

## MINISTER'S FOREWORD

### INTRODUCTION

It is more than two years since the Liberal-National Party Government assumed office, committed to sustainable economic development that creates employment and lifts living standards.

The Government is committed to ecologically sustainable development — economic growth consistent with the preservation of landscapes and seascapes, not at the continued expense of our rich, beautiful and unique heritage of flora and fauna. The Government is also committed to restoration where damage has occurred.

Australia's vast variety of life forms includes a multitude of species found nowhere else. Australia is 'mega-biodiverse', according to the Organisation for Economic Co-operation and Development (OECD), which published its first environmental performance review of Australia this year.

The new government confronted the task of eliminating a \$10 billion budget deficit and redeeming debt to reduce the annual interest bill.

Notwithstanding its financial priorities, the Government promised to sequester \$1 billion from the partial sale of one of its assets, the Telstra telecommunications corporation, to create a secure source of funding for its big environmental programme. The fund would become the Natural Heritage Trust.

Integration or 'a systems approach', as the authors of the report *Australia: State of the Environment 1996* preferred to call it, was to be a motif of the Natural Heritage Trust.

For the first time, the Federal Government's biodiversity conservation and sustainable agriculture programmes were to be managed together.

The Natural Heritage Trust's programmes were to be shared equally between the two portfolios responsible for managing the nation's environment and its natural resources: the Environment portfolio and the Primary Industries and Energy portfolio.

The Act authorising the partial sale of Telstra was proclaimed in May 1997. *The Natural Heritage Trust of Australia Act* was proclaimed in June 1997. In the five years from 1996-97 to 2000-01, the Natural Heritage Trust's capital and interest will fund outlays of \$1.25 billion.

Natural Heritage Trust spending is to build upon existing environmental and conservation expenditures by the two departments. The Natural Heritage Trust already has succeeded in accelerating spending on the environment.

In its last three years in office the Labor government outlaid \$556 million on its environmental programs. In its first three years in office the coalition will outlay \$740 million, the sum of Environment Australia's Natural Heritage Trust plus non-Natural Heritage Trust outlays.

When the Department of Primary Industries and Energy's Natural Heritage Trust-funded outlays are included, total outlays rise by another \$255 million to nearly \$1 billion in the three-year period.

It is an achievement of which the Government is proud.

### **List of Achievements**

Establishment of the Natural Heritage Trust was not an end in itself. Some accomplishments across the whole suite of Environment Australia programmes, including the Natural Heritage Trust, are:

- all States and Territories signed partnership agreements for the Natural Heritage Trust and associated programmes;
- the Natural Heritage Trust funded 600 Bushcare projects through the new 'one-stop-shop' facility;
- start of a large land acquisition programme to establish a comprehensive, adequate and representative National Reserve System (NRS);
- introduction of better processes for selecting heritage properties for funding by the Natural Heritage Trust;
- agreement on the first National Environment Protection Measure (NEPM) to establish a publicly accessible national pollutant inventory (NPI);
- publication of a draft national environmental protection measure for six atmospheric pollutants;
- signing of Regional Forest Agreements (RFAs) for the Central Highlands, East Gippsland and Tasmania, adding more than half a million hectares to the conservation reserve system;
- announcement of the Cape York Natural Heritage Trust Plan, involving an investment of up to \$40 million from the Natural Heritage Trust, to protect the natural and cultural values of Cape York Peninsula;
- signing the Lake Eyre Basin Heads of Agreement with South Australia and Queensland in May 1997;
- listing of southern hemisphere albatrosses under the Convention on the Conservation of Migratory Species of Wild Animals in May 1997;
- provision of \$250,000 to support conservation of the historic Mawson's huts in Antarctica in 1997-98;

- recognition by the Kyoto conference on climate change in Japan in December 1997 of Australia's argument for differentiated reduction targets for greenhouse gas emissions;
- signature of the Kyoto protocol in New York in April this year;
- creation of a new agency, the Australian Greenhouse Office, to oversee implementation of policies to achieve Australia's greenhouse gas emission targets;
- provision of \$100 million from the Natural Heritage Trust to the Coasts and Clean Seas Programme to reduce marine and coastal pollution, protect marine species, reduce the impact of exotic marine pests, increase monitoring, improve coastal planning, and support the Coastcare programme;
- creation of a national representative system of marine protected areas, including the world's second largest marine park in the Great Australian Bight in April;
- increasing the size of the Great Barrier Reef Marine Park, the world's largest marine park, by adding the 350 square kilometre Gumoo Woorabuddee area near Shoalwater Bay;
- support of the development of a regional, integrated management and conservation strategy for the Torres Strait;
- declaration of the world's first network of dugong sanctuaries in the southern Great Barrier Reef;
- joining with Western Australia, industry, and community groups to protect the conservation values of Commonwealth and State waters around the Montebello Islands;
- development of a threat abatement plan to address the impact of incidental seabird catch during oceanic longline fishing operations;
- imposition of new controls on the export of seahorses, seadragons and pipefish;
- enforcement of measures to protect fish stocks from illegal fishing;
- listing of Macquarie Island, and Heard and McDonald Islands, under the World Heritage Convention in December 1997;
- increased funding to the eight, State-managed World Heritage properties from only \$10.3 million provided by Labor in 1995–96 to \$16 million from this Government in 1997–98;
- finalisation of a management plan for the Wet Tropics World Heritage area in March 1998 (Labor tried for nearly five years and failed) and revisions of the plans for the Tasmanian Wilderness;

- implementation of improved management arrangements for existing World Heritage properties, including the establishment of two new ministerial councils, signing of a new management agreement for Shark Bay and the creation of new scientific and community advisory committees;
- successful implementation of a cassowary conservation programme in north Queensland;
- adoption of the recommendations of the National Whales Taskforce to assist Australia achieve a permanent international ban on commercial whaling;
- initiating a proposal, co-sponsored by New Zealand, to create a South Pacific Whale Sanctuary and, ultimately, a global sanctuary;
- in-principle endorsement by the Council of Australian Governments (COAG) in November 1997 of an agreement on Commonwealth and State roles and responsibilities to ensure better protection for the environment and a more efficient regulatory framework;
- publication of a discussion paper on proposals to implement the COAG agreement as part of the review of Commonwealth environmental legislation; and
- amendments to the *Hazardous Waste (Regulation of Exports and Imports) Act 1989* to strengthen controls on transboundary movement of hazardous waste.

Some examples of the 1,800 projects under DPIE's Natural Heritage Trust programmes include:

- Seaham Swamp interpretation: to help the Seaham Swamp Landcare Group Wetlands in New South Wales develop an interpretive centre — \$27,500;
- Wambo Shire Uplands, near Jandowae, Queensland: to combat soil degradation including repair and maintenance of soil conservation structures, repasturing degraded land, revegetation and fencing, and implementation of a long-term plan for soil degradation and a co-ordinated run-off control plan — \$78,000;
- Manning River near Wingham, Gloucester, Barrington, and Nowendoc: a range of plans to address the river's deterioration — \$37,000;
- development and demonstration of techniques to control mice plagues, that cost millions of dollars in lost agricultural production — \$61,000 in 1997–98;
- Irwin River Catchment near Mingenew, Western Australia: to combat rising groundwater tables, rapidly declining remnant vegetation, siltation of drainage lines and erosion of the river by fencing drainage lines, protecting remnant vegetation and re-vegetating denuded areas — \$64,000;

- a large co-operative land rehabilitation and improved land management programme by 11 Landcare groups near Ararat and Stawell, Victoria: to improve water quality in the Wimmera River — \$100,000; and
- Coorong and districts near Meningie, South Australia: to address recharge reduction, dryland salinity and related land and natural resource management issues over an area of about 690,000 hectares — \$180,000.

### **Priorities for 1998–99**

Our main objectives for 1998–99 are to:

- further develop the Natural Heritage Trust's programmes;
- enact new Commonwealth environmental legislation;
- implement an enhanced greenhouse strategy;
- continue implementation of the Coasts and Clean Seas programme;
- complete a recovery plan for Australia's endangered and vulnerable marine turtles;
- further develop marine-protected areas in Commonwealth waters;
- complete and implement Australia's first oceans policy;
- further assess the World Heritage values of the Blue Mountains, several convict sites and Purnululu (Bungle Bungles);
- implement the Cape York Natural Heritage Trust Plan;
- implement the first National Environment Protection Measure (NEPM), the pollutant inventory, and promulgate the second and third NEPMs dealing with ambient air quality and the movement of controlled wastes between States and Territories, and consider an NEPM on diesel emissions; and
- complete RFAs for the south-west forests of Western Australia; Eden, the southern, mid-and upper-north-east regions of New South Wales; for the north-east and Gippsland regions of Victoria; and for south-east Queensland.

### **Greater Transparency**

This is the Government's second budget statement on the Commonwealth's total environmental spending. It is consistent with the Government's adoption of greater transparency of process.

The statement identifies all Commonwealth spending to prevent environmental degradation and to conserve or rehabilitate the nation's natural capital.

Merely adding programme outlays and outlays from the Natural Heritage Trust understates the resources the Commonwealth directs to the environment.

Total outlays conservatively are estimated at about \$3 billion over the four years to 2001–02, including direct portfolio spending of about \$2 billion.

## **PROGRESS WITH THE NATURAL HERITAGE TRUST**

The promise of the Natural Heritage Trust became a reality in 1997.

The Government introduced the enabling legislation, the Natural Heritage Trust of Australia Bill, into the Senate at the end of October 1996. The Act was proclaimed on 18 June 1997.

The previous year the authors of *Australia: State of the Environment 1996*, the first of regular national audits, said there was ‘little likelihood of a coherent policy emerging from the traditional compartmentalised approach in which different departments and different levels of government each handle different, small parts of the problem.’

The preamble to the Act responds to the authors’ concern and summarises the Government’s approach. It says:

There is a need for the Commonwealth to provide national leadership and work in partnership with all levels of government and the whole community, recognising ... that many environmental issues and problems are not limited by state and territory borders.

There is a need to integrate the objectives of environmental protection, sustainable agricultural and natural resources management consistent with the principles of ecologically sustainable development.

It is essential that government leadership be demonstrated, and that the Australian community be involved, in relation to these matters ...

By the end of 1997 the six States and two Territories had signed Natural Heritage Trust partnership agreements. The agreements are the framework for implementing the environmental refurbishment, natural resource management and sustainable agriculture programmes the Natural Heritage Trust has made possible.

## **ASSESSMENT PANELS**

During the year applications for funding were invited through advertisements in national, State Territory and regional newspapers. A ‘one-stop-shop’ was introduced: community groups applying for grants under several programmes could submit one application.

Projects were assessed in two stages — by Regional Assessment Panels (RAPs), that deal with applications by regions or catchments and then by State Assessment Panels (SAPs), that deal with a State or Territory’s total applications.

State and Territory governments appointed the panels. Members were experts in resource management or conservation and represented Landcare groups, farmers, conservation organisations, industry, indigenous interests, and State and local governments. Commonwealth observers advised on priority and eligibility.

In 1998–99 the Commonwealth will participate in the selection of members of SAPs and RAPs.

## **OUTCOMES**

Over 1997–98 and up to the time of this Budget, there were more than 3,400 successful projects under the Natural Heritage Trust and related programs worth nearly \$200 million.

The Natural Heritage Trust is injecting \$1.249 billion into five main target areas: land (\$360 million), vegetation (\$340 million), rivers (\$280 million), coasts and marine (\$107 million), and biodiversity (\$141 million).

It is providing an additional \$268 million for the national Landcare programme: \$299 million for Bushcare, the national vegetation initiative; another \$73 million on rivers outside the Murray-Darling system through the National Rivercare Initiative and a further \$163 million in the Murray-Darling; an additional \$100 million for coastal and marine environments through the Coasts and Clean Seas programme; and \$80 million to establish a system of national reserves.

This is funding that would not have been available had the Natural Heritage Trust not been created.

This financial year, spending on Bushcare will rise from \$41 million to \$77 million; for Rivercare the increase will be from \$13 million to \$25 million; for Coasts and Clean Seas it will be an increase of \$5 million to \$26 million; and spending on the creation of a national reserve system will rise from \$11 million to \$23 million.

## **REFORMING ENVIRONMENTAL MANAGEMENT**

### **Review of Roles and Responsibilities**

Five years after the Intergovernmental Agreement on the Environment, governments recognised the need for greater commitment to reform.

The election of the coalition was the catalyst for a review of Commonwealth and State roles and responsibilities for the environment under the auspices of the COAG.

The review culminated in November 1997 when COAG gave in-principle endorsement to a Heads of Agreement on Commonwealth/State Roles and Responsibilities.

Most significantly, COAG agreed that Commonwealth involvement should focus on matters of 'national environmental significance'.

COAG agreed that the existing, piecemeal, indirect triggers for Commonwealth involvement, such as foreign investment approval, should be replaced with appropriate environmental criteria, like World Heritage properties.

The significance of the COAG agreement cannot be understated. It demonstrates a new maturity in intergovernmental relations on the environment that will deliver better environmental outcomes for all Australians and more efficient, certain and timely processes for stakeholders.

It shows the coalition has avoided becoming a victim of the paralysis that characterised the Labor government's approach to reform of our environmental laws.

The COAG agreement lists 30 matters of national environmental significance. Seven are of particular significance because they are identified as triggers for Commonwealth involvement in the environmental assessment and approval process. They are:

- world heritage properties;
- Ramsar wetlands;
- nationally endangered or vulnerable species and endangered ecological communities;
- migratory species of wildlife and cetaceans (porpoises, dolphins and whales);
- nuclear activities;
- Commonwealth waters; and
- heritage places of national significance.

### **Reviewing Environmental Legislation**

We are now converting the outcomes of the COAG review into proposals to reform Commonwealth environmental law.

The proposed reforms are historic. They are the only serious attempt in the history of our federation to define the environmental responsibilities of the Commonwealth.

For the first time in nearly a century, we shall define the Commonwealth's legislative role in relation to the environment by using environmental criteria.

We outlined our proposed reforms in a consultation paper published in February. We have received more than 240 submissions, which demonstrates great interest by stakeholders and the community.

The paper depicts the deficiencies of the current regime. Many existing Commonwealth statutes are more than 20 years old and no longer reflect contemporary approaches to environmental management.

In many instances, reliance on indirect triggers means Commonwealth involvement is triggered in matters with only local or State significance. In some cases of national significance, the Commonwealth's existing legislation does not allow it to adequately discharge its responsibilities.

We shall correct these deficiencies. We propose a framework which will provide much more certainty and consistency about the Commonwealth's role in environmental matters than the existing regime ever could deliver.

Our framework will deliver better environmental outcomes while minimising any delay or intergovernmental duplication.

The result will be a dynamic, flexible environmental law regime that promotes ecologically sustainable development, that can deal with current and emerging environmental issues and embraces contemporary approaches to environmental management.

### **Improving Protection for Australia's Heritage Places**

With the co-operation of the State governments we shall protect Australia's built, indigenous and natural heritage places. We shall continue to play a strong leadership role in heritage conservation.

To complement the legislation review, this Government and the States and Territories are developing a national heritage places strategy that will be completed by the end of 1998.

It will be the first comprehensive national strategy for protecting heritage places and it will:

- clarify the roles and responsibilities of each level of government and reduce duplication;
- establish national standards for the identification, listing and protection of national heritage places;
- set in place procedures to allow us to establish a national list of places of outstanding national importance, in accordance with COAG's decision in 1997; and
- identify priorities so each level of government can support the conservation of heritage places.

We shall introduce new enabling legislation.

We shall continue to support the operations of the Australian Heritage Commission and the National Estate Grants Programme, which supports projects to protect places on the Register of the National Estate.

Cultural heritage places will benefit significantly from the new, \$70 million Federation and Cultural Heritage Projects Programme, which the Government created within the Federation Fund.

The programme will support cultural and heritage capital works, including building restoration and conservation.

## **REDUCING OUR IMPACT ON THE ENVIRONMENT**

### **Greenhouse**

Australia played a leading role in the success of the international negotiations in Kyoto in Japan in December 1997.

More than 160 countries agreed to legally binding 'greenhouse gas' emission targets for developed nations in response to perceived climate changes and changes in atmospheric temperature.

Australia signed the protocol in New York on 29 April, 1998.

The Kyoto conference accepted the argument, long advanced by Australia, for differentiated country targets reflecting differing national circumstances.

The conference agreed to a collective reduction in greenhouse gas emissions by the developed world of more than 5 per cent below 1990 levels by 2008 to 2012.

In recognition of our unique greenhouse inventory, economic structure and trade profile the conference determined that Australia limit its growth in emissions during the period to 8 per cent above 1990 levels.

In particular, the Kyoto outcome recognised the importance of emissions from land clearing in calculations of our emission totals.

In November 1997 the Prime Minister announced a package of measures to limit the rate of growth of our emissions.

This package provides \$177.9 million for a spread of programmes from 1998–99 to 2002–03.

The Government estimates the package will reduce by at least a third projected net emissions growth from 1990 to 2010.

Emissions growth from non-land use sectors should fall from 28 to 18 per cent above 1990 levels, a reduction in growth of 39 million tonnes, by 2010.

Key measures included in the Prime Minister's statement, *Safeguarding the Future*, are:

- support for the adoption of energy from renewable resources such as solar, wind and tidal;

- accelerated energy market reform, in particular, attention to greenhouse issues;
- an environmental strategy for the automotive industry;
- an expanded system of energy efficiency labelling, codes and standards for buildings and equipment;
- tree planting and re-vegetation;
- big expansions of partnership programmes with industry through the Greenhouse Challenge Programme and, with local government, the Cities for Climate Protection Programme; and
- establishment of the Australian Greenhouse Office in the Environment Australia portfolio to provide national leadership on greenhouse matters, to co-ordinate domestic climate change policy and to ensure effective implementation of the policies to meet the target set for Australia in Kyoto.

### **Waste**

The main aim of our waste minimisation policy is to reduce waste to landfill and to recycle resources.

Working through the Australian and New Zealand Environment and Conservation Council (ANZECC), the Government has developed waste minimisation programmes for:

- packaging, by industry waste reduction agreements covering plastic milk bottles, paper packaging, steel cans, newsprint and liquidpaperboard cartons; and
- the construction and demolition industry, which accounts for about 30 per cent of waste to landfill, through the WasteWise programme.

We also have funded research and development of green waste programmes.

We committed \$5 million over four years through the Natural Heritage Trust's Waste Management Awareness Programme to national waste management.

Some of the money will establish a resource recovery centre in the Hunter Region to develop markets for recycled and recovered materials.

### **Cleaner Production**

'Eco-efficiency' refers to the efficiency with which natural resources are used in production and consumption. The Government encourages an eco-efficiency strategy within industry and the community.

We provide information on new environmental technologies through EnviroNET. We are promoting Australian environmental technologies overseas, especially in our region.

Australia will host a workshop on eco-efficiency with the OECD in 1998–99. We are leading the development of a national strategy for cleaner production within ANZECC.

### **Air Pollution**

The Government has allocated \$16 million from the Natural Heritage Trust from 1996–97 to 2000–01 to develop a national strategy and national standards to reduce the effects of air pollution.

We are generating the programmes in response to the findings of the inquiry into urban air pollution conducted for the Government by the Australian Academy of Technological Sciences and Engineering.

The National Environment Protection Council made its first NEPM in February this year. The measure establishes the framework for the NPI.

From July, new legislation will require larger industrial facilities to estimate and report annually their emissions of the chemicals listed on the inventory.

This information, with estimates of emissions from facilities using less than the specified amount of the chemical listed, and estimates of emissions that arise from such community activities as driving to work and mowing the lawn, will be available on the Internet by January 2000.

We have allocated \$3.9 million this financial year and \$4 million for each of the next two financial years to develop and implement the National Pollutant Inventory.

Reviews of emissions from new petrol and diesel engines are underway. So is development of a NEPM on diesel emissions.

### **Water Pollution**

We also are developing a draft proposal for an NEPM for ambient marine and estuarine water quality, effectively specifying minimum standards for water quality for recreational use and food harvesting.

This will allow us to address land sourced water pollution such as nutrient levels, sedimentation and heavy metal contamination.

## **CONSERVING AUSTRALIA'S TERRESTRIAL BIODIVERSITY**

### **Implementing the National Biodiversity Strategy**

The authors of *Australia: State of the Environment 1996* identified biodiversity conservation as perhaps Australia's greatest environmental challenge. Australia has almost 1,500 nationally threatened species.

This Government and the State governments conserve Australia's biodiversity and fulfil Australia's obligations under the Convention on Biological Diversity through the National Strategy for the Conservation of Australia's Biological Diversity,

The strategy is supported by the Natural Heritage Trust.

We also are proposing the introduction of Australia's first biodiversity legislation as part of our review of Commonwealth environmental law.

### **National Reserve System**

The Government is providing \$80 million to the year 2000–01 to develop a NRS.

The Government is working with other levels of government, industry, and the community to acquire and manage new areas, to encourage indigenous people and other landholders to help develop national reserves and to practise best management.

The Government and the State governments fund acquisition of land for the reserve system. From 1998 community groups will be able to help identify and purchase areas suitable for inclusion in the system.

The Government will provide \$27.7 million in 1998–99 to manage 15 protected areas covering 4.4 million hectares.

### **Improving Native Vegetation Management**

The largest of the Natural Heritage Trust's new capital programmes, Bushcare, is the most significant investment in native vegetation ever made by an Australian government.

Bushcare begins another era in vegetation management in Australia. It has the ambitious and historic goal of reversing the decline in the quality and extent of Australia's native vegetation communities by 2001.

Achieving this goal will be crucial to the conservation of biodiversity and the ecologically sustainable management of our natural resources. It also will help Australia to satisfy its international greenhouse obligations.

All States and Territories signed Bushcare partnership agreements in 1997–98 with the objective of achieving a rate of vegetation establishment which exceeds the rate of native vegetation clearance.

In particular, they ensured that there would be no clearing of endangered ecological communities or activities that adversely affect the conservation status of ecological communities.

In 1997–98 the Natural Heritage Trust's One-Stop-Shop processed more than 600 Bushcare projects.

Bushcare invested more than \$18 million in 'on-ground' projects in 1997–98, invested \$14 million to help the community to undertake vegetation projects, and spent more than \$7 million to improve its infrastructure and information base.

This year Bushcare funding almost doubles to \$77.1 million and it will emphasise strategic investment which will benefit all landholders in priority regions.

Bushcare will offer an integrated package of incentives such as fencing subsidies, rate relief, management agreements, covenants, stewardship payments, and acquisition through revolving funds through the One-Stop-Shop.

Greening Australia will deliver a new three-year Bushcare Support contract to provide extension and education services this year.

Bushcare Support will involve the community in sustainable native vegetation management on an unprecedented scale across Australia.

Bushcare will be complemented this year by the Government's new Bush for Greenhouse programme, which will allocate \$1.1 million to encourage corporate investment in vegetation 'sinks' to absorb greenhouse gas emissions.

### **Protecting Native Habitats and Endangered Species**

Conservation of threatened species and ecological communities is a significant challenge.

In 1998–99 the Government will allocate \$5 million on the National Weeds strategy and \$2.7 million on the National Feral Animal Control Programme to assist the protection of biodiversity and sustainable management of our natural resources.

The Government issued three draft threat abatement plans for public comment in 1997–98 which dealt with feral cats, rabbits and goats. During the year the plans were adopted under the Commonwealth's *Endangered Species Protection Act*.

We conducted the first five-yearly statutory review of the *Endangered Species Protection Act* in 1997. We shall incorporate amendments to the Act into our new environmental law regime.

In 1997–98 we allocated \$6.7 million to fund endangered species recovery plans. In 1998–99 the Government will allocate \$6.8 million through the Endangered Species Programme for recovery and threat abatement plans for nationally threatened species and ecological communities.

### **Protecting Australia's Forests**

The Government has accorded priority to implementation of the National Forest Policy Statement.

With the States, we have been working to protect high conservation value forests and to secure forest-based industries and regional employment throughout Australia.

We are achieving this with RFAs based on rigorous and comprehensive scientific assessments for each of our major forested regions.

We are signing 20-year agreements with the States.

The agreements are establishing a world-class reserve system to protect biodiversity, old growth and wilderness.

Since 1996 we have negotiated RFAs for the East Gippsland and Central Highland regions of Victoria and for all of Tasmania. The agreements have added more than half a million hectares to the conservation reserve system.

This financial year we shall allocate nearly \$17 million to finalising outstanding RFAs. We shall sign agreements for the south-west forests of Western Australia; Eden, the southern, mid-and upper-north-east regions of New South Wales; for the north-east and Gippsland regions of Victoria; and for south-east Queensland.

### **Restoring Rivers and Wetlands**

The drought has reminded us that our agricultural sector, our regional economies, and the health of a range of ecosystems depend on the soundness of our rivers.

The Government has created a number of river-related programmes, funded by the Natural Heritage Trust, to conserve our rivers.

The Government is providing \$38.4 million in 1998–99 through the Murray-Darling 2001 Programme for land and water degradation problems.

We are allocating \$18.6 million under the National Rivercare Programme for rehabilitation and conservation of our rivers outside the Murray-Darling Basin.

Rivercare has two other components. The National River Health Programme, designed to assess the condition of our rivers and devise ways to improve them, receives \$13.6 million over four years. The monitoring component of the programme will provide the first nationwide assessment of river health. The environmental flows component will determine best allocations of water for environmental purposes.

Waterwatch Australia, a national, community-based water quality monitoring programme, involves more than 1,500 community groups at 4,000 sites within 100 catchments across Australia. We shall continue to give them our strong support.

In 1998–99 the Government will spend \$3.7 million on Wetlands Conservation, including on-ground conservation works and management planning for some of Australia's 49 wetlands which are listed under the international Ramsar Convention.

We also shall spend \$3.5 million on the Riverworks Tasmania Programme, which is providing \$8.75 million over three years to improve the quality of some of Tasmania's important rivers.

### **Conserving Our Land and Soils**

This programme supports the 4,000 groups in the Landcare movement Australia-wide. It addresses on-ground natural resource management issues and the causes of degradation. During 1997–98 we funded 1,200 projects worth \$82 million.

With the Bushcare and Rivercare programmes it is an integrated package.

### **Cape York**

In February we announced the Cape York Natural Heritage Trust Plan, involving investment of up to \$40 million from the Natural Heritage Trust to protect the Cape York Peninsula's natural and cultural values.

Cape York is an area of exceptional conservation importance and the plan will provide funds for things such as:

- property plans to protect conservation and heritage values on Cape York landholdings;
- voluntary acquisition of properties of the highest conservation value;
- land management;
- endangered species research and protection;
- weed and feral animal control measures;
- the protection of heritage sites; and
- the assessment of natural and cultural values.

This year we shall allocate about \$7 million to the plan.

### **Lake Eyre Basin**

We demonstrated our commitment to the Lake Eyre Basin in May 1997 when we became a co-signatory to the Lake Eyre Basin Heads of Agreement with South Australia and Queensland.

The heads of agreement anticipate integrated management arrangements for the basin. We continue to work on the formal agreement.

We have allocated more than \$500,000 in Natural Heritage Trust funding for projects across the basin, including the Lake Eyre Basin Catchment Management Regional Initiative to ensure 'on ground' financial outcomes.

### **CONSERVING AUSTRALIA'S MARINE BIODIVERSITY**

Australia's ocean territory, defined by the 200-nautical mile Exclusive Economic Zone (EEZ), is about 12 million square kilometres, or one-and-a-half times the size of continental Australia. It is the world's third largest EEZ.

Despite being poor in nutrients, our coasts and oceans contain a multitude of plants and animals, many of them unique to our waters.

During the past two years we have expanded the scope and the funding of our efforts to protect our marine biodiversity.

This year we shall complete Australia's first comprehensive oceans policy. The policy will ensure management of Australia's marine territories and EEZ in accordance with the principles of ecologically sustainable development to preserve their unique biodiversity. It also will provide impetus for Australia's burgeoning ocean industries.

Priorities for the Government in 1988–89 also include:

- continued implementation of the Coasts and Cleans Seas programme;
- completion of a recovery plan for Australia's endangered and vulnerable marine turtles; and
- further development of marine-protected areas in Commonwealth waters.

At the moment the Natural Heritage Trust provides \$106 million for our coastal environment programme group, Coasts and Clean Seas, over four years.

### **Protecting Our Fisheries**

In 1998–99 we shall spend \$2.2 million protecting and restoring Australia's fish habitats through the Fisheries Action Programme, a Natural Heritage Trust initiative which is funding community projects to protect and restore fish stocks and habitats such as mangroves, estuaries and seagrass beds.

So far we have funded 59 projects ranging from fish tagging in the Northern Territory to controlling rice grass in the Derwent River in Tasmania.

### **WORLD HERITAGE AREAS**

In 1997 we succeeded in having Heard and McDonald Islands and Macquarie Island placed on the World Heritage List.

This year we shall further assess the Blue Mountains, several convict sites and Purnululu (Bungle Bungles) for World Heritage values.

In April this year we responded to the Report of the House of Representatives Standing Committee on Environment, Recreation and the Arts, *Managing Australia's World Heritage*. We have implemented or are implementing most of the committee's recommendations.

We have made very substantial funding increases to the eight State-managed World Heritage areas in Australia. The Labor government gave them \$10.3 million in 1995–96. We provided about \$16 million in 1997–98 and will provide more than \$15 million this financial year.

We have matched increased funding for World Heritage by a better effort to improve the management of existing properties.

Management plans have been finalised, for instance, for the Wet Tropics and management structures improved by creation of new scientific and community advisory committees and new ministerial councils.

## **UNDERSTANDING AND PROTECTING ANTARCTICA**

We shall provide \$63.1 million in 1998–99 to support Australia’s Antarctic Programme of scientific research and environmental protection.

In addition to increasing understanding of the region’s influence on global environmental systems, the research aims to preserve the Antarctica’s unique biodiversity and improve environment protection.

The Australian navy recently seized three vessels accused of fishing illegally in the Australian Fishing Zone around Heard Island. We shall continue diplomatic and enforcement efforts to prevent illegal fishing and ensure sustainable management of fisheries in the Southern Ocean.

We welcomed the activation of the Environment Protection Protocol to the Antarctic Treaty on 14 January 1998.

We shall provide \$90,000 to a clean-up of the abandoned Wilkes station this financial year.

Mawson’s huts and their contents are part of our national legacy and a monument to Mawson and his expeditions. Last financial year we provided \$250,000 to conserve them. We shall provide another \$250,000 this financial year.

## **INTEGRATING THE ENVIRONMENT AND THE ECONOMY**

Ecologically sustainable development requires integration of economic and environmental considerations so that activities in one area do not impose costs on the other.

The Government has been practising integration in several policy areas.

### **COAG Water Reform Framework**

The COAG water reform framework seeks to determine allocations and entitlements to water, including the allocation to the environment.

Another aspect of integration is pricing water at its true cost.

State and Territory governments intend to implement the COAG reforms by 2001. The National Competition Council will assess each government’s progress to determine eligibility for competition payments under our National Competition Policy.

These reforms complement direct spending by governments to protect our inland waters.

## **Land and Water Audit**

An independent advisory council manages the National Land and Water Audit under the Natural Heritage Trust. The audit is providing a comprehensive, national appraisal of Australia's natural resource base. It will provide an independent, objective assessment of the extent of degradation, and include an economic analysis of each problem.

We have allocated \$7 million for work on the audit this financial year from a total of \$37 million allocated to audit activities from the Natural Heritage Trust.

## **Environmental Economics Roundtable**

Economic instruments, such as tradeable permits for resource use or pollution charges, can be the most effective means to deal with environmental problems, or they may be an element of a package of remedies.

In July 1997 the Government held an environmental economics roundtable to consider economic methods which might be used in five areas of environmental and resource management: fisheries, energy, land degradation, water use and waste-water treatment.

We published the papers and discussion in November 1997.

## **Environmental Accounting**

We are continuing to develop national environment accounts through the Australian Bureau of Statistics (ABS).

Environmental accounts provide a framework within which we can examine some impacts of human activity on the environment, such as resource depletion and environmental degradation, with the relevant national accounts.

An important component of the environmental accounts project is the development of natural resource accounts in physical terms. These show natural resources stocks and flows.

The ABS has developed an energy account. It is developing physical accounts for fisheries, forests, minerals, water, biodiversity, land use and land cover. It also will develop a physical account for wastes.

Physical accounts also contribute to the development of national balance sheets that provide information on a country's produced assets and liabilities. National balance sheets have been extended to include estimates for non-produced (environmental) assets including land, subsoil and forest assets.

The extended balance sheets enable assessment of changes in the quantity and value of environmental assets due to such factors as natural increase, depletion through use, and degradation or destruction.

## CONCLUSION

It is just over two years since the coalition assumed office.

This is our third Budget.

By the end of the term we shall have regained control of the national government's finances and implemented overdue reforms across all portfolios and policy areas.

It has not been easy. An incoming government cannot always revisit the decisions of the previous incumbent. Mistakes that cannot be corrected must be managed.

So it has been with the environment portfolio.

The portfolio is now represented in cabinet.

The department and its agencies have coalesced into a single entity, Environment Australia, which is soon to relocate under one roof.

The Commonwealth's environmental statutes are being updated.

Australia's first national environmental audit, *Australia: State of the Environment 1996*, was published in our first year in office.

It provided a guide for the Government. It also provided a series of benchmarks against which our performance would be measured.

In accordance with the findings of its authors, we have worked diligently to synthesise the work of agencies responsible for our terrestrial and marine environments, for our flora and fauna, our naturally occurring assets and our ecological systems.

We have integrated the activities of federal departments with environmental responsibilities, particularly Environment Australia and the Department of Primary Industries and Energy.

Co-operation between the two departments during our term has been excellent. Its most obvious manifestation has been joint responsibility for the Natural Heritage Trust.

Both departments have embraced the principle of ecologically sustainable development. Its application is apparent in the management of both inert and living resources.

Creation and funding of the Natural Heritage Trust has made possible an upward re-scaling of our environmental programmes, like our revegetation programme, and some large, new programs, like our greenhouse responses and our incipient oceans policy.

Not the Natural Heritage Trust itself, but the environmental accomplishments it has allowed us to set in train, will be a suitable monument to our three years of activity in the portfolio.

In the meantime, we shall have to be content with the handsome assessment of our performance contained in the OECD's performance review.

**Robert Hill**

Minister for the Environment