received			
Repayments of loans	122 292	60	106 182
Investments	-	98 550	-
Interest received from loans	18 427	-	21 900
Total cash received	140 719	98 610	128 082
Cash used			
Loan advances	390 550	-	34 569
Corporate Commonwealth entity investments	269 480	600 181	-
Purchase of water entitlements	17 661	-	159 945
Total cash used	677 691	600 181	194 514
Net cash used by investing activities	(536 972)	(501 571)	(66 432)
Net decrease in cash held	(1 745 375)	(827 207)	(787 580)
Cash and cash equivalents at the beginning of the reporting period	7 165 145	6 780 464	589 698
Cash from Official Public Account for			
Appropriations	2 425 237	610 523	1 543 452
Special accounts	355 581	6 291	320 000
Total cash from Official Public Account	2 780 818	616 814	1 863 452
Cash to Official Public Account for:			
Appropriations	885 071	307 031	763 465
Special accounts transferred due to restructure	5 419 000	-	-
Total cash to Official Public Account	6 304 071	307 031	763 465
Cash and cash equivalents at the end of the reporting period	1 896 517	6 263 040	902 105

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

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 20: Administered – Expenses			
	2020	DoEE	DoA
	\$'000	2019	2019
	\$'000	\$'000	\$'000
Note 20A: Levy Disbursements and Commonwealth Contributions			
Levy disbursements			
Corporate Commonwealth entities	156 592	-	181 918
Other	337 695	-	367 271
Commonwealth Contributions			
Corporate Commonwealth entities	140 847	-	120 410
Other	184 738	-	197 770
Total levy disbursements and Commonwealth contributions	819 872	-	867 369
Note 20B: Grants			
Non-profit organisations	141 754	65 571	64 904
Australian Government entities (related parties)	63 239	17 113	24 220
Local Governments	18 361	3 770	15 038
For profit organisations	36 656	21 377	10 779
State and Territory Governments	15 920	8 471	5 732
Individuals	5 385	7 324	65
Universities	28 509	22 447	4 414
Other	3 220	6 092	-
Overseas	1 426	1 384	770
Total grants	314 470	153 549	125 922
Accounting policy			
The department administers a number of grant and subsidy schemes on behalf of the Government. Grant and subsidy 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 and subsidies but services have not been performed or criteria satisfied, this is considered a commitment.			
Note 20C: Payments to Corporate Commonwealth Entities			
Australian Renewable Energy Agency	148 868	173 963	-
Murray-Darling Basin Authority	87 973	-	106 206
Director of National Parks	50 161	47 438	-
Australian Pesticides and Veterinary Medicines Authority	23 563	-	25 532
Wine Australia	26 062	-	15 924
Regional Investment Corporation	15 477	-	12 555
AgriFutures Australia	10 220	-	12 479
Fisheries Research and Development Corporation	-	-	1 015
Total payments to corporate Commonwealth entities	362 324	221 401	173 711

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting policy

Payments to corporate Commonwealth entities from amounts appropriated for that purpose are classified as administered expenses, equity injections or loans of the department. The appropriation to the department is disclosed in Note 31 and Note 32.

	2020	DoEE	DoA
	\$'000	2019	2019
		\$'000	\$'000
Note 20D: Suppliers			
Goods and services supplied or rendered			
Regional Land payments	88 293	82 064	-
Contractors	27 848	38 915	4 866
NHT implementation costs	21 772	20 865	-
Membership fees	18 772	-	18 517
Statutory fees and charges	17 121	17 482	-
OPSGG implementation costs	12 753	12 037	-
Consultants	9 788	3 740	906
Reef Trust implementation costs	7 654	2 921	-
General goods and services	6 032	4 223	3 122
Oil stock tickets	4 580	6 278	-
Securing the Future of Jabiru Township	2 544	-	-
Administration charge - loans	2 001	-	4 871
Advertising	1 095	9 868	-
Legal services	610	275	410
Travel	-	24	-
Total goods and services supplied or rendered	220 863	198 692	32 692
Goods supplied	419	188	750
Services rendered	220 444	198 504	31 942
Total goods and services supplied or rendered	220 863	198 692	32 692
Total supplier expenses	220 863	198 692	32 692

Accounting Policy

Regional Land payments

Regional Land payments were made under National Landcare Program to protect, conserve and provide for the productive use of Australia's water, soil, plants and animals and the ecosystems in which they live and interact, in partnership with governments, industry and communities.

Membership fees

Expenses associated with annual fees for Australia's participation in international organisations, councils and forums.

Statutory fees and charges

Statutory fees and charges associated with annual fees and water delivery charges for the management of the Commonwealth Environmental Water Holdings.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NHT implementation costs

The NHT implementation costs represents funding provided to the Department of Agriculture, Water and the Environment, the Department of Industry, Science, Energy and Resources, Great Barrier Reef Marine Park Authority, the Department of Environment and Science (Queensland) and Torres Strait Regional Authority to cover costs associated with implementation of Natural Heritage Trust of Australia's (NHT) activities.

OPSGG implementation costs

The OPSGG implementation costs represents funding provided to the Department of Agriculture, Water and the Environment to cover costs associated with the implementation of Ozone Protection and Synthetic Greenhouse Gas (OPSGG) activities.

Reef Trust implementation costs

The Reef Trust implementation costs represents funding provided to the Department of Environment and Science (Queensland) and Great Barrier Reef Marine Park Authority to cover costs associated with the implementation of Reef Trust activities.

Securing the Future of Jabiru Township

The balance represents funding provided to the Director of National Parks to cover costs associated with removing asbestos and other contaminated material from Jabiru.

Administration charge - loans

Administrative fees are paid to the jurisdictions for the delivery of administrative services relating to loans. These services include establishment, application processing, customer service and record keeping activities.

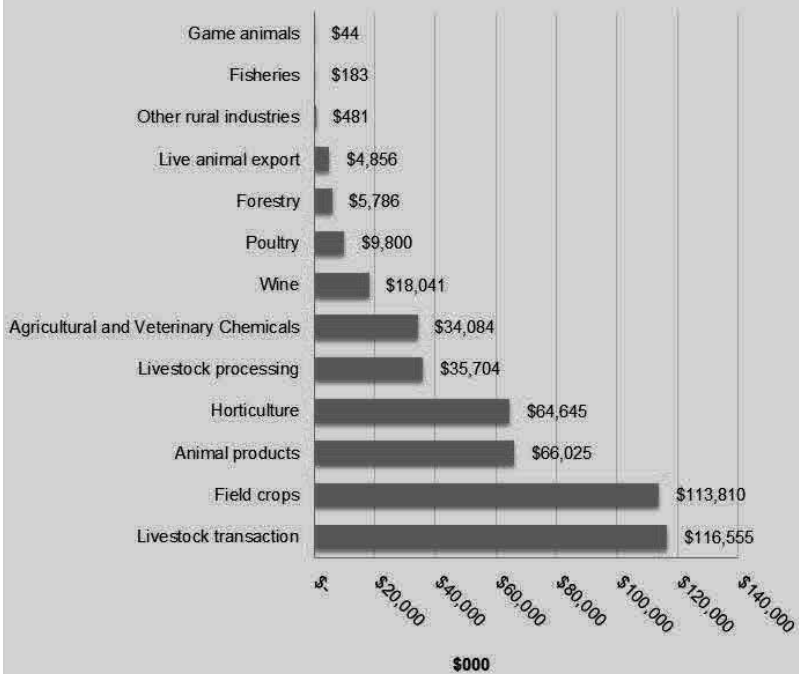
	2020 \$'000	2019 \$'000	2019 \$'000
Note 20E: Impairment Loss Allowance on			
<u>Financial Instruments</u>			
Impairment on loans	3 429	-	1 139
Impairment on trade and other receivables	-	10	264
Total impairment loss on financial instruments	3 429	10	1,403
Note 20F: Write-Down and Impairment of Assets			
Impairment on water assets	24 470	33 321	-
Impairment on financial assets	1 149	-	1 668
Debt waiver of personal benefits receivable	584	-	792
Debt waiver - levies and charges	862	-	575
Write-off of non-financial assets	1 130	-	120
Total write-down and impairment	28 195	33 321	3 155

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 21: Administered – Income

	2020	DoEE	DoA
	\$'000	2019	2019
		\$'000	\$'000
Revenue			
Taxation Revenue			
Note 21A: Levies and Charges			
Primary industry levies	456 683	-	549 871
Primary industry charges	13 331	-	14 193
Other indirect levies	4 247	4 114	-
Total levies and charges	474 261	4 114	564 064

Figure 1: Primary levy revenue by industry for 2019-20*



*The above chart excludes other indirect levies

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting policy

Levies and Charges

The department collects, administers and disburses agricultural levies and charges on behalf of Australia's primary industries. Agriculture levies collected by the department are disbursed, in conjunction with any relevant Commonwealth contribution, to research and development corporations and authorities for biosecurity preparedness, emergency plant pest and animal disease responses, marketing, research and development and residue testing.

Agriculture levies revenue are recognised on an accrual basis when the following conditions apply.

- the levy payer/commodity group can be reliably identified;
- the amount of levy payable can be reliably measured; and
- it is probable that the levy payable will be collected.

The amount of the levies revenue accrual recognised relies on the estimation of the amount of probable future levy return lodgements, which relate to leviable commodity transactions that have occurred in the current financial year, with reference to production in prior year and current year forecasts provided by the industries services bodies.

Other indirect levies represents import levies collected under the *Ozone Protection and Synthetic Greenhouse Gas (OPSGG) Management Act 1989* and levies collected on the import of non-road spark ignition engines and equipment (NRSIEE) under the *Product Emissions Standards Act 2017*.

	2020	DoEE	DoA
	\$'000	2019	2019
		\$'000	\$'000
Non-Taxation Revenue			
Note 21B: Revenue from contracts with customers			
Sale of goods	97	6 125	-
Rendering of services	19 463	1 289	-
Total revenue from contract with customers¹	19 560	7 414	-

1. The department has applied AASB 15 using the modified retrospective approach and therefore comparative information has not been restated and continues to be reported under AASB 118. Timing of transfer of goods and services is recognised at a point in time.

Major product / service line:

Regulatory fees	18 727
Service delivery	736
Sales of inventory	97
Total	19 560

Accounting policy

Revenue

All administered revenues relate to ordinary activities performed by the department on behalf of the Australian Government. As such, administered appropriations are not revenues of the department, who oversees distribution, or expenditure of the funds as directed.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2020	DoEE	DoA
	\$'000	2019	2019
		\$'000	\$'000
Note 21C: Fees			
Licence fees	-	581	-
OPSGG Fees	-	11 337	-
EPBC Fees	-	3 795	-
WELS Fees	-	-	1 620
EPBC Contributions	-	1 321	-
GEMS Fees	-	2 315	-
Other fees from regulatory services	-	692	-
Total fees¹	-	20 041	1 620

1. The department has applied AASB 15 using the modified retrospective approach and therefore comparative information has not been restated and continues to be reported under AASB 118. The above items are now primarily included in Note 21B

Note 21D: Interest			
Loans	17 628	2	23 483
Unwinding of concessional loan discount	3 568	-	475
Other interest	153	-	18
Total interest	21 349	2	23 976

Note 21E: Dividends			
Snowy Hydro Limited Dividends	108 500	139 950	-
Total dividends	108 500	139 950	-

Note 21F: Other Revenue			
Refunds of prior year payments	11 139	205	7 931
Infringement notices	3 110	40	1 878
Contributions from State and Territory Governments	251	511	-
Resources received free of charge	60	60	-
Other	2 323	163	1 023
Total other revenue	16 883	979	10 832

Accounting policy

Infringement notices

The department's infringement notices are primarily Biosecurity penalties, fines and forestry import charges collected by the Department of Home Affairs. As reporting is the responsibility of the principal department, these collections are recognised in the department's financial statements as administered items.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Gains			
Note 21G: Other Gains			
Resources received free of charge - water entitlements	77 942	407 243	247 665
Joint operation gains	2 657	-	1 245
Change in fair value through profit or loss	378	-	432
Reversal of impairment losses - financial asset	262	-	-
Other	12	-	119
Total other gains	81 251	407 243	249 461

Accounting policy

Resources Received Free of Charge

Contributions of assets at no cost 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. Water entitlement assets valued at \$77 942 000 were acquired in 2020 (2019: \$247 665 000) for no cost under the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) program and are included in asset additions in Note 23.

In 2018-19 water entitlement assets valued at \$407 243 000 were received free of charge by the Department of the Environment and Energy from the Department of Agriculture and were recognised when title was registered with related state registries. The departments merged in 2019-20 and therefore no transfer of water entitlement assets is required.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22: Administered – Financial Assets

		DoEE	DoA
	2020	2019	2019
	\$'000	\$'000	\$'000
Note 22A: Cash and Cash Equivalents			
Cash in special accounts ¹	1 876 361	6 263 040	901 073
Cash on hand or on deposit	20 156	-	1 032
Total cash and cash equivalents	1 896 517	6 263 040	902 105
1. Excludes balance of the Special Account for Services for Other Entities and Trust Moneys which is at Note 33.			
Note 22B: Trade, Taxation and Other receivables			
Goods and services receivables			
Goods and services	1 086	551	1 975
Total goods and services receivables	1 086	551	1 975
Taxation receivables			
Levies and charges	64 721	-	86 854
Indirect tax	2 828	2 812	-
Other tax	91	183	-
Total taxation receivables	67 640	2 995	86 854
Loans			
State and Territory Governments	586 626	-	706 177
Farm businesses	349 188	-	23 570
Total loans	935 814	-	729 747
Other receivables			
Fees	-	980	-
Statutory receivables	19 434	7 786	51 407
Personal benefits	9 156	-	7 538
Emergency response receivables	7 093	-	6 469
Interest receivable from loans	4 766	-	5 565
Other receivables	2 175	466	-
Total other receivables	42 624	9 232	70 979
Total trade, taxation and other receivables (gross)	1 047 164	12 778	889 555
Less impairment loss allowance			
Goods and services receivables	(383)	(10)	(811)
Taxation receivables	(1 975)	(92)	(1 739)
Loans	(11 685)	-	(8 256)
Other receivables	(2 266)	(257)	(1 744)
Total impairment loss allowance	(16 309)	(359)	(12 550)
Total trade, taxation and other receivables (net)	1 030 855	12 419	877 005

Credit terms for goods and services were within 30 days (2019: 30 days).

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the Impairment Allowance

Movements in relation to 2020

	Goods and services	Taxation receivables	Loans	Other receivables	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2019	(821)	(1 831)	(8 256)	(2 001)	(12 909)
(Increase) / decrease recognised in net cost of services	438	(144)	(3 429)	(265)	(3 400)
Total as at 30 June 2020	(383)	(1 975)	(11 685)	(2 266)	(16 309)

Movements in relation to 2019

	Goods and services	Taxation receivables	Loans	Other receivables	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018	(287)	(1 950)	(410)	(1 892)	(4 539)
Amounts restated through opening retained earnings	(835)	-	(6 707)	-	(7 542)
Amounts written off	-	-	-	22	22
(Increase) / decrease recognised in net cost of services	301	119	(1 139)	(131)	(850)
Total as at 30 June 2019	(821)	(1 831)	(8 256)	(2 001)	(12 909)

Loans to State and Territory Governments

At 30 June 2020, five loan schemes were in place for loans to State and Territory Governments. State and Territory loan schemes are closed and no longer accept loan applications. Loans to State and Territory Governments were made under the Farm Finance and Drought loan schemes for periods up to 5 years and the Dairy Recovery, Drought Recovery and Farm Business loan schemes for up to 10 years.

Loans are subject to biannual impairment assessments. No security is required on these loans to government agencies, but a charge over assets is registered by jurisdictions issuing the loans to farmers. If a State or Territory Government is unable to recover loans provided to program recipients, the respective liability to the Commonwealth will be reviewed in accordance with the applicable loan agreements.

Principal is repaid in full at maturity for the 5 year loans, and is partially amortised during years 6 – 10 of the 10 year loans (with balance paid at maturity). Interest rates were fixed with a 6 monthly review period. Effective interest rates averaged 2.89% (2019: 3.71%) for Farm Finance loans, 2.38% (2019: 3.20%) for Drought loans, 2.10% (2019: 2.73%) for Dairy Recovery and Drought Recovery loans, and 2.28% (2019: 3.14%) for Farm Business loans. Interest payments to the Commonwealth are due on the 10th day of the month following collection.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Loans to Farm Businesses

At 30 June 2020, four loan schemes were in place for loans provided to farm businesses and farm-related small businesses supporting primary production managed through the Regional Investment Corporation (RIC). Loans were made under the Farm Investment, Drought, AgRebuild and AgBiz loan schemes for periods up to 10 years.

Loans are subject to biannual impairment assessments. Farm businesses must provide security on these loans. If the RIC are unable to recover loans provided to program recipients, the respective liability to the Commonwealth will be reviewed in accordance with section 11 of the *Regional Investment Corporation Operating Mandate Direction 2018*.

Principal is partially amortised during years 6 – 10 (with balance paid at maturity). Interest rates were fixed with a 6 monthly review period. Effective interest rates averaged 1.49% (2019: 3.64%) for RIC loans. Interest payments are due on the 10th day of the month following collection.

Accounting Judgements and Estimates

Loans to State and Territory Governments and Farm Businesses

The impairment provision for the loans provided to State and Territory Governments and farm businesses has been calculated using an Expected Credit Loss (ECL) methodology and represents a best estimate of the potential loss that may arise in the event of loan default. The ECL calculation is a result of three key parameters:

- Probability of default (PD) - the likelihood of a loan recipient defaulting on repayment obligations,
- Loss given default (LGD) - the financial loss to the Commonwealth if a loan defaults; and
- Risk overlays - the uncertainty inherent in the loan portfolio.

The value of the provision varies from year to year due to changes in loan recipient's ability to repay which, in turn, may be impacted by macroeconomic factors, commodity prices, interest rates, and input prices. The department engaged an independent expert to ensure the provision is consistent with commercial practices and appropriate loan provisioning parameters. Due to the uncertainty of the impact of COVID-19 a conservative approach has been applied where an additional risk overlay has been included.

Emergency response receivables

Emergency response receivables relate to arrangements where the Commonwealth initially funds an affected industry's share of the response to emergency plant pest or animal disease incursions. The industry must ensure that the Commonwealth is repaid within a reasonable period (usually defined as within 10 years). These receivables are usually repaid through statutory biosecurity levies. As there are no fixed repayment amounts, and only a maximum period of time in which to repay, these receivables are held at fair value through profit or loss. To estimate the fair value of the receivable balance, the department uses a discounted cash flow approach to adjust the receivable to the net present value of the anticipated cash flows.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Note 22C: Investments in Corporate Commonwealth Entities			
AgriFutures Australia	53 812	-	26 643
Australian Pesticides and Veterinary Medicines Authority	33 771	-	16 826
Cotton Research and Development Corporation	30 495	-	38 784
Fisheries Research and Development Corporation	26 984	-	28 671
Grains Research and Development Corporation	217 260	-	258 844
Murray-Darling Basin Authority	123 948	-	102 848
Regional Investment Corporation	7 566	-	8 016
Wine Australia	20 976	-	20 913
Director of National Parks	227 276	247 070	-
Sydney Harbour Federation Trust	433 870	381 995	-
Australian Renewable Energy Agency	-	103 034	-
Clean Energy Finance Corporation	-	4 820 068	-
Snowy Hydro Limited	-	10 500 000	-
Total investments in corporate Commonwealth entities	1 175 958	16 052 167	501 545

All other investments are expected to be recovered in more than 12 months.

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 are not held-for-sale and measured at their fair value through other comprehensive income as at 30 June 2020. Fair value has been taken to be the Australian Government's proportional interest in the net assets of the investment as at the end of the reporting period.

In 2018-19, Snowy Hydro Limited was valued using the Discounted Cash Flow (DCF) method, with the valuation provided by an independent valuer at 30 June 2019. The DCF valuation was supported by a cross-check using the Capitalisation of Future Maintainable Earnings method based on an analysis of share trading in energy generation companies.

Losses on financial assets at fair value were \$24 533 000 (2019: Gain \$3 876 520 000) in the Administered Schedule of Comprehensive Income. In 2020, the balance was predominately affected by the transfer of Snowy Hydro Limited, the Clean Energy Finance Corporation and the Australian Renewable Energy Agency to the Department of Industry, Science, Energy and Resources on 1 February 2020, refer Note 27.

**DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 23: Administered – Non-Financial Assets

Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

	Land \$'000	Infrastructure \$'000	Plant and equipment \$'000	Flooding easements \$'000	Heritage and cultural ¹ \$'000	Water entitlements \$'000	Total \$'000
DoEE as at 1 July 2019							
Gross book value	-	-	-	-	998	3 820 713	3 824 510
Accumulated depreciation, amortisation and impairment	-	-	-	-	(11)	(50 632)	(53 442)
DoEE total as at 1 July 2019	-	-	-	-	987	3 770 081	3 771 068
DoA as at 1 July 2019							
Gross book value	1 467	876 133	4 607	814	-	139 594	1 022 615
Accumulated depreciation, amortisation and impairment	-	(349 104)	(2 771)	-	-	(5 752)	(357 627)
DoA total as at 1 July 2019	1 467	527 029	1 836	814	-	133 842	664 988
Adjusted total as at 1 July 2019	1 467	527 029	1 836	814	987	3 903 923	4 436 056
Additions	144	2 093	420	-	-	95 603	98 260
Revaluations recognised in other comprehensive income	-	16 318	-	-	-	-	16 318
Impairments recognised in the net cost of services	-	-	-	-	-	(24 470)	(24 470)
Reversal of impairments recognised in the operating result	-	-	-	-	-	36 903	36 903
Depreciation expense	-	(7 572)	(335)	-	(11)	-	(7 918)
Disposals:							
By write-off	(1 029)	-	(101)	-	-	-	(1 130)
Total as at 30 June 2020	582	537 868	1 820	814	976	4 011 959	4 554 019
Total as at 30 June 2020 represented by:							
Gross book value	582	905 860	4 664	814	998	4 055 910	4 971 627
Accumulated depreciation and impairment	-	(367 992)	(2 844)	-	(22)	(43 951)	(417 608)
Total as at 30 June 2020	582	537 868	1 820	814	976	4 011 959	4 554 019

1. Property, plant and equipment that met the definition of a heritage and cultural item was disclosed in the heritage and cultural asset class.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Disposal of non-financial assets

No property, plant and equipment or intangibles is expected to be sold or disposed of within the next 12 months.

Revaluations of non-financial assets

Revaluations are conducted in accordance with the revaluation policy.

Infrastructure assets held by the River Murray Operation (RMO) joint operation are revalued by an independent, external valuer on a three year cycle. For the year ended 30 June 2020 an internal management valuation, using the relevant Rawlinson's Building Price Index, was performed by the Murray-Darling Basin Authority (MDBA).

Refer to the Joint Operations section below for more information on joint operation arrangements. A revaluation increment of \$16 318 000 (2019: increment of \$9 229 000) was recognised by the department.

All increments and decrements were credited to the asset revaluation surplus by asset class and included in the other comprehensive income section of the Administered Schedule of Comprehensive Income. No decrements were expensed.

Contractual commitments for the acquisition of property, plant, equipment and intangible assets

There were no contractual commitments for the acquisition of water entitlements as at 30 June 2020 (2019: Nil).

There were no contractual commitments for the acquisition of property, plant and equipment as at 30 June 2020.

Joint operations

The Australian Government is a joint operator in the following jointly controlled operations and assets:

	Principal activity	Share of Output 2020 %	DoEE 2019 %	DoA 2019 %
River Murray Operations joint operation	Asset Management	20	-	20
Living Murray Initiative joint operation	Asset Management	20	-	20

The Australian Government's interest, as a joint operator, in assets employed in the above joint operations is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Joint Operations			
Non-current assets			
Land			
River Murray Operations	582	-	1 467
Infrastructure			
River Murray Operations	537 868	-	527 029
Plant and equipment			
River Murray Operations	1 820	-	1 836
Flooding easements			
River Murray Operations	814	-	814
Water entitlements			
Living Murray Initiative	134 586	-	133 435
Total non-current assets	675 670	-	664 581
Total assets	675 670	-	664 581

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Accounting policy

Joint Operations

The Australian Government is an operator of jointly controlled assets held in the RMO and Living Murray Initiative (LMI) joint operations. The Australian Government has control over its share of future economic benefits through its 20% share of the jointly controlled assets. The Australian Government recognises its share of the jointly controlled assets in its financial statements, classified according to the nature of the assets, its share of any liabilities incurred in respect of the joint operation and any income from the sale or use of its share of the output of the joint operation, together with its share of any expenses incurred by the joint operation.

Land, plant and equipment and flooding easements

Land, plant and equipment, and flooding easements assets recognised by the department represent the Commonwealth Government's share in the RMO.

RMO land, plant and equipment, and flooding easements are carried at cost, consistent with the FRR.

Infrastructure

Infrastructure assets recognised by the department represent the Commonwealth Government's share in the RMO.

RMO infrastructure assets are recorded at fair value in accordance with AASB 116 *Property, Plant and Equipment*, and AASB 13 *Fair Value Measurement*. Infrastructure assets are valued by an independent external valuer on behalf of the RMO every three years. In the intervening two years of the revaluation cycle, values are assessed by means of an internal management valuation. The latter is an indexation based valuation using the relevant Building Price Index.

Heritage 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/cultural-heritage/managing>

Impairment

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. Water assets were assessed for impairment at 30 June 2020.

Depreciation

Depreciable infrastructure and plant and equipment assets are written-down over their estimated useful lives using the straight-line method of depreciation.

	2020	DoEE 2019	DoA 2019
Infrastructure	up to 400 years	-	up to 400 years
Plant and equipment	3 to 80 years	-	3 to 80 years
Heritage and cultural	100 years	100 years	-

Water Entitlements

The department acquires water entitlements in the Murray Darling Basin to achieve the Government's environmental policy objectives under the *Water Act 2007*. Water entitlements are acquired in two ways, by direct purchase or 'free of charge'.

Under the Federal Financial Relations Framework, National Partnership Payments are processed centrally by the department of the Treasury and paid directly to each state treasury for delivery of services, including water efficiency projects that generate water savings.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

State Treasuries are responsible for distributing the funding within their jurisdiction. In the Commonwealth, the Treasurer is accountable for the appropriations, estimates and payments under the framework. For National Partnership agreements, the primary responsibility for policy is with the relevant portfolio Minister. The department receives water entitlements 'free of charge' in accordance with the terms and conditions of payments made by the Treasury under the National Partnership on Water for the Future (refer to Note 21G).

Under the various water-related programs, there are a number of projects which improve the efficiency of irrigation infrastructure and generate savings in the use of water. As part of these arrangements, the Australian Government will receive a share of that water saving in the form of water entitlements for use in delivering the Government's environmental watering objectives.

Water entitlements received 'free of charge' are recognised as gains at their fair value using a valuation hierarchy. The valuation hierarchy prioritises recent comparable Commonwealth water purchases, followed by recent comparable prices on State registers, and may then require a cost-benefit analysis before an external or in-house valuation is undertaken. Comparable prices may include water entitlements for the equivalent category of entitlement (trading zone and security type) and excludes non-market or low value trades.

Once the department has finalised water entitlements as an asset in use, the *Water Act 2007* requires the department to transfer the entitlements to the Commonwealth Environmental Water Holder. In 2018-19 the former Department of Agriculture recognised the transfer of the asset as an expense and the former Department of the Environment and Energy recognised the transfer as a gain in accordance with the FRR. In 2019-20, under the merger of the departments, no gain or expense is required to be recognised.

The department's remaining water entitlement holdings are as a result of the LMI joint operation and entitlements that are not yet classified as in use.

Water Entitlements Impairment Testing

The department values water entitlements at cost, in the absence of an active market, in accordance with AASB 138 *Intangible Assets*. Water entitlements are classified as indefinite life intangible assets as there is no foreseeable limit to the period over which the assets are expected to generate future economic benefits. Consistent with AASB 136 *Impairment of Assets* and the FRR, they are subject to annual impairment testing.

Under AASB 136, the impairment test is carried out by comparing the carrying amount (per the department's asset register) to the recoverable amount of the water entitlements. The recoverable amount of the water entitlements is the higher of fair value less costs to sell and value in use. The recoverable amount calculation is performed at the lowest practical level, taking into account the quality and availability of data.

The department's valuation methodology calculates the recoverable amount of the water entitlements based on the best information available to reflect the amount that the department could obtain from the disposal of the water entitlements in an arm's length transaction between knowledgeable, willing parties. This approach is consistent with AASB 136.

The determination of impairment and impairment reversal is conducted annually based on the price provided an independent expert. The independent valuer considers the use of multiple data sources, such as:

- the water registry data (with appropriate adjustments);
- registry or broker data for catchments that have similar characteristics to the catchment in which the department holds water;
- broker pricing data;
- the department's own data on the value of entitlements; and
- evidence of other market participants.

An impairment loss recognised in prior periods will be reversed if there is any indication that the impairment may no longer exist or may have decreased. The increased carrying amount attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Data from State registers has been relied upon to determine the impairment and the fair value of the water entitlements received 'free of charge' as required by the valuation hierarchy. As noted in an audit of trade prices published by MDBA this data contains uncertainties over its accuracy. The department has addressed this by excluding non-market or low value trades. To ensure the validity of the impairment and fair value of the water entitlements received 'free of charge' the department undertook

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

additional reviews using broker data from an independent consultant. The broker data was sourced from surveys of water brokers and trading exchanges and supports the department's calculations.

	2020	DoEE	DoA
	2019	2019	2019
	\$'000	\$'000	\$'000
<u>Note 23B: Inventories</u>			
Inventories held for sale			
Finished goods	11 078	11 145	-
Total inventories held for sale	11 078	11 145	-
Total inventory	11 078	11 145	-

Accounting policy

National Halon Bank

In accordance with the Government's National Halon Management Strategy, the Government operates the National Halon Bank (NHB). 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 NHB 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 NHB 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. A program of work is underway to review Australia's critical use halon needs and ensure the management approach for the NHB is efficient and effective. This will involve reviewing and clarifying current NHB contractual arrangements; developing estimates of future halon needs and reviewing options for longer term halon management.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24: Administered – Payables

	2020	DoEE 2019	DoA 2019
	\$'000	\$'000	\$'000
Note 24A: Levy Disbursements and Commonwealth Contributions			
Levy disbursements	34 744	-	52 113
Commonwealth contributions	58 331	-	101 235
Total levy disbursements and Commonwealth contributions	93 075	-	153 348
Note 24B: Grants			
Non-profit organisations	3 826	2 368	3 244
State and Territory Governments	789	1 558	92
Australian Government entities (related parties)	-	-	50
Local Governments	691	1 318	-
Universities	2 641	1 074	-
Individuals	345	345	-
Overseas	110	-	-
For profit organisations	110	142	164
Other	-	172	-
Total grants	8 512	6 977	3 550

All grants and suppliers are expected to be settled in no more than 12 months.

Settlement of grants 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.

Settlement of suppliers was usually made within 20 days (2019: 30 days).

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25: Administered – Provisions

Note 25A: Loan Commitments to Farm Businesses

	Loans to Farm Businesses
As at 1 July 2019	17 881
Additional commitments made	94 581
Commitments used	(17 184)
Total as at 30 June 2020	95 278

Accounting policy

Concessional loan commitments represent the concessional cost of commitments to provide loan advances at a below-market interest rate. Commitments to Farm Businesses and Farm-Related Small Businesses reflect the concessional cost of loan advances that were committed, but not paid, by the Regional Investment Corporation on behalf of the department as at 30 June 2020. All advances are expected to be paid in the 2020-21 financial year.

Accounting Judgements and Estimates

Concessional loan commitments are initially measured at their fair value, calculated as the present value of cash flows associated with loan advances committed, but not paid, at the time the commitment is made, discounted at the commercial market interest rate. The provision is subsequently measured at amortised cost and reduced for the concessional component as each loan is advanced.

Note 26: Administered – Aggregate Assets and Liabilities

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Assets to be recovered in:			
No more than 12 months	2 137 251	6 275 788	1 218 523
More than 12 months	6 540 512	19 834 192	1 738 346
Total assets	8 677 763	26 109 980	2 956 869
Liabilities to be settled in:			
No more than 12 months	275 376	55 099	178 021
Total liabilities	275 376	55 099	178 021

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 27: Administered – Restructuring

Note 27A: Administered Restructuring

	2020 Climate Change and Energy Department of Industry, Science, Energy and Resources ^{1,2} \$'000	2020 All Functions Department of Agriculture ^{3,4} \$'000
FUNCTIONS ASSUMED		
Assets recognised		
Cash and cash equivalents	-	1 253 868
Trade, taxation and other receivables	-	985 287
Investments in corporate Commonwealth entities	-	505 257
Land	-	1 467
Infrastructure	-	527 029
Plant and equipment	-	1 836
Flooding easements	-	814
Water entitlements	-	141 129
Prepayments	-	16 627
Total assets recognised	-	3 433 314
Liabilities recognised		
Levy disbursements and Commonwealth contributions	-	150 116
Grants	-	248
Suppliers	-	319
Loan commitments to farm businesses	-	37 298
Total liabilities recognised	-	187 981
Net assets recognised	-	3 245 333
Income assumed		
Recognised by the receiving entity	-	205 393
Recognised by the losing entity	-	383 327
Total income assumed	-	588 720
Expenses assumed		
Recognised by the receiving entity	-	672 001
Recognised by the losing entity	-	873 390
Total expenses assumed	-	1 545 391
FUNCTIONS RELINQUISHED		
Assets relinquished		
Cash and cash equivalents	5 419 000	-
Trade and other receivables	206	-
Other investments	15 683 409	-
Prepayments	190	-
Total assets relinquished	21 102 805	-
Liabilities relinquished		
Suppliers	68	-
Total liabilities relinquished	68	-
Net assets relinquished	21 102 737	-

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. The Climate Change and Energy functions were relinquished to the Department of Industry, Science, Energy and Resources as a result of the Administrative Arrangement Order effective 1 February 2020.
2. The net assets relinquished to the Department of Industry, Science, Energy and Resources were \$21 102 736 586.
3. All functions of the Department of Agriculture were relinquished to the Department of Agriculture, Water and the Environment (formerly known as the Department of Environment and Energy) as a result of the Administrative Arrangement Order on 1 February 2020.
4. The net assets assumed from the Department of Agriculture were \$3 245 333 000.

Note 27B: Administered Restructuring - Department of Agriculture

	2020
	All functions
	Department of Agriculture, Water and the
	Environment ¹
	\$'000
FUNCTIONS RELINQUISHED	
Assets relinquished	
Cash and cash equivalents	1 253 868
Trade, taxation and other receivables	985 287
Investments in corporate Commonwealth entities	505 257
Land	1 467
Infrastructure	527 029
Plant and equipment	1 836
Flooding easements	814
Water entitlements	141 129
Prepayments	16 627
Total assets relinquished	3 433 314
Liabilities relinquished	
Levy disbursements and Commonwealth contributions	150 116
Grants	248
Suppliers	319
Loan commitments to farm businesses	37 298
Total liabilities relinquished	187 981
Net assets relinquished	3 245 333

1. All functions of the Department of Agriculture were relinquished to the Department of Agriculture, Water and the Environment (formerly known as the Department of Environment and Energy) as a result of the Administrative Arrangement Order on 1 February 2020.
2. The net assets relinquished to the Department of Agriculture, Water and the Environment were \$3 245 333 000.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 28: Administered – Contingent Assets and Liabilities

	Indemnities	
	2020	2019
	\$'000	\$'000
Contingent liabilities		
Balance from previous period	100 000	100 000
Obligations expired	(100 000)	-
Total contingent liabilities	-	100 000
Net contingent liabilities	-	(100 000)

Quantifiable Contingencies

The above table contains \$0 of contingent liabilities (2019: \$100,000,000) in respect to indemnities provided by the Australian Government to the board of directors and senior management of Low Carbon Australia Limited. These related to functions that have been transferred to the Department of Industry, Science, Energy and Resources and are no longer reported by the department.

Unquantifiable Contingencies

The Australian Government encourages expenditure on research and development to increase the competitiveness and sustainability of industries within Australia. Under several Acts, the Commonwealth provides contributions to a number of nominated entities responsible for undertaking research and development activities in respect of portfolio industries. These contributions are typically made on a matching basis. Under legislation, entities are eligible for matching contributions which are subject to annual "caps" based on the total cumulative amount of levies collected, amounts spent on qualifying research and development and the annual level of the determined gross value of production. The operation of these annual caps can result in annual entitlements being limited to less than full cumulative levy collections and/or cumulative qualifying research and development expenditure. However, unpaid balances may still be claimable, depending on the level of the caps determined in future years and are therefore carried forward from year to year.

At 30 June 2020, the Commonwealth had a maximum potential liability in respect of matching payments of approximately \$714 million (2019: \$659 million). The Commonwealth's actual future liability is contingent on a combination of several currently indeterminable independent factors which are beyond the control of both the department and the recipient entities, in particular the future annual levels of levy collections and determined gross values of production. The likelihood of meeting the eligibility requirements and the amount of future payments is uncertain. Hence, the total liability is considered unquantifiable.

Accounting policy

Indemnities

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.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 29: Administered – Financial Instruments

	2020	DoEE	DoA
	\$'000	2019	2019
		\$'000	\$'000
Note 29A: Categories of Financial Instruments			
Financial assets at amortised cost			
Cash and cash equivalents	1 896 517	6 263 040	902 105
Goods and services	703	541	1 164
Loans	924 129	-	721 491
Other receivables	1 766	1 189	-
Interest receivable from loans	4 766	-	5 565
Total financial assets at amortised cost	2 827 881	6 264 770	1 630 325
Financial assets at fair value through profit or loss			
Emergency response receivables	7 093	-	6 469
Total financial assets at fair value through profit or loss	7 093	-	6 469
Financial assets at fair value through other comprehensive income			
Investments in corporate Commonwealth entities	1 175 958	16 052 167	501 545
Total financial assets at fair value through other comprehensive income	1 175 958	16 052 167	501 545
Total financial assets	4 010 932	22 316 937	2 138 339
Financial Liabilities			
Financial liabilities measured at amortised cost			
Trade creditors	58 016	48 122	718
Grants payable	8 512	6 977	3 550
Total financial liabilities at amortised cost	66 528	55 099	4 268
Total financial liabilities	66 528	55 099	4 268

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Note 29B: Net Gains or Losses on Financial Assets			
Financial assets at amortised cost			
Interest revenue	21 349	2	23 976
Impairment	(3 429)	(10)	(1 403)
Concessional loan discount	(143 156)	-	(21 945)
Net gain/ (losses) on financial assets at amortised cost	(125,236)	(8)	628
Financial assets at fair value through profit and loss			
Gains recognised in income statement	378	-	432
Net gain / (loss) on financial assets at fair value through profit and loss	378	-	432
Financial assets at fair value through other comprehensive income			
Gains/(losses) recognised in equity	36 175	3,775,197	101 323
Snowy Hydro Limited Dividends	108 500	139,950	-
Net gain / (loss) on financial assets at fair value through other comprehensive income	144,675	3 915 147	101 323
Net gain/(loss) on financial assets	19,439	3 915 139	101 951
Note 29C: Net Gains or Losses on Financial Liabilities			
There are no net gains or losses on financial liabilities.			
Note 29D: Fair Value of Financial Instruments			
Financial assets			
The net fair value of all monetary assets approximate their carrying amounts.			
Financial liabilities			
The net fair values of all monetary financial liabilities are approximated by their carrying amounts. Grants payable are recognised when a present obligation to another party is entered into and the amount can be reliably measured.			

**DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Note 29E: Credit Risk			
<u>Loans</u>			
Maximum exposure to credit risk (excluding any collateral or credit enhancement)			
Financial assets carried at amount not best representing maximum exposure to credit risk			
Loans	999 671	-	699 238
Total financial assets carried at amount not best representing maximum exposure to credit risk	999 671	-	699 238
<p>The department's maximum exposure to credit risk is reduced significantly where the collateral held as security over all concessional loans is reflected in the impairment provision. If the fair value of security held were considered, the maximum exposure to the department is reduced to \$135 973 903 (2019: DoEE \$nil, DoA \$143 391 635).</p> <p>The department has engaged an independent expert in credit provisioning to assist in assessing the credit risk of the concessional loans portfolio.</p> <ul style="list-style-type: none"> It has been determined that the credit risk of portfolio has not increased significantly since initial recognition. An assessment of individual loans internal credit risk ratings was undertaken and consideration given to the level of interest arrears within the reporting period. In alignment with commercial lending institutions in Australia default has been defined as being either 90+ days in interest arrears or non-repayment of the principal balance at the loan maturity date. The department assesses credit risk on a collective basis where each loans Internal Risk Rating has been mapped to S&P Global Credit Ratings. Each mapped Internal Risk Rating is assigned a Probability of Default reflective of the estimated credit risk of each collective group of loans. Where specific loans are approaching default through missed interest payments, an additional credit risk premium is applied. The Internal Risk Ratings of individual loans are determined through both historical and forward-looking information. In measuring the Expected Credit Loss, an additional model overlay to conservatively reflect the uncertainty of COVID-19 on loan performance has been applied. The reasonableness of the overlay will be considered in 2020-21 as further information on the impact on loan performance is available. Since initial recognition of the outstanding loan schemes, no loans have been written-off. 			

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Other financial assets

The administered activities of the department were not exposed to a high level of credit risk as the majority of financial assets are cash and cash equivalents, advances and loans, goods and services receivables, other receivables and investments in government controlled and funded entities.

The department is exposed to credit risk through its financial assets of loans, goods and services receivables and other receivables. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the department. The department considers a financial asset to be in default when contractual payments are 150 days past due for administered items and 90 days for Natural Heritage Trust of Australia special account items. However, the department may also consider a financial asset to be in default when internal or external information indicates that the department is unlikely to receive the outstanding contractual amounts.

Credit risk is managed by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the department has policies and procedures that guide debt recovery techniques that are to be applied. The department held no collateral to mitigate against credit risk.

The department's provision matrix for Expected Credit Loss of trade receivables includes:

- Use historical credit loss experience;
- Specify fixed provision rates depending on the number of days past due;
- Segment if appropriate depending on loss patterns for different customer segments; and
- Adjust historical rates to reflect information about current conditions, and reasonable and supportable forecasts of future economic condition.

The department has allocated \$16 309 000 (2019: DoEE \$359 000, DoA \$12 550 000) to the impairment loss allowance for loans, sales of goods and services receivables and other receivables.

The department did not allocate an impairment allowance in 2017-18 on loans and other receivables from Snowy Hydro Limited. The loans provided to South Australian Government were fully repaid in December 2018 and the other receivable from Snowy Hydro Limited was settled in October 2018.

The carrying amount of loans and goods and services receivables, net of impairment losses, represents the department's maximum exposure to credit risk as \$938 327 000 (2019: DoEE \$1 730 000, DoA \$734 689 000).

Note 29F: Liquidity Risk

The majority of the department's administered financial liabilities are trade creditors and grants payable. The exposure to liquidity risk is based on the notion that the department will encounter difficulty in meeting its obligations associated with administered liabilities. This is highly unlikely due to appropriation funding mechanism available to the department and internal policies and procedures to ensure appropriate resources exist to meet any financial obligations.

All financial liabilities are payable within one year for both current and prior financial years.

Note 29G: Market Risk

Currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The department holds basic administered financial instruments that do not expose the department to currency risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest-bearing items in the Administered Schedule of assets and liabilities include 'Loans to State and Territory Governments' and 'Loans to Farm Businesses', where interest earned totals \$17 628 000 (2019: \$23 483 000). Each loan scheme applies a variable interest rate reset twice a year subject to material changes in the average Commonwealth bond rate. The interest rates are set at a concessional rate according to intended outcomes of the program which currently includes a 2 year interest free period for all Drought, AgBiz and AgRebuild loans offered through the Regional Investment Corporation.

Other price risk

The department's administered activities are not exposed to other price risk. The administered investments are not traded on the Australian Stock Exchange. The department does not hold any other financial instruments that would be exposed to other price risk.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 30: Administered – Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability.

Note 30A: Fair Value Measurements

Fair value measurements at the end of the reporting period by hierarchy for assets and liabilities in 2020

	Fair value measurements at the end of the reporting period					Valuation Technique(s) and Inputs Used
	DoEE		DoA		Category (Level 1, 2 or 3)	
	2020 \$'000	2019 \$'000	2019 \$'000	2019 \$'000		
Financial assets						
Other receivables	7 093	-	-	6 469	Level 3	Discounted cash flow
Investments in corporate Commonwealth entities	1 175 958	5 552 167	5 552 167	501 545	Level 3	Net asset balance
Investments in corporate Commonwealth entities	-	10 500 000	-	-	Level 3	Discounted cash flow
Total financial assets	1 183 051	16 052 167		508 014		
Non-financial assets						
Infrastructure	537 868	-	-	527 029	Level 3	Depreciated replacement cost
Heritage and cultural	976	987	987	-	Level 2	Market Approach
Total non-financial assets	538 844	987	987	527 029		
Total fair value measurements	1 721 895	16 053 154		1 035 043		

1. The department did not measure any non-financial assets at fair value on a non-recurring basis at 30 June.

2. The current use of all non-financial assets is considered their highest and best use.

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Note 30B: Reconciliation for recurring Level 3 fair value measurements

	Financial assets					
	Other receivables			Other investments		
	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Opening balance	6 469	-	10 236	16 553 712	11 676 789	400 222
Total gains/(losses) recognised in net cost of services ¹	378	-	432	-	-	-
Total gains/(losses) recognised in other comprehensive income ²	-	-	-	36 175	3 775 197	101 323
Equity injections	-	-	-	269 480	600 181	-
Advances	2 753	-	1 862	-	-	-
Repayments	(2 507)	-	(6 061)	-	-	-
Restructuring	-	-	-	(15 683 409)	-	-
Closing balance	7 093	-	6 469	1 175 958	16 052 167	501 545

	Non-financial assets					
	Infrastructure			Total		
	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000	2020 \$'000	DoEE 2019 \$'000	DoA 2019 \$'000
Opening balance	527 029	-	524 541	17 087 210	11 676 789	934 999
Total gains/(losses) recognised in net cost of services ¹	(5 479)	-	(6 741)	(5 101)	-	(6 309)
Total gains/(losses) recognised in other comprehensive income ²	16 318	-	9 229	52 493	3 775 197	110 552
Equity injections	-	-	-	269 480	600 181	-
Advances	-	-	-	2 753	-	1 862
Repayments	-	-	-	(2 507)	-	(6 061)
Restructuring	-	-	-	(15 683 409)	-	-
Closing balance	537 868	-	527 029	1 720 919	16 052 167	1 035 043

1. These gains are presented in the Schedule of Comprehensive Income under 'Other gains' and 'Depreciation'.

2. These gains are presented in the Schedule of Comprehensive Income under 'Gains on financial assets at fair value through other comprehensive income' and 'Changes in asset revaluation reserves'.

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Note 31: Administered – Appropriations

Note 31A: Annual and Unspent Appropriations ('Recoverable GST exclusive')

The following tables represents the appropriations of the former DoEE including Climate Change and Energy functions from 1 July 2019 until 31 January 2020; and the merged Department of Agriculture, Water and the Environment from 1 February 2020 until 30 June 2020.

	2020 \$'000	2019 \$'000
Ordinary annual services		
Annual appropriations		
Operating	426 162	411 200
Payments to corporate Commonwealth entities/companies	66 238	49 901
Section 74 receipts	631	14
Section 75 transfers ²	229 610	-
Total available appropriation	722 641	461 115
Appropriation applied (current and prior years)	(560 369)	(420 368)
Variance⁵	162,272	40,747
Opening unspent appropriation balance	91 400	242 983
Prior year section 75 transfers ³	387 195	-
Prior year Corporate transfers ⁴	1 782	-
Prior years Appropriation Acts repealed	(27 744)	(192 330)
Closing unspent appropriation balance	614 905	91 400
Balance comprises appropriations as follows:¹		
Appropriation Act (No. 1) 2016-17	-	27 545
Appropriation Act (No. 3) 2016-17	-	91
Supply Act (No. 1) 2016-17	-	108
Appropriation Act (No. 1) 2017-18	99 046	9 558
Appropriation Act (No. 3) 2017-18	40 698	-
Appropriation Act (No. 5) 2017-18	50	-
Appropriation Act (No. 1) 2018-19	245 567	41 230
Appropriation Act (No. 1) 2018-19 - AGWA	1 775	-
Appropriation Act (No. 1) 2018-19 - MDBA	7	-
Appropriation Act (No. 3) 2018-19	55 767	12 868
Supply Act (No. 1) 2019-20	6 479	-
Appropriation Act (No. 1) 2019-20	142 825	-
Appropriation Act (No. 3) 2019-20	4 956	-
Appropriation Act (No. 5) 2019-20 - APVMA	17 735	-
Total unspent appropriation - ordinary annual services	614 905	91 400
Other services		
Annual Appropriation		
Annual appropriation - Administered assets and liabilities	373 000	-
Payments to corporate Commonwealth entities/companies	2 055	181
Section 75 transfers ⁶	155 234	-
Total available appropriation	530 289	181
Appropriation applied (current and prior years)	(192 877)	(181)
Variance⁹	337 412	-
Opening unspent appropriation balance	-	-
Prior year section 75 transfers ⁷	987 683	-
Closing unspent appropriation balance	1 325 095	-
Balance comprises appropriations as follows:⁸		
Appropriation Act (No. 2) 2017-18	310 491	-
Appropriation Act (No. 2) 2018-19	649 221	-
Appropriation Act (No. 4) 2018-19	20 000	-
Appropriation Act (No. 2) 2019-20	90 277	-
Appropriation Act (No. 4) 2019-20	235 000	-
Cash at bank - Appropriation Act (No. 2) 2019-20	20 106	-

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Total unspent appropriation - other services	1 325 095	-
Total unspent appropriation	1 940 000	91 400

1. The unspent annual appropriation is shown inclusive of Section 51 withholdings against *Appropriation Act (No 1) 2017-18* of \$73 680 000, *Appropriation Act (No 3) 2017-18* of \$40 698 000, *Appropriation Act (No 5) 2017-18* of \$50 000, *Appropriation Act (No 1) 2018-19* of \$245 507 000, *Appropriation Act (No 3) 2018-19* of \$55 767 000, *Supply Act (No 1) 2019-20* of \$5 581 000 and *Appropriation Act (No 1) 2019-20* of \$5 582 000.
2. In response to the Administrative Arrangement Order (AAO) made on 5 December 2019, \$33 700 000 was transferred to Department of Industry, Science, Energy and Resources. A total of \$263 310 000 was transferred from the Department of Agriculture, which included \$39 824 000 for Corporate Commonwealth Entities.
3. In response to the Administrative Arrangement Order (AAO) made on 5 December 2019, \$12 560 000 was transferred to Department of Industry, Science, Energy and Resources and \$399 755 000 was transferred from the Department of Agriculture.
4. In response to the Administrative Arrangement Order (AAO) made on 5 December 2019, \$1 775 000 for Australian Grape and Wine Authority and \$7 000 for Murry-Darlin Basin Authority was transferred from the Department of Agriculture. Both these amounts are Section 51 withholdings.
5. The variance of \$162 272 000 comprises of unspent current year appropriations \$171 995 000 offset by prior years appropriation applied in 2020 \$9 723 000. The current year unspent appropriation includes \$11 163 000 in quarantines, \$17 735 000 appropriation for Australian Pesticides and Veterinary Medicines Authority and \$143 097 000 in appropriation subject to MoF process.
6. In response to the Administrative Arrangement Order (AAO) made on 5 December 2019, \$138 000 000 was transferred to Department of Industry, Science, Energy and Resources. A total of \$293 234 000 was transferred from the Department of Agriculture, which included \$3 713 000 for Corporate Commonwealth Entities.
7. In response to the Administrative Arrangement Order (AAO) made on 5 December 2019, \$987 683 000 was transferred from the Department of Agriculture.
8. The unspent other services appropriation is shown inclusive of Section 51 withholdings against *Appropriation Act (No 2) 2017-18* of \$170 492 000 and *Appropriation Act (No 2) 2018-19* of \$277 144 000.
9. The variance of \$337 412 000 is comprised of unspent current year appropriations of \$345 383 000 offset by prior years appropriation applied in 2020 of \$7 971 000. The variance is due to longer than anticipated loan settlement lead times arising from both an administrative perspective and due to an option available to farm businesses to delay settlement by up to 6 months from the date of final approval.
10. *Appropriation Act (No 1) 2016-17*, *Appropriation Act (No 3) 2016-17* and *Supply Act (No 1) 2016-17* self-repealed on 1 July 2019.
11. *Appropriation Act (No 1) 2017-18*, *Appropriation Act (No 3) 2017-18* and *Appropriation Act (No 5) 2017-18* will self-repeal on 1 July 2020.
12. *Appropriation Act (No 2) 2017-18* will self-repeal on 1 July 2020.

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Note 31B: Special Appropriations ('Recoverable GST exclusive')		
	Appropriation applied	
	2020	2019
Authority	\$'000	\$'000
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i>	(13 750)	-
<i>Assistance for Severely Affected Regions (Special Appropriation) (Coronavirus Economic Response Package) Act 2020</i>	(4 589)	-
<i>Australian Animal Health Council (Live-stock Industries) Funding Act 1996</i>	(3 653)	-
<i>Australian Meat and Live-stock Industry Act 1997</i>	(94 006)	-
<i>Australian Renewable Energy Agency Act 2011</i>	(146 000)	(171 500)
<i>Dairy Produce Act 1986</i>	(27 684)	-
<i>Egg Industry Service Provision Act 2002</i>	(4 915)	-
<i>Farm Household Support Act 2014¹</i>	(68 653)	-
<i>Forestry Marketing and Research and Development Services Act 2007</i>	(4 695)	-
<i>Horticulture Marketing and Research and Development Services Act 2000</i>	(52 361)	-
<i>Pig Industry Act 2001</i>	(8 945)	-
<i>Plant Health Australia (Plant Industries) Funding Act 2002</i>	(3 624)	-
<i>Primary Industries Research and Development Act 1989</i>	(116 305)	-
<i>Public Governance, Performance and Accountability Act 2013</i>	(305)	(40)
<i>Sugar Research and Development Services Act 2013</i>	(1 050)	-
<i>Wine Australia Act 2013</i>	(13 072)	-
<i>Wool Services Privatisation Act 2000</i>	(21 125)	-
Total special appropriations applied	(584 732)	(171 540)

1. The amount of \$68 653 000 (2019: nil) was transferred to Services Australia.

The following special appropriations had no transactions and budgets during the reporting and comparative years:

- *Australian Meat and Live-stock Industry (Repeals and Consequential Provisions) Act 1997*
- *Dairy Industry Service Reform Act 2003*
- *Egg Industry Service Provision (Transitional and Consequential Provisions) Act 2002*
- *Horticulture Marketing and Research and Development Services (Repeals and Consequential Provisions) Act 2000*
- *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*
- *Sewerage Agreements Act 1973*
- *Sewerage Agreements Act 1974*
- *Water Act 2007*

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Note 32: Administered – Appropriations – Department of Agriculture

The following tables represents the appropriations of the former DoA from 1 July 2019 until the 31 January 2020.

Note 32A: Annual and Unspent Appropriations ('Recoverable GST exclusive') - Department of Agriculture

	2020 \$'000	2019 \$'000
Ordinary annual services		
Annual Appropriation		
Annual Appropriation - Operating ¹	437 890	587 848
PGPA Act section 74 receipts ¹	-	15 408
Prior years Appropriation Acts repealed	(121 155)	(201 727)
Total available appropriation	316 735	401 529
Appropriation applied (current and prior years) ¹	(178 123)	(334 493)
Variance	138 612	67 036
Opening unspent appropriation balance	526 235	459 199
Closing unspent appropriation balance	664 847	526 235
Balance comprises appropriations as follows:		
Appropriation Act (No.1) 2016-17 ²	-	101 433
Supply Act (No.1) 2016-17 ²	-	19 722
Appropriation Act (No.1) 2017-18	89 897	89 897
Appropriation Act (No.3) 2017-18	40 698	40 698
Appropriation Act (No.5) 2017-18	50	50
Appropriation Act (No.1) 2018-19	215 125	217 582
Appropriation Act (No.3) 2018-19	55 767	56 797
Appropriation Act (No.1) 2019-20	197 324	-
Supply Act (No.1) 2019-20	65 986	-
Cash on hand - Appropriation Act (No.1) 2018-19	-	56
Total unspent appropriation - ordinary annual services	664 847	526 235
Other services		
Annual Appropriation		
Annual appropriation - Administered assets and liabilities ³	507 425	715 478
Prior years Appropriation Acts repealed ⁴	(40 128)	(69 103)
Total available appropriation	467 297	646 375
Appropriation applied (current and prior years) ³	(224 909)	(194 012)
Variance	242 388	452 363
Opening unspent appropriation balance	1038 529	586 166
Closing unspent appropriation balance	1 280 917	1 038 529
Balance comprises appropriations as follows:		
Supply Act (No.2) 2016-17 ⁴	-	25 128
Appropriation Act (No.2) 2016-17 ⁴	-	15 000
Appropriation Act (No.2) 2017-18	310 491	317 491
Appropriation Act (No.2) 2018-19	657 192	659 977
Appropriation Act (No.4) 2018-19	20 000	20 000
Appropriation Act (No.2) 2019-20	293 234	-
Cash on hand - Appropriation Act (No.2) 2018-19	-	933
Total unspent appropriation - other services	1 280 917	1 038 529
Total unspent appropriation⁵	1 945 764	1 564 764

1. The variance between amounts appropriated in 2020 and appropriation applied is \$259 767 000. This is due to unspent current year appropriations (\$263 310 000) offset by prior years appropriation applied in 2020 (\$3 543 000).

2. Appropriation Act (No.1) 2016-17 and Supply Act (No.1) 2016-17 self-repealed on 1 July 2019.

3. The variance between amounts appropriated in 2020 and appropriation applied is \$282 516 000. This is comprised of unspent current year appropriations (\$293 234 000) offset by prior years appropriation applied in 2020 (\$10 718 000).

4. Appropriation Act (No.2) 2016-17 and Supply Act (No.2) 2016-17 self-repealed on 1 July 2019.

5. Unspent appropriation of \$1 945 764 transferred to the Department of Agriculture, Water and the Environment (formerly known as the Department of the Environment and Energy) as a result of the Administrative Arrangement Order on 1 February 2020 (in accordance with PGPA Act Section 75 transfers).

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Note 32B: Special Appropriations ('Recoverable GST exclusive') - Department of Agriculture

Authority	Appropriation applied	
	2020 \$'000	2019 \$'000
<i>Agricultural and Veterinary Chemicals (Administration) Act 1992</i>	(19 550)	(28 500)
<i>Australian Animal Health Council (Live-stock Industries) Funding Act 1996</i>	(3 731)	(7 787)
<i>Australian Meat and Live-stock Industry Act 1997</i>	(118 783)	(216 985)
<i>Dairy Produce Act 1986</i>	(25 751)	(54 884)
<i>Egg Industry Service Provision Act 2002</i>	(5 985)	(11 428)
<i>Farm Household Support Act 2014¹</i>	(65 701)	(112 381)
<i>Forestry Marketing and Research and Development Services Act 2007</i>	(5 378)	(11 947)
<i>Horticulture Marketing and Research and Development Services Act 2000</i>	(59 701)	(107 020)
<i>Pig Industry Act 2001</i>	(11 967)	(23 362)
<i>Plant Health Australia (Plant Industries) Funding Act 2002</i>	(3 983)	(9 849)
<i>Primary Industries Research and Development Act 1989</i>	(125 500)	(228 792)
<i>Public Governance, Performance and Accountability Act 2013</i>	(551)	(657)
<i>Sugar Research and Development Services Act 2013</i>	(26 469)	(29 406)
<i>Wine Australia Act 2013</i>	(20 529)	(32 812)
<i>Wool Services Privatisation Act 2000</i>	(43 686)	(96 406)
Total special appropriations applied	(537 265)	(972 216)

1. The amount of \$65 701 000 (2019: \$112 381 000) was transferred to Services Australia.

The following special appropriations had no transactions and budgets during the reporting and comparative years:

- *Australian Meat and Live-stock Industry (Repeals and Consequential Provisions) Act 1997*
- *Dairy Industry Service Reform Act 2003*
- *Egg Industry Service Provision (Transitional and Consequential Provisions) Act 2002*
- *Horticulture Marketing and Research and Development Services (Repeals and Consequential Provisions) Act 2000*
- *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*
- *Sewerage Agreements Act 1973*
- *Sewerage Agreements Act 1974*
- *Water Act 2007*

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 33: Administered – Special accounts

	Natural Resources Management ¹		Water for the Environment Special Account ²		Water Efficiency Labelling Scheme Account ³	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	-	2 590	895 522	581 846	4 589	4 272
Increases		400	350 000	320 000	2 198	1 901
Total increases	-	400	350 000	320 000	2 198	1 901
Available for payments	-	2 990	1 245 522	901 846	6 787	6 173
Decreases		(2 990)	(6 350)	(6 324)	(1 505)	(1 584)
Total decreases	-	(2 990)	(6 350)	(6 324)	(1 505)	(1 584)
Total balance carried to the next period	-	-	1 239 172	895 522	5 282	4 589
Balance made up of:						
Cash held in the Official Public Account	-	-	1 239 172	895 522	5 282	4 589
Total balance carried to the next period	-	-	1 239 172	895 522	5 282	4 589

	Water Resources Special Account 2016 ⁴		Environmental Water Holdings Special Account ⁵		National Environment Protection Council Special Account ⁶	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance brought forward from previous period	947	975	55 068	39 151	5 631	5 716
Increases	704	183	41 216	39 355	958	816
Total increases	704	183	41 216	39 355	958	816
Available for payments	1 651	1 158	96 284	78 506	6 589	6 532
Decreases	(325)	(211)	(26 682)	(23 438)	(1 175)	(901)
Total decreases	(325)	(211)	(26 682)	(23 438)	(1 175)	(901)
Total balance carried to the next period	1 326	947	69 602	55 068	5 414	5 631
Balance made up of:						
Cash held in the Official Public Account	1 326	947	69 602	55 068	5 414	5 631
Total balance carried to the next period	1 326	947	69 602	55 068	5 414	5 631

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	Natural Heritage Trust of Australia Account ⁷		Ozone Protection and SGG Account ⁸		Reef Trust Special Account 2014 ⁹	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance brought forward from previous period	446 442	419 386	32 330	31 332	44 569	5 879
Increases	182 208	165 392	14 275	13 726	41 371	73 444
Total increases	182 208	165 392	14 275	13 726	41 371	73 444
Available for payments	628 650	584 778	46 605	45 058	85 940	79 323
Decreases	(164 037)	(138 336)	(14 157)	(12 728)	(27 451)	(34 754)
Total decreases	(164 037)	(138 336)	(14 157)	(12 728)	(27 451)	(34 754)
Total balance carried to the next period	464 613	446 442	32 448	32 330	58 489	44 569
Balance made up of:						
Cash held in the Official Public Account	464 613	446 442	32 448	32 330	58 489	44 569
Total balance carried to the next period	464 613	446 442	32 448	32 330	58 489	44 569
	Clean Energy Finance Corporation ¹⁰		Services for Other Entities and Trust Moneys ¹¹		Environment SOETM Special Account 2020 ¹²	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance brought forward from previous period	5 679 000	6 279 000	365	365	-	-
Increases	240 000	-	-	-	365	-
Total increases	240 000	-	-	-	365	-
Available for payments	5 919 000	6 279 000	365	365	365	-
Decreases	(5 919 000)	(600 000)	(365)	-	-	-
Total decreases	(5 919 000)	(600 000)	(365)	-	-	-
Total balance carried to the next period	-	5 679 000	-	365	365	-
Balance made up of:						
Cash held in the Official Public Account	-	5 679 000	-	365	365	-
Total balance carried to the next period	-	5 679 000	-	365	365	-

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The following special accounts are appropriated under *Public Governance, Performance and Accountability Act 2013* section 80

Special Account	Establishing Instrument	Purpose
1. Natural Resources Management	<i>Natural Resources Management (Financial Assistance) Act 1992</i> section 11	For the purposes of granting financial assistance in connection with projects relating to natural resources management.
2. Water for the Environment Special Account	<i>Water Act 2007</i> section 86AB	For the purpose of improving the water efficiency of irrigation infrastructure and improving delivery and storage of environmental water supply within the Murray Darling Basin. The Water for the Environment Special Account increases related to statutory credits in Water Act 2007 section 86AG.
3. Water Efficiency Labelling Scheme Account	<i>Water Efficiency Labelling and Standards Act 2005</i> section 64	For the purpose of conserving water by reducing demand through the provision of water efficiency information about water-using products and promoting the adoption of efficient water-saving techniques.
5. Environmental Water Holdings Special Account	<i>Water Act 2007</i> , section 111	For the purpose of performing the functions of the Commonwealth Environmental Water Holder. 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.
6. National Environment Protection Council Special Account	<i>National Environment Protection Council Act 1994</i> , section 53	For the purposes of performing the functions of the NEPC Council and NEPC committee. This account is interest bearing.
7. Natural Heritage Trust of Australia Account	<i>Natural Heritage Trust of Australia Act 1997</i> (NHT Act) section 4	For the purpose of administering environmental protection, supporting sustainable and natural resources management projects as specified by the NHT 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.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

8. Ozone Protection and SGG Account	<i>Ozone Protection and Synthetic Greenhouse Gas Management Act 1989</i> , section 65B	For the purpose of administering ozone protection and synthetic greenhouse gas regulations and research and the National Halon Bank This account is non-interest bearing
10. Clean Energy Finance Corporation	<i>Clean Energy Finance Corporation Act 2012</i> , section 45	For the purposes of making payments to CEFC and ARENA as authorised by the nominated Minister. This account is non-interest bearing. As a result of the Administrative Arrangement Order effective 1 February 2020, this special account was transferred to Department of Industry, Science, Energy and Resources.
BAF (Building Australia Fund) Energy Portfolio Special Account	<i>Nation-building Funds Act 2008</i> section 75	For the year ended 30 June 2020, the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period. For the purpose of making payments in relation to the creation or development of energy infrastructure. The establishing NBF Act was repealed on 12 December 2019.
National Cattle Disease Eradication Account	<i>National Cattle Disease Eradication Act 1991</i> section 4	For the year ended 30 June 2020, the total balance carried to the next period was \$15 161 (2019: \$15 161). There were no transactions debited or credited to the account during the current or prior reporting period. For the purpose of the eradication of any disease of cattle that is endemic in Australia.
Building Australia Fund Water Portfolio Special Account	<i>Nation-building Funds Act 2008</i> section 82	For the year ended 30 June 2020, the account had a nil balance and there were no transactions debited or credited to it during the current or prior reporting period. For the purpose of creating and developing water infrastructure. The establishing NBF Act was repealed on 12 December 2019.
Drought Resilience Special Account	<i>Future Drought Fund Act 2019</i> section 33	For the year ended 30 June 2020, the account had a nil balance and there were no transactions debited or credited to it during the current reporting period. For the purpose of making payments associated with projects, research, advice, service and technology that will work towards achieving drought resilience.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The following special accounts are appropriated under *Public Governance, Performance and Accountability Act 2013* section 78

Special Account	Establishing Instrument	Purpose
4. Water Resources Special Account 2016	PGPA Act (Water Resources Special Account 2016 - Establishment) Determination 2016/01	For the purpose of supporting inter-governmental activities relating to water.
9. Reef Trust Special Account 2014	PGPA Act (Reef Trust Special Account 2014) Determination 01	For the purposes of improving water quality and the coastal habitat, addressing threats to the environment and protecting, repairing or mitigating damage to the Great Barrier Reef World Heritage Area. This account is non-interest bearing.
11. Services for Other Entities and Trust Moneys	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	For the disbursement of amounts held in trust or otherwise for the benefit of a person other than the Commonwealth and for services relating to other governments and bodies that are not FMA Act agencies. This account is non-interest bearing. The account was repealed on 9 April 2020. An amount equal to the closing balance was credited to the new special account – Environment SOETM Special Account 2020 on 9 April 2020. See note 18 for more information.
12. Environment SOETM Special Account 2020	PGPA Act Determination (Environment SOETM Special Account 2020)	For the disbursement of amounts held in trust or otherwise for the benefit of a person other than the Commonwealth and for services relating to other governments and bodies including Commonwealth entities. This account is non-interest bearing. The new special account commenced on 9 April 2020. An amount equal to the closing balance of the old special account was credited into this new special account on 9 April 2020. The closing balance represents the amounts held in trust. See note 18 for more information.

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 34: Administered – Regulatory Charging

	2020	DoEE 2019	DoA 2019
	\$'000	\$'000	\$'000
Amounts applied			
Administered			
Annual appropriations	1 080	2 217	-
Special appropriations (including special accounts)	196	-	221
Total amounts applied	1 276	2 217	221
Expenses			
Administered	13 622	13 634	2 545
Total expenses	13 622	13 634	2 545
Revenue			
Administered	23 237	23 091	1 804
Total revenue	23 237	23 091	1 804

Administered revenue includes contributions from State and Territory and Overseas Governments. The DoEE comparative has been restated to include New Zealand Government contribution of \$157 000 under the Greenhouse and Energy Minimum Standard arrangement.

Administered Regulatory Charging Activities

- Environmental Assessments under the *Environmental Protection and Biodiversity Conservation Act 1999*
- Hazardous Waste Permits
- Non-road Spark Ignition Engines and Equipment (NRSIEE)
- Ozone Protection and Synthetic Greenhouse Gas Management Program
- Voluntary Product Stewardship Accreditation
- Water Efficiency Labelling and Standards Scheme
- Wildlife Trade Permits

The following regulatory charging activities were transferred to the Department of Industry, Science, Energy and Resources on 1 February 2020. This note accounts for these activities for the period 1 July 2019 to 31 January 2020.

- Application Fees to vary Fuel Standards
- Commercial Building Disclosure
- Greenhouse and Energy Minimum Standards

Documentation (Cost Recovery Implementation Statements) for the above activities is available at:

- Water Efficiency Labelling and Standards Scheme: www.waterrating.gov.au/about/review-evaluation/cost-recovery-impact-statement
- Environment regulatory charging activities: www.environment.gov.au/about-us/accountability-reporting/cost-recovery

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 35: Administered – Budgetary Reporting

Note 35A: Schedule of Administered Comprehensive Income Budgetary Reporting

	Budget estimate			
	Actual	DoEE	DoA	Variance to
		Original	Original	Original
	2020	2020	2020	2019
	\$'000	\$'000	\$'000	\$'000
Expenses				
Levy disbursements and Commonwealth contributions	819 872	-	867 853	(47 981)
Grants	314 470	316 632	402 561	(404 723)
Payments to corporate Commonwealth entities	362 324	327 766	144 670	(110 112)
Suppliers	220 863	118 482	40 341	62 040
Direct personal benefits - Income support for farmers	134 377	-	59 712	74 665
Assets transferred to related entities	-	-	155 000	(155 000)
Depreciation and amortisation	7 918	12	7 759	147
Concessional loan discount	143 156	-	111 729	31 427
Impairment loss on financial instruments	3 429	-	-	3 429
Write-down and impairment of assets	28 195	-	-	28 195
Other expenses	494	-	-	494
Total expenses	2 035 098	762 892	1 789 625	(517 419)
Income				
Revenue				
Taxation revenue				
Levies and charges	474 261	-	550 750	(76 489)
Other taxes	-	85	95 000	(95 085)
Total taxation revenue	474 261	85	645 750	(171 574)
Non-taxation revenue				
Revenue from contract with customers	19 560	-	-	19 560
Fees	-	23 158	-	(23 158)
Interest	21 349	-	48 210	(26 861)
Dividends	108 500	217 800	-	(109 300)
Other revenue	16 883	7 041	19 120	(9 278)
Total non-taxation revenue	166 292	247 999	67 330	(149 037)
Total revenue	640 553	248 084	713 080	(320 611)
Gains				
Reversal of impairment losses	36 903	-	-	36 903
Other gains	81 251	155 000	-	(73 749)
Total gains	118 154	155 000	-	(36 846)
Total income	758 707	403 084	713 080	(357 457)
Net cost of services	1 276 391	359 808	1 076 545	(159 962)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation reserves	16 318	-	-	16 318
Items subject to subsequent reclassification to net cost of services				
Gains/(losses) on financial assets at fair value through other comprehensive income	36 175	-	-	36 175
Total other comprehensive income	52 493	-	-	52 493
Total comprehensive loss	(1 223 898)	(359 808)	(1 076 545)	212 455

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 35B: Schedule of Administered Assets and Liabilities Budgetary Reporting

		Budget estimate		
	Actual	DoEE	DoA	Variance to
	2020	Original	Original	Original
	\$'000	2020	2020	2019
		\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	1 896 517	5 573 678	826 643	(4 503 804)
Trade, taxation and other receivables	1 030 855	49 025	1 547 739	(565 909)
Investments in corporate Commonwealth entities	1 175 958	13 037 738	390 444	(12 252 224)
Total financial assets	4 103 330	18 660 441	2 764 826	(17 321 937)
Non-financial assets				
Land	582	-	1 467	(885)
Infrastructure	537 868	-	508 863	29 005
Plant and equipment	1 820	-	1 061	759
Flooding easements	814	-	814	-
Heritage and cultural	976	974	-	2
Water entitlements	4 011 959	4 380 191	127 335	(495 567)
Inventories	11 078	11 233	-	(155)
Prepayments	9 336	215	8 261	860
Total non-financial assets	4 574 433	4 392 613	647 801	(465 981)
Total assets administered on behalf of Government	8 677 763	23 053 054	3 412 627	(17 787 918)
LIABILITIES				
Payables				
Levy disbursements and Commonwealth contributions	93 075	-	109 329	(16 254)
Grants	8 512	7 150	2 531	(1 169)
Suppliers	58 016	8 718	298	49 000
Personal benefits - Income support to farmers	2 725	-	654	2 071
Corporate Commonwealth entities	17 735	-	-	17 735
Other payables	35	481	72	(518)
Total payables	180 098	16 349	112 884	50 865
Provisions				
Loan commitments to farm businesses	95 278	-	-	95 278
Total provisions	95 278	-	-	95 278
Total liabilities administered on behalf of Government	275 376	16 349	112 884	146 143
Net assets	8 402 387	23 036 705	3 299 743	(17 934 061)

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Budget Variance Commentary

The following tables provide a comparison of the original budget as presented in the 2019-20 Portfolio Budget Statements (PBS) to the 2019-20 final outcome as presented in accordance with Australian Accounting Standards for the department. The Budget is not audited. Explanations of major variances are provided below.

Variances are considered to be 'major' based on the following criteria:

- the variance between budget and actual is greater than +/- 10% of the original budget and +/- \$10 million for a line item; or
- the variance between budget and actual is greater than +/- 2% of the relevant sub-total (i.e. total expenses, total income, total assets or total liabilities) and +/- \$10 million; or
- an item below this threshold but is considered important for the reader's understanding or is relevant to an assessment of the discharge of accountability and to an analysis of performance of the department.

Major variances and explanations

Affected line items

Administered Schedule of Comprehensive Income

Total expenses were \$517.4 million lower than the original budget predominantly as a result of:

- Lower than budgeted grant expenses of \$241.8 million due to delays by Basin states in bringing forward efficiency measures projects and project delays and COVID-19 impacts in the SRWUIP.
- Lower than budgeted grant, supplier and payments to corporate Commonwealth entities expenses of \$166.8 million due to the Climate Change and Energy functions relinquished to the Department of Industry, Science, Energy and Resources.
- Offsetting variances in grant and supplier expenses of \$89.0 million relating to the Regional Land Partnership program, as expenses were originally budgeted as grant expenses and actual expenses related to supplier expenses.
- Higher than budgeted payments to corporate Commonwealth entities of \$17.7 million due to additional COVID-19 funding made available to the Australian Pesticides and Veterinary Medicines Authority.
- Higher than budgeted personal benefits expenses of \$74.7 million was primarily due to an increase in recipients, a one-off supplementary payment announced at Portfolio Additional Estimates, and coronavirus economic stimulus and supplements expenses.

- Total expenses
- Grant expenses
- Payments to corporate Commonwealth entities
- Supplier expenses
- Personal benefits expense

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

- | | |
|--|--|
| <ul style="list-style-type: none"> • Lower than budgeted assets transferred to related entities of \$155.0 million. As a result of the machinery of government changes water entitlements are now held solely by the department and no transfers are required. • Higher than budgeted concessional loan discount expense of \$31.4 million driven by increased loan activity and the introduction of a two year interest free period. • Higher than budgeted write-down and impairment of assets of \$28.2 million primarily due to water entitlement impairments not budgeted for. | <ul style="list-style-type: none"> • Assets transferred to related entities expenses • Concessional loan discount expense • Write-down and impairment of assets |
|--|--|

Total income was \$357.5 million lower than the original budget predominantly as a result of:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Lower than budgeted levies and charges revenue of \$76.5 million over a number of industries, in particular: <ul style="list-style-type: none"> ○ Lower than budgeted wheat, coarse grains, oilseeds and grain legumes levies and charges of \$34.6 million as a result of decreased production due to prolonged drought conditions and decreased prices largely due to excess global wheat supplies; and ○ Lower than budgeted wool levies of \$20.0 million primarily due to a decrease in the marketing and R&D component of the wool levy and export charge from 2 per cent to 1.5 per cent. • Lower than budgeted other taxes of \$95.1 million primarily due to the Australian Government's decision not to proceed with the Onshore Biosecurity Levy. • Offsetting variances in revenue from contracts with customers and fees and fines, due to the adoption of AASB 15 and AASB 1058. • Lower than budgeted interest revenue of \$26.9 million is primarily due to lower than expected loan settlements in 2018-19 and 2019-20 and the introduction of a two year interest free period. | <ul style="list-style-type: none"> • Total income • Levies and charges • Other taxes • Revenue from contracts with customers • Fees • Interest |
|--|--|

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

<ul style="list-style-type: none"> • Lower than budgeted dividends of \$109.3 million was due to the Australian Government's investment in Snowy Hydro Limited transferring to the Department of Industry, Science, Energy and Resources as part of the machinery of government changes effective 1 February 2020. • Higher than budgeted reversal of impairment losses of \$36.9 million primarily due to the reversal of prior year impairments on water entitlements not budgeted for. • Lower than budgeted other gains of \$73.7 million was primarily due to: <ul style="list-style-type: none"> ◦ No resources received free of charge recognised in 2019-20 compared to a budgeted amount of \$155.0 million due the machinery of government changes; ◦ Partially offset by higher than anticipated water received through infrastructure programs of \$77.1 million. 	<ul style="list-style-type: none"> • Dividends • Reversal of impairment losses • Other gains
<p>Total other comprehensive income was \$52.5 million higher than the original budget, due to:</p> <ul style="list-style-type: none"> • increases to the net assets of portfolio corporate Commonwealth entities of \$36.2 million; • Higher than budgeted changes in asset revaluation reserves of \$16.3 million of the River Murray Operation joint operation. 	<ul style="list-style-type: none"> • Total other comprehensive income • Gains on financial assets through other comprehensive income

DEPARTMENT OF AGRICULTURE, WATER AND THE ENVIRONMENT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Administered Schedule of Assets and Liabilities

Total assets balance was \$17 787.9 million lower than the original budget. This variance was predominantly due to:

- Lower than budgeted cash and cash equivalents of \$5 059.0 million and investments in corporate Commonwealth entities of \$12 391.1 million as a result of Climate Change and Energy functions relinquished to the Department of Industry, Science, Energy and Resources.
 - Cash and cash equivalents have been partially offset by a higher than budgeted balance of the water for the Environment special account of \$417.3 million primarily due to delays by Basin states in bringing forward efficiency measures projects.
 - Lower than budgeted trade, taxation and other receivables balance of \$565.9 million primarily due to lower than anticipated loans to farm businesses managed by the Regional Investment Corporation.
 - Lower than budgeted water entitlements of \$495.6 million due to a \$448.6 million lower opening position compared to budget, and \$137.3 million lower than expected purchase of water entitlements, due to delays by Basin states in bringing forward efficiency measures and delays in accreditation of water resource plans, partially offset by \$77.9 million higher than anticipated water recovery through infrastructure programs.
- Cash and cash equivalents
 - Trade, taxation and other receivables
 - Investments in corporate Commonwealth entities
 - Water entitlements

Total liabilities balance was \$146.1 million higher than the original budget due to:

- Higher than budgeted total payables of \$50.9 million mainly due to the timing of payments for the Regional Land Partnership program; and
 - Higher than budgeted loan commitments to farm businesses of \$95.3 million for loans that have been approved but are yet to be settled. The department expects all approved loans to be settled in 2020-21.
- Total payables
 - Loan commitments to farm businesses



INDEPENDENT AUDITOR'S REPORT

To the Minister for Agriculture, Drought and Emergency Management

To the Minister for the Environment

Opinion

In my opinion, the financial statements of the Natural Heritage Trust of Australia (the Entity) for the year ended 30 June 2020:

- (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 Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 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;
- 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 Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Secretary of the Department of Agriculture, Water and the Environment is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Secretary is also responsible for such internal control as the Secretary determines is necessary to enable the preparation 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 ability of the Entity 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.

GPO Box 707 CANBERRA ACT 2601
38 Sydney Avenue FORREST ACT 2603
Phone (02) 6203 7300 Fax (02) 6203 7777

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 the Accountable Authority 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



Scott Sharp

Executive Director

Delegate of the Auditor-General

Canberra

16 September 2020

NATURAL HERITAGE TRUST OF AUSTRALIA

Financial Statements

for the period ended 30 June 2020

Natural Heritage Trust of Australia 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 2020 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.....

Andrew Metcalfe AO
Secretary

16 September 2020

Signed.....

Scott Brown
Chief Finance Officer

16 September 2020

NATURAL HERITAGE TRUST OF AUSTRALIA

Overview

The Basis of Preparation of the Financial Statements

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:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- 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, revised or amended standards and interpretations 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.

AASB 15 Revenue from Contracts with Customers and AASB 16 Leases are not applicable to 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).

Major events impacting the Australian Government in 2019-20

In 2019-20, Australia has faced significant events that have led to unpredicted impacts on the financial statements of Australian Government entities. The events being, the summer bushfires throughout Australia and the world wide Coronavirus (COVID-19) pandemic, which began to transpire around quarter three of this financial year.

Due to the severity of these events, the Australian Government announced several stimulus packages as well as financial assistance to businesses and families of those affected. The material financial package announced by the government that involved the Trust was in response to the summer bushfires and amounted to \$7 million over 2019-20 and 2020-21. There were no elements of the COVID 19 packages that involved the Trust. Payments for measures commencing in 2019-20 were made from quarter three under Bushfire Response Package – Bushfire Wildlife Recovery Program and amounted to \$2.060 million. Payments will continue in the new financial year.

Events After the Reporting Period

There are no events occurring after the reporting period that would materially affect the financial statements.

NATURAL HERITAGE TRUST OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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NATURAL HERITAGE TRUST OF AUSTRALIA
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
NET COST OF SERVICES			
Expenses			
Suppliers	1A	117 894	116 947
Grants	1B	51 568	54 123
Impairment loss allowance on financial instruments	1C	179	-
Total expenses		169 641	171 070
Own-source Income			
Own-source revenue			
Interest - amounts credited to special account		1 162	5 581
Other Revenue	2A	1 642	132
Total own-source revenue		2 804	5 713
Total own-source income		2 804	5 713
Net cost of services		166 837	165 357
Revenue from Government - amounts credited to special account		176 338	158 973
Surplus/(Deficit)		9 501	(6 384)

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.

NATURAL HERITAGE TRUST OF AUSTRALIA
STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Financial assets			
Cash in special accounts		464 613	446 442
Trade and Other Receivables	3A	7 874	11 901
Total financial assets		472 487	458 343
Non-financial assets			
Prepayments		32	58
Total non-financial assets		32	58
Total assets		472 519	458 401
LIABILITIES			
Payables			
Suppliers	4A	45 220	39 355
Grants	4B	356	425
Other payables - GST payable to the OPA		1 658	2 837
Total payables		47 234	42 617
Total liabilities		47 234	42 617
Net assets		425 285	415 784
EQUITY			
Retained surplus		425 285	415 784
Total equity		425 285	415 784

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

NATURAL HERITAGE TRUST OF AUSTRALIA
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period		415 784	422 168
Adjusted opening balance		415 784	422 168
Comprehensive income			
Surplus/ (Deficit) for the period		9 501	(6 384)
Total comprehensive income		9 501	(6 384)
Closing balance as at 30 June		425 285	415 784

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

NATURAL HERITAGE TRUST OF AUSTRALIA
CASH FLOW STATEMENT
for the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		189 568	168 788
Interest equivalent receipts		5 581	6 291
GST received		14 405	7 928
Other		289	128
Total cash received		209 843	183 135
Cash used			
Suppliers		121 774	89 169
Grants		55 493	58 982
GST paid		14 405	7 928
Total cash used		191 672	156 079
Net cash from operating activities		18 171	27 056
Net increase in cash held		18 171	27 056
Cash and cash equivalents at the beginning of the reporting period		446 442	419 386
Cash and cash equivalents at the end of the reporting period		464 613	446 442

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

NATURAL HERITAGE TRUST OF AUSTRALIA **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 1: Expenses

	2020	2019
	\$'000	\$'000
Note 1A: Suppliers		
Goods and services supplied or rendered		
Consultants	175	129
Contractors	7 094	13 556
Regional Land payments	88 293	82 064
General goods and services	543	168
Implementation costs	21 772	20 876
Legal services	17	154
Total goods and services supplied or rendered	117 894	116 947
 Goods supplied	 6	 -
Services rendered	117 888	116 947
Total goods and services supplied or rendered	117 894	116 947
Total suppliers	117 894	116 947

Accounting Policy

Regional Land payments

Regional Land payments are made under National Landcare Program to protect, conserve and provide for the productive use of Australia's water, soil, plants and animals and the ecosystems in which they live and interact, in partnership with governments, industry and communities.

Implementation costs

The Implementation costs represent funding provided to the Department of Agriculture, Water and the Environment, Department of Industry, Science, Energy and Resources, Great Barrier Reef Marine Park Authority, Department of Environment and Science (Queensland) and Torres Strait Regional Authority to cover costs associated with implementation of the Trust's activities.

Note 1B: Grants

Australian Government entities (related parties)	13 415	6 774
State and Territory Governments	696	5 226
Local Governments	350	688
Non-profit organisations	29 308	31 230
Profit making entities	5 676	5 453
Individuals	110	535
Universities	1 797	3 922
Other	216	295
Total grants	51 568	54 123

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.

NATURAL HERITAGE TRUST OF AUSTRALIA NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2020	2019
	\$'000	\$'000
Note 1C: Impairment Loss Allowance on Financial Instruments		
Impairment on other receivables	179	-
Total write-down and impairment of financial instruments	179	-

Note 2: Own-Source Revenue and Gains

	2020	2019
	\$'000	\$'000
Own-Source Revenue		
Note 2A: Other Revenue		
Resources received free of charge	60	71
Repayments of prior year's grants expenditure	1 582	61
Total other revenue	1 642	132

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.

NATURAL HERITAGE TRUST OF AUSTRALIA **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 3: Financial Assets

	2020 \$'000	2019 \$'000
<u>Note 3A: Trade and Other Receivables</u>		
Appropriations receivables		
Interest equivalency payment receivable	1 162	5 581
Total appropriations receivables	1 162	5 581
Other receivables		
GST receivable from the Australian Taxation Office	5 324	6 320
Other	1 645	86
Total other receivables	6 969	6 406
Total trade and other receivables (gross)	8 131	11 987
Less impairment loss allowance	(257)	(86)
Total trade and other receivables (net)	7 874	11 901

Credit terms for other receivables were within 30 days (2019: 30 days).

Accounting Policy

Financial assets

Other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

NATURAL HERITAGE TRUST OF AUSTRALIA NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4: Payables

	2020	2019
	\$'000	\$'000
Note 4A: Suppliers		
Trade creditors and accruals	45 220	39 355
Total suppliers	45 220	39 355

All suppliers are expected to be settled in no more than 12 months. Settlement was usually made within 20 days (2019: 30 days). The balance primarily relates to the end of financial year accruals for the Regional Landcare Partnerships projects.

Note 4B: Grants

State and Territory Governments	125	-
Local Governments	50	-
Non-profit organisations	181	331
Universities	-	94
Total grants	356	425

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 20 days (2019: 30 days) of grant recipients meeting their performance or eligibility criteria.

NATURAL HERITAGE TRUST OF AUSTRALIA **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Note 5: Aggregate Assets and Liabilities

	2020	2019
	\$'000	\$'000
Note 5A: Aggregate Assets and Liabilities		
Assets expected to be recovered in:		
No more than 12 months	472 519	458 401
Total assets	472 519	458 401
Liabilities expected to be settled in:		
No more than 12 months	47 234	42 617
Total liabilities	47 234	42 617

Note 6: 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 (2019: Nil).

Note 7: Financial Instruments

	2020	2019
	\$'000	\$'000
Note 7A: Categories of Financial Instruments		
Financial assets at amortised cost		
Cash in special accounts	464 613	446 442
Other receivables	1 388	-
Total financial assets at amortised cost	466 001	446 442
Total financial assets	466 001	446 442
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors and accruals	45 220	39 355
Grant payables	356	425
Total financial liabilities measured at amortised cost	45 576	39 780
Total financial liabilities	45 576	39 780

The fair values of the financial assets and liabilities approximate their carrying amounts.

Accounting policy

Financial assets

With the implementation of AASB 9 *Financial Instruments* for the first time in 2019, the Trust now classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- financial assets measured at amortised cost.

The classification depends on both the Trust's business model for managing the financial assets and contractual cash flow characteristics of the item on initial recognition. Financial assets are recognised when the Trust becomes a party to the contract and, as a consequence, has legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon a trade date.

NATURAL HERITAGE TRUST OF AUSTRALIA

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the simplified approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if the risk has not increased.

The Trust has used the simplified approach for trade, contract and lease receivables. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'. All of the Trust's financial liabilities are categorised as other financial liabilities.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

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).

All payables are expected to be settled within 12 months except where indicated.

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.

**NATURAL HERITAGE TRUST OF AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2020	2019
	\$'000	\$'000
<u>Note 7B: Net Gains or Losses on Financial Assets</u>		
Financial assets at amortised cost		
Impairment	<u>(179)</u>	<u>-</u>
Net losses on financial assets at amortised cost	<u>(179)</u>	<u>-</u>
Net losses on financial assets	<u>(179)</u>	<u>-</u>

NATURAL HERITAGE TRUST OF AUSTRALIA NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8: Special Accounts

	NHT Account ¹	
	2020	2019
	\$'000	\$'000
Balance brought forward from previous period	446 442	419 386
Increases	182 208	165 392
Total increases	182 208	165 392
Available for payments	628 650	584 778
Decreases	(164 037)	(138 336)
Total decreases	(164 037)	(138 336)
Total balance carried to the next period	464 613	446 442
Balance made up of:		
Cash held in the Official Public Account	464 613	446 442
Total balance carried to the next period	464 613	446 442

1. Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80.

Establishing Instrument: *Natural Heritage Trust of Australia Act 1997*(NHT Act) section 4.

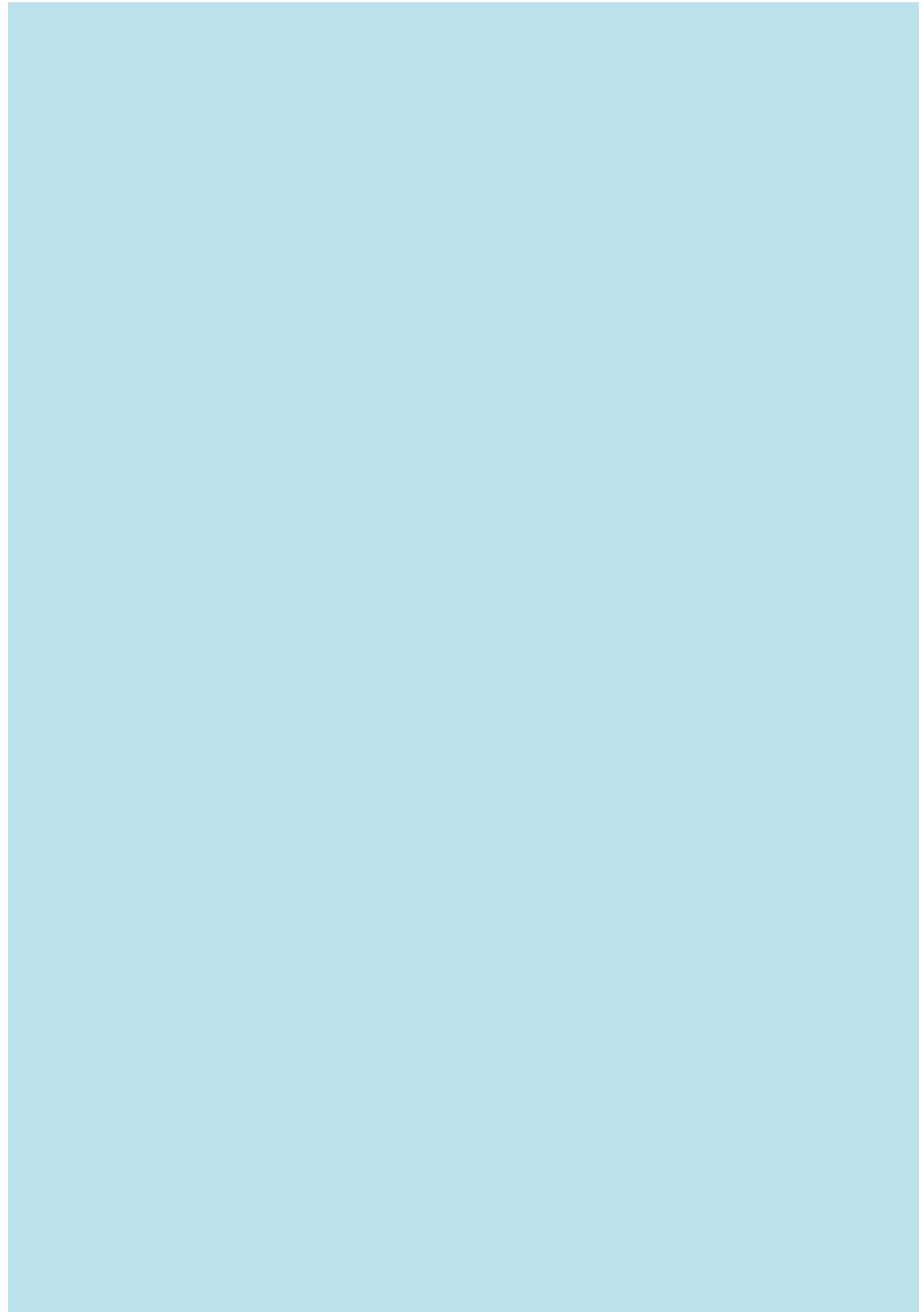
Purpose: Section 8 of the NHT Act sets out the purposes of the account as follows:

- (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.

Note 9: 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.



Part 6

References



Aids to access

Table 84 Aids to Access details, 2019–20

Annual report Contact Officer (Title/Position held)	Assistant Director, Performance and Reporting
Contact Phone Number	02 6272 3933
Contact Email	annual-report.contact@awe.gov.au
Entity website (URL)	awe.gov.au

Abbreviations and acronyms

AAD	Australian Antarctic Division
ABARES	Australian Bureau of Agricultural and Resource Economics and Sciences
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
ANAO	Australian National Audit Office
APS	Australian Public Service
APSC	Australian Public Service Commission
APVMA	Australian Pesticides and Veterinary Medicines Authority
ATEP Act	<i>Antarctic Treaty (Environment Protection) Act 1980</i>
CAMLR	Commission for the Conservation of Antarctic Marine Living Resources
CEWH	Commonwealth Environmental Water Holder
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CO ₂ e	Carbon dioxide equivalent
COAG	Council of Australian Governments
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DFAT	Department of Foreign Affairs and Trade
E3 Program	Equipment Energy Efficiency Program
EL	Executive Level
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
EPBC Regulations	Environment Protection and Biodiversity Conservation Regulations 2000
ESD	ecologically sustainable development
FHA	Farm Household Allowance

FOI	Freedom of Information
FTE	full-time equivalent
GL	gigalitre or one billion litres
GST	goods and services tax
ha	hectare
HCFCs	hydrochlorofluorocarbons
HFCs	hydrofluorocarbons
ICT	information, communication and technology
IESC	Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development
IPS	Information Publication Scheme
IUCN	International Union for Conservation of Nature
LTAAY	long-term average annual yield
LTIM	Long-term intervention monitoring
MDBA	Murray–Darling Basin Authority
ML	megalitre or one million litres
NAQS	Northern Australia Quarantine Strategy
NESP	National Environmental Science Program
NPI	National Pollutant Inventory
NSW	New South Wales
NT	Northern Territory
ODP	ozone-depleting potential
OECD	Organisation for Economic Co-operation and Development
OIE	World Organisation for Animal Health
PBS	Portfolio Budget Statements
PFAS	per- and poly-fluoroalkyl substances
PFOA	perfluorooctanoic acid
PFOS	perfluorooctane sulfonate
POSF	perfluorooctane sulfonyl fluoride
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	Public Governance, Performance and Accountability Rule 2014

QLD	Queensland
RDC	rural research and development corporation
RFA	Regional Forestry Agreement
RFCS	Rural Financial Counselling Service
SA	South Australia
SDL	sustainable diversion limit
SES	Senior Executive Service
TAS	Tasmania
VIC	Victoria
WA	Western Australia
WELS	Water Efficiency Labelling and Standards
WESA	Water for the Environment Special Account
WHS Act	<i>Work Health and Safety Act 2011</i>
WTO	wildlife trade operation
µg/L	micrograms per litre

Glossary

Term	Meaning
activities	The <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act) defines activities as the actions and efforts performed by a Commonwealth entity or Commonwealth company to deliver government objectives and achieve desired results.
APS Employee	A person engaged under section 22, or a person who is engaged as an Australian public service employee under section 72 of the <i>Public Service Act 1999</i> .
biodiversity	The term 'biodiversity' is a contraction of, and synonymous with, biological diversity. Biological diversity is defined in Article 2 of the Convention on Biological Diversity to mean 'the variability among living organisms from all sources including, inter alia, 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	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 Convention on Biological Diversity 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'. 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.
biosecurity	Managing risks to Australia's economy, environment and community of pests and diseases entering, emerging, establishing or spreading in Australia.
bycatch	Accidental or incidental catch taken by fishers (non-target species).
Carbon dioxide equivalent (CO ₂ 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, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride – 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.

Term	Meaning
Commonwealth Heritage List	Comprises places that are owned or controlled by the Australian Government and have natural, Indigenous 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.
cost-recovery	The charging of fees to cover the costs of provision of government goods and services.
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 <i>Environment Protection and Biodiversity Conservation Act 1999</i> 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 services	The contributions of ecosystems to benefits used in economic and other human activity.
enterprise agreement	An agreement between an employer and a group of employees, or between an employer and a union or unions representing employees, made under the <i>Fair Work Act 2009</i> .
environmental water	Water provided for the environment to sustain and, where necessary, restore ecological processes and biodiversity of water-dependent ecosystems.
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 assets.
expenses	Total value of all of the resources consumed in producing goods and services.
exports certification	The provision of official documentation confirming that goods exported from Australia conform to the importing countries conditions

Term	Meaning
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.
G20	The Group of Twenty forum for international economic cooperation, comprising members from 19 countries and the European Union.
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.
greenhouse gases	Gases that contribute to global warming, including carbon dioxide, methane, nitrous oxide, perfluorocarbons, hydrofluorocarbons, sulphur hexafluoride and nitrogen trifluoride. In addition, the photochemically important gases – non-methane volatile organic compounds (NMVOC), oxides of nitrogen (NOx) and carbon monoxide (CO) – are also considered. NMVOC, NOx 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.
halons	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.
levies	Money collected and administered by the department on behalf of industry for use in research and development, marketing and promotion, plant and animal health programs and residue testing activities that benefit industry.
market access	The openness of a country's trading market to foreign goods and services.
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 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.

Term	Meaning
National Pollutant Inventory	The National Pollutant Inventory (NPI) provides the community, industry and government with free information about substance emissions in Australia. It has emission estimates for 93 toxic substances and the source and location of these emissions.
outcomes	The government's objectives in each portfolio area. Outcomes are desired results, impacts or consequences for the Australian community, as influenced by the actions of the Australian Government. Actual outcomes are assessments of the end results or impacts achieved.
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 Montreal Protocol on Substances that Deplete the Ozone Layer. Some industries that use ozone-depleting substances are replacing those substances with synthetic greenhouse gases.
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	Statements prepared by portfolios to explain the Budget appropriations in terms of outcomes and outputs (that is, where the appropriated funds are going to be spent).
procurement	The whole process of acquiring property and services.
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.
program	The name given to the variety of activities a government agency may undertake to achieve stated outcomes.
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.
quota	A limit to the amount of a particular commodity that can be exported or imported.
Ramsar sites	Wetlands of international importance designated under the Ramsar Convention on Wetlands.
regional forest agreement	An agreement between the Australian and some state governments to set requirements for sustainable forest management.
regulation	A rule or order, as for conduct, prescribed by authority; a governing direction or law.

Term	Meaning
revenue	The total value of resources earned or received to cover the production of goods and services.
sanitary and phytosanitary	Relating to issues of human, animal and plant health, most often in regard to biosecurity measures.
sustainability	The capacity for development that can be sustained into the future, within the capacity of the natural resource base. This includes encouraging sustainable agricultural and fishing practices which maintain and improve the natural resource base.
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.
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 9 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 move a species already on the threatened list into a higher threat category.

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Letter of transmittal		
A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	viii
Aids to access		
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Electronic address of report.	Mandatory	Back cover
Review by accountable authority		
A review by the accountable authority of the entity.	Mandatory	1
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A description of the organisational structure of the entity.	Mandatory	iv–v
A description of the outcomes and programs administered by the entity.	Mandatory	11–12, 14, 58
A description of the purposes of the entity as included in corporate plan.	Mandatory	iii
Name of the accountable authority or each member of the accountable authority	Mandatory	116
Position title of the accountable authority or each member of the accountable authority	Mandatory	116
Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	116
An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory	vi

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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	11–12
Annual performance statements		
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Report on financial performance		
A discussion and analysis of the entity's financial performance.	Mandatory	108–113
A table summarising the total resources and total payments of the entity.	Mandatory	109
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.	108
Management and Accountability		
<i>Corporate Governance</i>		
Information on compliance with section 10 (fraud systems)	Mandatory	10
A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	10
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	10
A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	10
An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	116–126
A statement of significant issues reported to the minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.	If applicable, Mandatory	10
<i>Audit Committee</i>		
A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	118
The name of each member of the entity's audit committee.	Mandatory	119–122

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The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	119–122
Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	119–122
The remuneration of each member of the entity's audit committee.	Mandatory	119–122
<i>External Scrutiny</i>		
Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	137–142
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	137–138
Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	140
Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	Not applicable
<i>Management of Human Resources</i>		
An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	127–129
Statistics on the entity's employees on an ongoing and nonongoing basis, including the following: a) statistics on full-time employees; b) statistics on part-time employees; c) statistics on gender d) statistics on staff location	Mandatory	237–244
Statistics on the entity's APS employees on an ongoing and nonongoing basis; including the following: • 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.	Mandatory	245–248

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Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the Public Service Act 1999.	Mandatory	248
Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	248
The salary ranges available for APS employees by classification level.	Mandatory	249
A description of non-salary benefits provided to employees.	Mandatory	250
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	112–113
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An assessment of entity performance against the Commonwealth Procurement Rules.	Mandatory	133
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 "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]".	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

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A statement that “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.”	Mandatory	134
<i>Australian National Audit Office Access Clauses</i>		
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 AuditorGeneral 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	134
<i>Exempt contracts</i>		
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	134
<i>Small business</i>		
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	133
An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	133
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	133
Financial Statements		
Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	263–387
Executive remuneration		
Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	Mandatory	251–253

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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	135
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	126
Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	261
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