



BUDGET
**CLIMATE CHANGE, THE ECONOMY,
THE ENVIRONMENT**

STATEMENT BY

SENATOR THE HONOURABLE PENNY WONG
MINISTER FOR CLIMATE CHANGE AND WATER

AND

THE HONOURABLE PETER GARRETT AM MP
MINISTER FOR THE ENVIRONMENT, HERITAGE AND THE
ARTS

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MINISTERS' FOREWORD

Australia's continued prosperity and well being depends critically on our response to climate change, our management of scarce water resources and the ongoing health of our natural environment.

The Rudd Labor Government recognises that climate change is one of the greatest environmental, social and economic challenges of our time. For the first time in a decade the Australian Government is taking responsibility for climate change by: reducing Australia's greenhouse gas emissions; adapting to the impacts of climate change that we cannot avoid; and helping to shape a global solution.

Portfolios across the Rudd Labor Government are working together to tackle climate change. The Rudd Government has delivered \$2.3 billion in funding on climate change related initiatives across government over the four years of this Budget.

This funding will help individuals, communities and businesses meet the challenges and embrace the opportunities presented by climate change as we work in partnership with other nations to develop cooperative, global solutions.

The Government has established the Department of Climate Change within the Prime Minister's portfolio to lead the delivery of Australia's climate change strategy, with the necessary resources to manage the complex domestic policy development tasks ahead and to elevate Australia's international engagement to a new level.

The centre-piece of the Government's effort to reduce emissions is the introduction of an emissions trading scheme in 2010. The successful introduction of this scheme will be the most significant economic and structural reform undertaken in Australia since the trade liberalisation of the 1980s.

However, the emissions trading scheme alone will not enable Australia to achieve our reduction goals. The Government has therefore committed to a range of other complementary measures to encourage research and development, increase the use of low emissions technologies and address market failures, such as in the area of energy efficiency.

The challenges we face in managing our scarce water resources are also impacted by climate change. There is evidence to suggest that in the last two decades, Australia's average temperatures have been warmer and that temperatures could rise another one to five degrees by 2070. In those circumstances, Australia's most populated regions will face an ongoing shortage of water unless decisive action is taken.

This Budget is taking that action and invests an additional \$1.5 billion over seven years, bringing total expenditure on water reform in Australia, through Water for the Future, to \$12.9 billion over 10 years. The Government has four priorities for water

reform: adapting to climate change; healthy rivers and waterways; using water wisely and securing water supplies.

While climate change is a major threat to our natural environment, it is not the only one. Our biodiversity, our clean air and our fresh water, our oceans, landscapes and special places are also under threat from other long standing impacts such as land clearing, urban development, pollution and the unsustainable use of natural resources.

The central plank of the Government's approach to sustainable natural resources management is the \$2.2 billion Caring for our Country program with the goal of an environment that is healthy, better protected, well managed, resilient and provides essential ecosystem services in a changing climate. Funding under this program will focus on six national priorities: the national reserve system, biodiversity and natural icons, coastal environments and aquatic habitats, sustainable farm practices, natural resource management in remote and northern Australia and community skills, knowledge and engagement.

This Budget marks the beginning of a new era in how we care for, manage and value Australia's unique natural environment and the services it provides.

The new funding provided since the 2007-08 Budget for climate change, water and environmental initiatives is \$3.8 billion over the four years of this Budget and the Forward Estimates.

Senator the Hon Penny Wong, Minister for Climate Change and Water

The Hon Peter Garrett AM MP, Minister for the Environment, Heritage and the Arts

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INTRODUCTION

SCOPE OF THIS MINISTERIAL STATEMENT

This statement documents the Government's key priorities for climate change, water and the environment and outlines new spending on these priorities for 2008-09 and the years ahead.

OUTLINE

Chapter 1 of this statement provides the highlights of the Australian Government's expenditure on new climate change, water and environment initiatives since the 2007-08 Budget. These have arisen from the Government's strategic directions and priorities in these areas.

Chapter 2 outlines the climate change, water and environmental challenges facing Australia.

Chapter 3 describes the Government's broad approach and priorities to address the challenges ahead for climate change, water and the environment.

Chapter 4 outlines the Government's major climate change, water and environment priorities and initiatives.

Expenditure for climate change, water and environment activities undertaken by this Government since the 2007-08 Budget are listed in Appendices 1 and 2.

STYLE CONVENTIONS USED IN THIS DOCUMENT

Amounts in this document are generally rounded to one decimal point using the standard rounding conventions. Due to rounding, the aggregation of elements within a table may not match the actual 'total'.

CHAPTER 1: BUDGET HIGHLIGHTS

The Australian Government investment in climate change, water and the environment since the 2007-08 Budget is \$3.8 billion over the four years of the Budget (see Table 1.1 and 1.2 and Chart 1.1 and 1.2). A number of initiatives extend beyond the Forward Estimates.

CLIMATE CHANGE

The Australian Government's climate change strategy is built on three priorities: reducing Australia's greenhouse gas emissions; adapting to the impacts of climate change that we cannot avoid; and helping to shape a global solution.

The Australian Government has developed a comprehensive and strategic climate change response that will underpin Australia's future prosperity and sustainability. The Australian Government has delivered \$2.3 billion in funding for climate change related initiatives across government over the four years of the Budget and Forward Estimates. A number of initiatives extend beyond the Forward Estimates.

Through this Budget, the Government has provided \$59.0 million¹ over four years to the new Department of Climate Change to develop and implement the Australian Government's domestic and international climate change strategy. This includes \$37.3 million over four years in funding for the central element of the strategy – the design and implementation of an emissions trading scheme. It also includes funding to support Australia's participation as a full negotiating partner in all key international climate change forums.

The 2008-09 Budget includes \$467.0 million over five years for the Department of the Environment, Water, Heritage and the Arts to assist households and communities to take practical action to improve energy and water efficiency and reduce their environmental footprint. This brings total support for households and communities to \$1.0 billion.

To assist businesses reduce their greenhouse gas emissions, \$260.0 million will be invested in Clean Business Australia and the Clean Energy Innovation Centre, through the Department of Innovation, Industry, Science and Research. A further \$1.7 billion will be invested through the Department of Resources, Energy and Tourism and the Department of Innovation, Industry, Science and Resources to deliver initiatives to promote clean energy for a sustainable future.

¹ This figure includes \$37.3 million in funding for the establishment of an emissions trading scheme and \$21.7 million for other Departmental funding.

WATER

The Government understands that climate change means that we need to manage our water supplies better.

Through Water for the Future the Government is taking a national leadership role and is focusing on four water priorities – taking action on climate change; using water wisely; securing water supplies; and healthy rivers and waterways. Water for the Future will provide rural and urban Australians with solutions to address this complex problem.

An important part of this plan is the \$400.0 million that has been brought forward over the period 2007-08 to 2009-10 to address over-allocation and improve water efficiency in the Murray Darling Basin. This includes \$15.2 million in funding from the 2007-08 Additional Estimates.

Through this Budget, the Government is also investing more than \$1.5 billion in the development of new water supplies for our cities and towns to secure our water needs into the future.

The Water for the Future – National Urban Water and Desalination Plan will help cities to diversify their water supplies through desalination, recycling and stormwater harvesting – new sources of urban water supplies that are less dependent on the climate.

This is complemented by \$254.8 million in new funding to increase the security of water supplies in smaller cities and towns through the Water for the Future – National Water Security Plan for Cities and Towns. This initiative will fund new projects and upgrades to existing infrastructure.

The Government will also help Australians to take practical action in their own homes with the \$250.0 million Water for the Future – National Rainwater and Greywater Initiative. Eligible householders will be able to receive rebates of up to \$500 for the purchase and installation of rainwater tanks and greywater products.

This brings total expenditure on water reform in Australia, through Water for the Future, to \$12.9 billion over 10 years.

ENVIRONMENT

The Government recognises that protection of the environment is a critical foundation for a prosperous economy. The climate change and water measures outlined above form part of the Government's commitment to work towards genuine sustainability across the economy.

This Budget provides new funding of \$303.1 million over four years to meet this commitment, through a number of programs across portfolios.

Through the 2008-09 Budget, the Government is advancing its new \$2.2 billion Caring for our Country initiative to deliver an environment that is healthy, better protected, well managed, resilient and provides essential ecosystem services in a changing climate. Caring for our Country will deliver a new accountability to environmental management, with progress measured against tangible, identified outcomes.

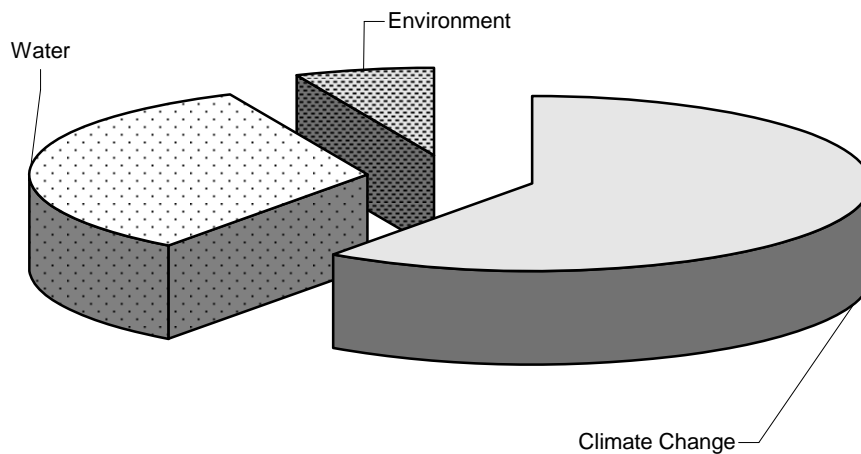
Funding includes a \$200.0 million rescue package for the Great Barrier Reef, \$180.0 million to boost the National Reserve System, \$10.0 million to tackle the cane toad menace and \$90.0 million for Indigenous rangers.

Table 1.1 2008-09 Budget climate change, water and environment expenditure

	2007-08 Additional Estimates	2008-09 Budget	Total
	\$bn	\$bn	\$bn
Climate Change	0.4	1.9	2.3
Water	-	1.2	1.2
Environment	0.0	0.3	0.3
Total	0.4	3.4	3.8

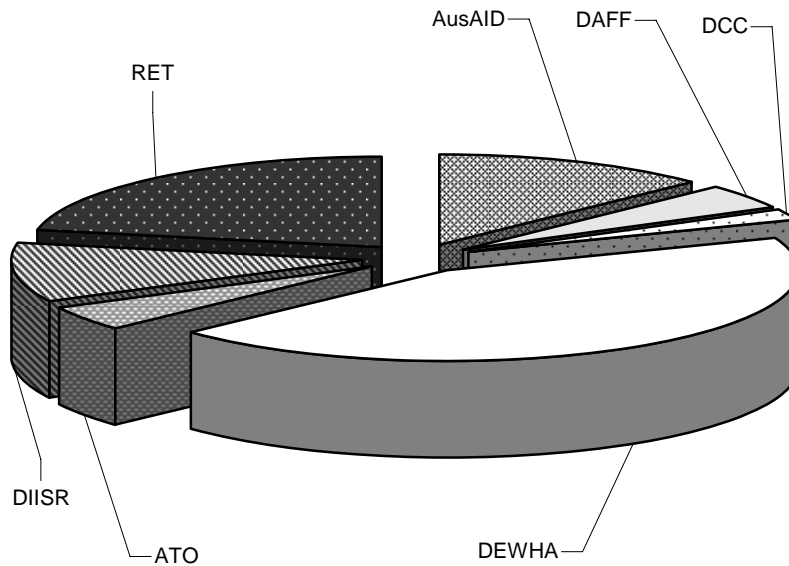
- Denotes nil

Chart 1.1 2008-09 Budget climate change, water and environment expenditure (total new funding of \$3.8 billion over four years)



Note: Represents new funding provided in the 2008-09 Budget for the period 2007-08 to 2011-12 across all Government Departments. This chart does not reflect Ministerial responsibilities.

Chart 1.2 2008-09 Budget major portfolio contributions to climate change, water and environment expenditure (total \$3.4 billion over five years)



Note: Represents total funding provided from 2008-09 Budget for the period 2007-08 to 2011-12. Does not include new funding of \$0.4 billion allocated through 2007-08 Additional Estimates.

Table 1.2 2008-09 Budget major portfolio contributions to climate change, water and environmental expenditure

Department/Agency	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	Total
AusAID	-	28.7	149.4	257.0	-	435.0
DAFF*	-	38.5	38.8	37.8	31.0	154.1
DCC	1.6	15.6	14.6	14.8	14.9	61.5
Defence	-	-	-	-	-	-
DEWHA	126.0	231.2	527.5	445.2	159.3	1489.3
ATO	-	-	29.0	49.0	77.0	155.0
DIISR*	-	46.5	81.9	63.3	148.3	360.0
RET	-	75.7	215.3	231.7	220.5	743.2
Total	127.6	436.2	1056.5	1098.8	651.0	3398.2

- Denotes nil

* Unprofiled funds are only included in the total figures.

CHAPTER 2: THE CHALLENGE

CLIMATE CHANGE

Scientific evidence indicates that climate change is occurring as a result of human activity. Scientific consensus is that the evidence is irrefutable.

Across the world there is increasing desertification, shrinkage of ice caps, instances of increased and prolonged drought and severe flooding. It is predicted that storms will become more severe and that rising sea levels will become a serious threat to low-lying nations.

Australia's economy and environment are highly susceptible to climate impacts. The Great Barrier Reef is sensitive to sea temperature rise and increased acidification of our oceans. Many of Australia's unique plants and animals rely on very particular conditions and Australia's agricultural industries depend on reliable rainfall. Many of our settlements and much of our infrastructure lie close to the coast, and confront particular challenges because of sea level rise, storm surge and coastal erosion.

Over the past decade, business and the community have taken the lead on this crucial issue. The Australian Government is now taking on its responsibilities.

Climate change is a global challenge that requires a global solution. In his first act as Prime Minister, the Hon Kevin Rudd MP ratified the Kyoto Protocol and led the Australian delegation to the United Nations climate change negotiations in Bali. Ratifying Kyoto sent a clear message that Australia is no longer part of the problem on climate change; we are now part of the solution. For the first time we are a full negotiating partner in all key international forums and Australia was instrumental in securing agreement on the Bali roadmap for the international community to agree on post-2012 action on climate change.

The Australian Government has committed to reduce Australia's greenhouse gas emissions by 60 per cent from 2000 levels by 2050 using emissions trading as the central policy instrument. Moving Australia onto a low emissions pathway will involve the most significant economic transformation in Australia since the trade liberalisation of the 1980s.

Climate change presents challenges, but also significant opportunities for new growth, innovation and a modern economy. Australia is well-endowed with resources to exploit developments in clean energy, and we have the scientific and engineering knowledge and capacity to deliver.

The Australian Government's strategy for climate change policy is built on three priorities: reducing Australia's greenhouse gas emissions; adapting to the impacts of

climate change that we cannot avoid; and helping to shape a global solution. On this basis we will begin moving towards a sustainable economic future.

WATER

Climate change is affecting the way we manage our water resources. Temperatures are rising, we are facing less rainfall, and the flows into Australia's rivers and water storages are declining, resulting in ongoing water shortages in many parts of Australia.

There is evidence to suggest that in the last two decades, Australia's average temperatures have been warmer and that temperatures could rise another one to five degrees by 2070. In those circumstances, Australia's most populated regions face an ongoing shortage of water unless action is taken. This is now a priority for the Australian Government.

In the Murray Darling Basin, for example, the effects of over-allocation, drought and climate change have led to the current water crisis. It is a crisis for irrigated agriculture, a crisis for communities, and a crisis for the health of the rivers. All communities who rely on the Murray are only too aware of how serious this situation has become – which is why national leadership is required.

During the recent drought, a number of our cities and towns have faced water shortages and water restrictions. States are making progress with new investment in domestic water supplies, but national leadership is needed to ensure that underlying issues such as planning and investment frameworks are ready to cope with the challenges of the future.

The Government's Water for the Future will focus on four priorities: taking action on climate change; using water wisely; securing water supplies; and healthy rivers and waterways.

ENVIRONMENT

Climate change is a major threat to Australia's unique natural environment. However, it is not the only one. Our biodiversity, our clean air, our fresh water, our oceans, landscapes and special places are also under threat from the long standing impacts of land clearing, urban development, pollution, and the unsustainable use of our natural resources.

Over the past decade, Australia has failed to invest in the resilience of our landscapes and native species, and it has been difficult to point to tangible outcomes of government spending.

Under the *Environment Protection and Biodiversity Conservation Act 1999* the Australian Government Minister for the Environment is required to table a report on the state of the Australian environment every five years. The third Australian State of the Environment (SoE) report was released in 2006. The independent committee responsible for producing this report concluded that:

'It is still not possible to give a comprehensive national picture of the state of Australia's environment because of the lack of accurate, nationally consistent environmental data.'

Previous approaches to environmental management in Australia have proven to be ad hoc and inefficient. There has been a failure to ensure investment is targeted to deliver the best results for the environment. In addition, administration costs for delivering major environmental programs have been excessive, diverting much needed funds from where they were most needed, to deliver practical, on the ground action.

Independent evaluations and reviews of the former government's natural resource management programs identified many inadequacies. The Australian National Audit Office concluded in February 2008 that there was room for significant improvement in key areas such as targeting investments and measuring outcomes.

In 2007, the Organisation for Economic Cooperation and Development (OECD) prepared a comprehensive report on environmental management in Australia, which highlighted the gaps in Australia's efforts to protect native species and questioned the adequacy of the size of Australia's terrestrial and marine areas under formal protection.

This independent report, together with the findings of the 2006 State of the Environment Report, demonstrates the need for urgent and decisive action in order to protect and conserve our precious environment.

CHAPTER 3: A NEW APPROACH TO CLIMATE CHANGE, WATER AND THE ENVIRONMENT

CLIMATE CHANGE

The Australian Government recognises its responsibility and is committed to undertaking significant action on climate change. The Government's climate change policy is built on three priorities: reducing Australia's greenhouse gas emissions; adapting to climate change that we cannot avoid; and helping to shape a global solution. The Government is moving quickly to implement this policy framework.

Reducing Australia's greenhouse gas emissions

The Government is committed to a target of reducing emissions by 60 per cent of 2000 levels by 2050 and will set a medium-term target this year, informed by economic modelling from the Australian Treasury and the independent Garnaut Climate Change Review.

In developing its strategy to achieve deep reductions in emissions, the Government is conscious of the economic challenges facing Australia. While the fundamentals of Australia's economy remain strong, inflation is currently above the Reserve Bank's target band, and there are uncertainties around the global economic outlook. Faced with these challenges, the Government is committed to responsible economic management, which includes a prudent and disciplined approach to fiscal policy.

The Government will work to reduce emissions at least cost in an equitable way and with the greatest potential to drive growth, create jobs and develop new industries. This is the reason that emissions trading is the central element of the Government's efforts to reduce emissions.

The expanded Renewable Energy Target will accelerate the use of renewable energy, driving cost reductions by encouraging economies of scale. The Government will also support households, communities and businesses to reduce their emissions and adjust to future carbon constraints, including by encouraging the adoption of measures, such as energy efficiency.

The Government will also support critical research and development into new low emissions technologies such as advanced renewable and fossil fuel technologies.

Adapting to climate change that we cannot avoid

Climate change resulting from human influences is already underway, so Australia needs to prepare itself for the inevitable changes already locked into the climate

system. This will involve far reaching impacts on our economy, human amenity and our environment.

In recognition of this, the Government is supporting efforts to improve information as well as preparing industries, particularly primary industries, for the future impact of climate change.

Helping to shape a global solution

The first act of the Rudd Government was to ratify the Kyoto Protocol. Ratifying Kyoto sent a clear message that Australia is no longer part of the problem on climate change; we are now part of the solution. This has meant that for the first time Australia is a full negotiating partner in all key international forums. The Government is committed to working towards a post-2012 agreement for addressing climate change that is equitable and effective, and that includes agreement on a long-term global goal for emissions reductions.

Achieving an effective global agreement will not be easy. Any post-2012 approach needs to secure widespread agreement of countries with diverse interests. Nevertheless, the Government is committed to working through these multilateral negotiations toward an effective global agreement. In working toward that agreement, Australia understands that the developed world has to lead and Australia's commitment to making substantial cuts to domestic emissions underlines that leadership.

All major emitters must take action to reduce global emissions to a level that avoids dangerous climate change, although developing countries are likely to take on different kinds of obligations than developed countries. The Government is also providing support to assist countries in Australia's region where communities are at significant risk from the impacts of climate change.

WATER

The Australian Government will work in close cooperation with the States on water policy and play a leading role through Water for the Future.

National leadership means leadership across the whole country to address the challenges faced by all Australians – whether they are irrigation communities or suburban households. It means protecting the rivers that provide our water and investing wisely to get the best results for all Australians.

National leadership means preparing Australia for the challenges of the future and the Government is providing that leadership by focusing on four water priorities – taking action on climate change; using water wisely; securing water supplies and healthy rivers and waterways.

Taking action on climate change

The signs that the Australian climate is changing due to human influences are now becoming clearer. The trend towards drying in southern Australia began in the west where flows into water storages around Perth have dropped by an alarming two thirds since the 1980s due to less rainfall and impacts of land use change.

Earlier this year, the Bureau of Meteorology reported that 2007 was the sixth warmest year on record, and that 16 of the last 18 years have been warmer than the long term average in Australia. It also told us that 2007 was the hottest year on record in the Murray Darling Basin, New South Wales, Victoria, and South Australia. In the Murray Darling Basin, the total flows into the system were about 2,100 billion litres in 2007 – the third lowest year in 116 years of records, with the lowest year on record in 2006. Together, this was the lowest ever recorded two year period, representing just 15 per cent of the long term average.

Looking to the future, the Commonwealth Scientific and Industrial Research Organisation (CSIRO) projects that temperatures will rise another one to five degrees by 2070. In those circumstances, and without a concerted effort, Australia's most populated regions face an ongoing shortage of natural water supply.

This is why climate change will be at the heart of everything the Government does on water. A failure to understand and respond to the impacts of climate change on our water supply will have serious consequences for our rural and urban communities.

State governments around the country have recognised this, which is why they are investing in recycling and stormwater harvesting. And it is why desalination plants will be operational in Perth, Adelaide, Melbourne, Sydney and South-East Queensland within the next five years.

The Australian Government has a key role to play in leading the battle against climate change, both in Australia and overseas. The Government also needs to help in building the scientific and technical expertise to understand how much water our national river and groundwater systems are capable of providing into the future.

The CSIRO has been modelling a range of scenarios to look at the impacts that climate change and other factors – such as current and future groundwater use, plantation forestry and farm dam development – will have in the Murray Darling Basin.

Over the next 18 months, the technical expertise brought by CSIRO to this project will be brought to bear in assessments of water for other priority areas nationally, including northern Australia, Tasmania and south-west Western Australia.

The work that the Australian Government is doing on climate change, both globally and in Australia, is fundamental to the question of long-term water security.

Using water wisely

The Murray Darling Basin supports around 70 per cent of Australia's irrigated agriculture. In the process, however, an average of 2,000 billion litres of water is lost each year in the Basin through inefficient storage and delivery systems. That is equivalent to approximately twice the combined water usage of Sydney and Melbourne each year.

As a part of the ground-breaking Memorandum of Understanding reached by the Prime Minister and Premiers of the Basin States at the 26 March 2008 Council of Australian Governments meeting – the Australian Government agreed to undertake a due diligence analysis with a view to providing up to \$1.0 billion for Stage 2 of the Food Bowl Modernisation Project in Victoria's Goulburn Valley. Under the Government's Sustainable Rural Water Use and Infrastructure program, similar projects will be developed in the Basin and elsewhere.

In urban areas, the Australian Government will invest \$250.0 million in a rainwater and greywater program to help families invest in saving water at home. There is also much we can do in terms of supporting water smart design – and the Government will provide \$254.8 million for new and replacement water infrastructure in our cities and towns.

In recent years, State governments have taken the tough and often unpopular decision to enforce water restrictions. Nobody wants to be told when and how they can use water, but many people are finding out that saving water around the home can be easy to achieve, through using efficient appliances like washing machines and low flow shower heads. In Melbourne, people are now using 34 per cent less water per person than they were in the 1990s. Water conservation in our everyday lives is an important part of the ongoing solution.

Securing water supplies

The Government will help develop new water supplies for our growing cities and towns in order to diversify their water supplies and reduce reliance on rain-fed water catchments. Desalination, recycling and stormwater reuse all reduce our reliance on water sourced from rivers and groundwater systems. In addition, connecting water supply grids helps to spread the risks of more localised droughts.

In Ballarat, the Goldfields Superpipe – for which the Australian Government has provided \$90.0 million² – is linking the local water supply to the much bigger Goulburn system. Ballarat received only three per cent of its usual flows in 2006 when the Goldfields Superpipe project commenced. The Superpipe is expected to be complete by the end of June 2008. Without this measure, Ballarat was at risk of running out of water.

² Funded from Water Smart Australia.

The Government's \$1.0 billion Water for the Future – National Urban Water and Desalination Plan will support a range of new water supply initiatives, and will be used to leverage further urban water reform by the States.

Healthy rivers and waterways

Healthy rivers support healthy communities and strong economies. They provide habitat for aquatic plants and animals and protect waterways against algal blooms and salinity which reduce our ability to use the water. In addition, they also support regional economies through industries such as tourism, recreational fishing and sport.

A priority for achieving healthy rivers is to address overallocation in the Murray Darling Basin. Following the agreement reached at the Council of Australian Governments meeting on 26 March 2008, an independent Murray Darling Basin Authority is to be established to develop a whole of Basin Plan in consultation with states and the Basin community. For the first time, there will be a sustainable cap set on surface and groundwater extractions in the Basin, and this will be legally enforceable. The new cap will become binding on states as their existing water resource plans expire over the coming years.

To help water users manage the transition to more sustainable water allocations, the Government is supporting two key actions. Firstly, the Government will be active in the water market purchasing entitlements from willing sellers, at a fair market price, under the Restoring the Balance in the Basin program. Savings will be returned to the Basin rivers, and managed by a new Commonwealth Environmental Water Holder.

Secondly, the Government will invest in more efficient infrastructure – in partnership with State governments and landholders.

ENVIRONMENT

This Government has a proactive agenda to pursue sustainability across the economy and to measure rigorously how well we are performing.

This Budget not only responds to emerging challenges – it invests in maintaining and sustaining a healthy and productive environment. And it does this at every level, from national reform in managing water and land management to support for householders taking action at home.

A key element of the Government's sustainability agenda is the \$2.2 billion Caring for our Country program. Caring for our Country will focus on six national priorities of the Australian Government: the National Reserve System, biodiversity and natural icons, coastal environments and aquatic habitats, sustainable farm practices, natural resource management in remote and northern Australia and community skills, knowledge and engagement.

Under Caring for our Country, the Australian Government is bringing together the delivery of four national programs – the Natural Heritage Trust, the National Landcare program, the Environmental Stewardship program and the Working on Country Indigenous Land and Environmental program.

It will take a business approach to investment, having clear outcomes and priorities. It will be less bureaucratic and more accountable, with the Prime Minister being asked to approve a set of clear and measurable outcomes for the first five years of the program by the end of June 2008.

National Reserve System

The Government will boost funding for the National Reserve System with \$180.0 million over five years as part of Caring for our Country. The National Reserve System, often referred to as nature's safety net in the face of climate change, will help to conserve Australia's distinctive landscapes, plants and animals through a comprehensive, adequate and representative system of reserves across Australia.

Biodiversity and natural icons

The Government has acknowledged the need to take action to protect our biodiversity and natural icons beyond the National Reserve System. Priorities for Government funding will include protecting world heritage areas, tackling the impact of weeds and feral animals in protected areas, delivering the Great Barrier Reef Rescue package, and improving outcomes for nationally threatened species and communities.

Coastal environments and critical aquatic habitats

Our coastal environments and critical aquatic habitats face a range of threats. The Government will deliver outcomes for these important areas – for example the protection and rehabilitation of dunes, improvement of the water quality discharged into coastal environments, and the protection of Ramsar wetlands.

Sustainable farm practices

The Government has committed to building on the success of the Landcare program to change on-farm land management practices to improve the delivery of ecosystem services and production, and assist farmers and primary industries to reduce their contributions to greenhouse gas emissions.

Natural resource management in remote and northern Australia

The Government will secure better environmental and natural resource outcomes in remote and northern Australia, particularly for Indigenous groups.

The Government will commit \$50.0 million for Indigenous protected areas and \$90.0 million for the employment of up to an additional 300 Indigenous rangers.

Community skills, knowledge and engagement

Communities have an important role to play in managing our natural resources. This priority area will invest in the skills and knowledge of Indigenous Australia, volunteers and communities to enable them to partner more effectively with regional and other organisations to deliver landscape-scale change.

CHAPTER 4: CLIMATE CHANGE, WATER AND THE ENVIRONMENT PRIORITIES AND NEW INITIATIVES

CLIMATE CHANGE

Australia's climate change strategy

The Australian Government has established the Department of Climate Change within the Prime Minister's portfolio to deliver Australia's climate change strategy at a cost of \$59.0 million over four years. This funding is to establish a Department of State dedicated to developing and implementing the Government's climate change agenda and leading Government action on emissions trading, the renewable energy target, and an expanded role in international climate change negotiations.

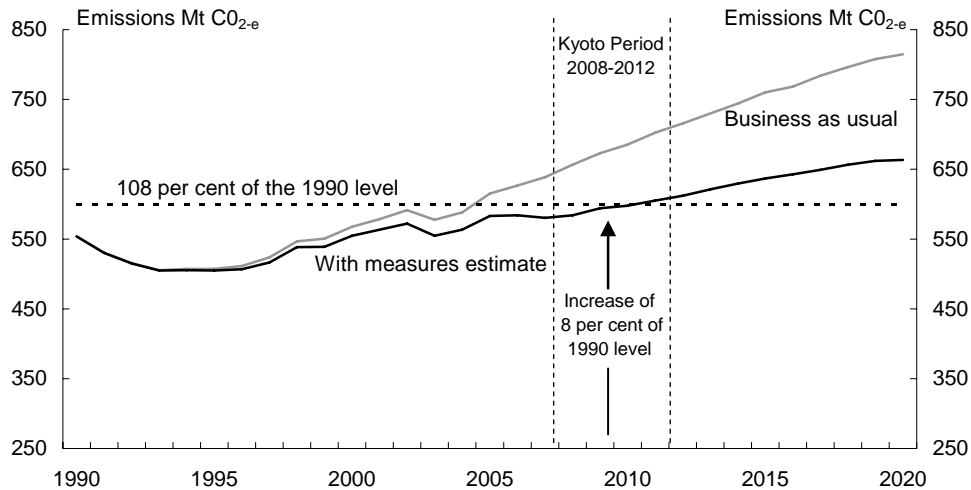
The Rudd Government has delivered \$2.3 billion in funding to tackle climate change through initiatives across government over the four years of this Budget and the Forward Estimates. A number of initiatives extend beyond the Forward Estimates.

The independent review being undertaken by one of Australia's most eminent economists, Professor Ross Garnaut, was commissioned in April 2007 by State and Territory First Ministers and Federal Labor, to examine the impacts of climate change on the Australian economy, and recommend medium to long-term policy options. The Department of Climate Change will be provided with \$2.3 million over two years from this Budget to support the Garnaut Review. This Review will be an important contribution to the Australian Government's thinking on a range of climate change policy issues.

Reducing Australia's greenhouse gas emissions

The Australian Government is committed to a target of reducing emissions by 60 per cent of 2000 levels by 2050 and will set a medium-term target later this year. Chart 4.1 shows the existing projections of greenhouse gas emissions through the Kyoto period, which in the absence of actions to reduce emissions were projected to be 124 per cent of 1990 levels.

Chart 4.1 Australia's Greenhouse Gas Emissions to 2020



Source: 2007 *Tracking to the Kyoto Target* publication, February 2008, Department of Climate Change: www.climatechange.gov.au/projections

The Australian Government is committed to reducing emissions at least cost in an equitable way, and with greatest potential to drive new growth, create jobs and develop new industries.

The centre-piece of the Australian Government's climate change policy is the introduction of a 'cap-and-trade' emissions trading scheme in 2010. In the first stage of the scheme's establishment, funding of \$31.6 million over four years has been provided to undertake comprehensive analysis in order to design the scheme in a way that maximises the benefit of this reform for Australia. This funding was allocated in the 2007-08 Additional Estimates to the Department of Climate Change, the Treasury, the Australian Bureau of Statistics, the Department of the Prime Minister and Cabinet and the Department of Agriculture, Fisheries and Forestry.

In this Budget, an additional \$37.3 million over four years will be provided to the Department of Climate Change to continue this work.

\$37.3 million to Establish an Emissions Trading Scheme

The Australian Government will spend the additional \$37.3 million over four years to develop an emissions trading scheme as the central response to reducing Australia's greenhouse gas emissions.

The scheme will be designed to place Australia on a path of low carbon emissions in a way that best manages the economic impacts of this transition, while assuring our ongoing prosperity.

Consultation with industry and non-government organisations is underway to provide input into the development of an emissions trading Green Paper, scheduled for release in July 2008. Following the release of the Green Paper, there will be further consultation with the community on the design of the emissions trading scheme.

The scheme will have maximal coverage of greenhouse gases and sectors, to the extent that this is practical.

The Government is committed to developing measures to assist households, particularly low income households, to adjust to the impact of carbon prices. The Government will also be addressing the impacts on emissions-intensive trade-exposed industries and other industries strongly affected by a carbon price.

Recognising that emissions trading alone will not enable Australia to achieve its reduction goals, the Government will also invest in complementary measures to encourage research and development, increase the use of low emissions technologies and address market failures, such as in the area of energy efficiency.

The Australian Government is committed to bringing energy and water efficiency into the mainstream, providing Australians with cost-effective solutions to reduce their environmental footprint. The Government's policies are intended to help households, businesses and the energy services industry move beyond current barriers like high up-front costs and poor information, increasing access to the whole-of-life benefits of energy and water efficiency improvements.

Government leading by example

The Australian Government recognises that it has a capacity to significantly influence markets for low emission technologies through its considerable purchasing power. The Government is committed to lead by example with a range of initiatives, including encouraging its agencies in the Australian Capital Territory to source 10 per cent of their electricity use from renewable energy. Currently, around 50 agencies have signed up to this agreement. At its John Gorton Building, the Department of the Environment, Water, Heritage and the Arts is purchasing 100 per cent Green Power.

The Government has also established a whole-of-government taskforce to work on ways to reduce greenhouse gas emissions, waste, energy and water use in Government operations, as well as the sustainable use of Commonwealth land. Known as the Inter-Departmental Committee on Government Leadership in Sustainability, the taskforce will report to the Prime Minister in June 2008, with an ongoing role in overseeing the implementation of Government action on sustainability.

The Department of Defence is allocating \$8.0 million from its existing budget to progress a Combat Climate Change program to reduce energy consumption in its own operations. The program will increase awareness of energy efficiency and identify and implement energy, water and waste efficiency projects and initiatives.

Recognising that the solution to climate change will require involvement from the wider community, the Government is implementing a range of initiatives to assist households, schools and communities to take up the challenge of reducing their greenhouse gas emissions.

Sustainable homes

This Budget includes \$300.0 million over the next five years to provide Green Loans for Australian households. Low interest green loans of up to \$10,000 will be available to assist families to install solar, water, and energy efficient products. Households will also receive a Green Renovation Pack and a sustainability assessment, identifying potential energy and water actions, complete with estimated savings to household bills and the environmental benefits. It is expected that cost-effective greenhouse gas abatement will be delivered to up to 200,000 existing households.

In the 2007-08 Additional Estimates³, the Government also invested \$252.2 million over five years to encourage the domestic use of solar and heat pump hot water systems in eligible Australian homes under the Solar Hot Water Rebate program and a further \$7.9 million over four years, from existing resources, to phase out inefficient hot water systems. This will help consumers save on their energy bills and help reduce the exposure of Australian families to energy price rises.

The Government is also investing \$150.0 million in the Tackling Climate Change - Solar Homes and Communities Plan⁴ to encourage the installation of solar power systems. The Budget brings forward \$25.6 million to increase the original allocation for the program in 2008-09 to \$56.6 million. This measure provides rebates of \$8,000 per installation for 6,000 households in 2008-09. In addition, the Government is also ensuring that rebates get to the households that need them most through the introduction of a means test. Consistent with the Solar Hot Water Rebate, only households with an annual taxable income of less than \$100,000 are eligible for the

³ This measure was included in the Mid-year Economic and Fiscal Outlook 2007-08.

⁴ Previously called the Photovoltaic Rebate Program.

rebates. The installation of solar power systems will reduce power bills and cut greenhouse gas emissions.

An additional \$150.0 million over five years will be provided in this Budget to the Tackling Climate Change - Low Emission Plan for Renters program. The program will provide rebates to accelerate the installation of insulation in up to 300,000 rental households, assisting landlords overcome the initial cost barrier and reduce the energy bills for Australian renters.

To make it easier to access these programs, the Government has committed new funding of \$3.0 million over three years to set up a One Stop Green Shop which will link schools, businesses and families to all Commonwealth, state and territory, and local government household efficiency programs through a single, user friendly government web portal. This continues the Australian Government's commitment to engage Australian households on opportunities to reduce household greenhouse gas emissions.

This Budget allocates \$14.0 million over four years to the Tackling Climate Change - Energy Efficiency of Electrical Appliances measure to help families identify the most energy efficient and cost effective appliances for their homes with a 10-star appliance rating system. This extends the current six-star Energy Rating Label to encourage industry to bring super-efficient products into the market place. The Government will extend the existing Minimum Energy Performance Standards program to harness cost-effective emissions reductions as well as energy efficiency opportunities.

Sustainable communities

Ensuring a sustainable future for Australia requires educating future generations and assisting communities to reduce their greenhouse gas emissions. The Government has committed more than \$500.0 million for schools and communities to encourage them to reduce their impact on the environment, including through actions to reduce emissions.

The Government is supporting practical action in our schools to tackle climate change by providing grants of up to \$50,000 for schools to install a wide variety of energy and water saving measures. Through the 2007-08 Additional Estimates, the Government has allocated \$480.6 million over eight years to ensure all our schools can become solar schools. Schools will benefit from reduced energy and water bills, and the initiative will play an important role in raising awareness of clean energy technologies in our communities.

Under the Tackling Climate Change - Solar Cities measure, \$18.8 million was provided in the 2007-08 Additional Estimates to develop new Solar Cities trials in Perth and Coburg. The information collected through these projects will help families better manage their energy use and save money, while creating opportunities for industry to develop and test innovative new sustainable energy options. Solar Cities will also

demonstrate how new approaches to energy efficiency, such as solar power and smart meters, can combine to provide a sustainable energy future in urban Australia.

As part of the 2007-08 Additional Estimates, the Government will invest \$15.0 million over four years towards the establishment of Green Precincts, with \$6.2 million over three years initially provided in new funding, and the remaining \$8.8 million to be funded from the Water for the Future – National Water Security Plan for Cities and Towns. The measure will support the development of at least 10 high profile Green Precincts around Australia by investing in demonstration projects that ensure water and energy saving initiatives are in the public eye.

The Deception Bay community in Queensland will directly benefit from the Budget with a \$0.3 million grant provided from existing resources to install solar heating panels on the Deception Bay Police Citizens Youth Club. These panels will provide water heating to the Deception Bay Pool and be a tangible demonstration to the community of what can be done without additional carbon emissions.

These household and community measures will be administered by the Department of the Environment, Water, Heritage and the Arts.

Clean businesses

The Budget provides a range of measures which focus on encouraging Australian businesses to reduce their impact on the environment, and in particular their greenhouse gas emissions. These new measures will not only demonstrate to Australian business the benefits of capturing efficiencies but will also reduce Australia's emissions and have a positive impact on our economy.

This Budget provides \$260.0 million over four years to the Department of Innovation, Industry, Research and Science to establish a number of initiatives to assist Australian businesses to be more efficient in their operations.

One of these initiatives is the Tackling Climate Change - Clean Business Australia - Green Building Fund. The Government will invest \$90.0 million to reduce greenhouse gas emissions and improve energy efficiency in existing buildings through refurbishment. Building performance will be optimised by updating lighting, heating, ventilation, and air conditioning systems. Applications for funding will be assessed on a competitive basis, with up to \$200,000 per building available.

The Government will also assist Australian manufacturers to improve the efficiency of their production processes, reduce their environmental footprint and cut greenhouse emissions through the \$75.0 million Tackling Climate Change - Clean Business Australia - Re-tooling for Climate Change program. Small and medium sized companies will be eligible for grants of between \$10,000 and \$500,000 for up to a third of the cost of each project. Applications for bigger grants or from large manufacturers will be considered. These grants will assist manufacturers undertake a range of

actions, including cutting water usage, improving water recycling, capturing and re-using waste energy and improving energy efficiency.

The Government has also committed in this Budget to a Tackling Climate Change - Clean Business Australia - Climate Ready program which will provide \$75.0 million over four years in grant funding to assist small and medium sized companies specialising in water recycling, waste recovery, and green building materials to develop their products. The program supports the research, development and early-stage commercialisation of clean, green technologies in Australia to save energy and water, reduce pollution, and use waste products in innovative ways.

As part of the \$200.0 million over four years Enterprise Connect network, the Government is investing \$20.0 million on a sector specific centre. The Tackling Climate Change - Clean Energy Innovation Centre will provide business improvement services to small and medium sized clean energy enterprises. The measure will assist small and medium sized clean energy companies to improve their performance by providing business advice, practical assistance, access to specialist equipment and better access to export support.

Clean energy for a sustainable future

The Australian Government understands that a carbon constrained future will require significant transformations in the way Australia uses energy. Not only will energy efficiency measures need to be more widely adopted, but in a future economy with a carbon price, it is evident that new clean energy technologies will play a far greater role in our energy supply.

To this end, the Government has committed to achieving a 20 per cent share of renewable energy in Australia's electricity supply by 2020. To deliver on this commitment, the Government is providing the Office of the Renewable Energy Regulator through the 2007-08 Additional Estimates with \$15.5 million over five years to administer the national Renewable Energy Target. The target will expand on the current Mandatory Renewable Energy Target scheme and roll in the existing and proposed State and Territory renewable energy targets. The measure will be phased out between 2020 and 2030, as Australia's emissions trading scheme matures.

The Department of Climate Change is playing a central role in the design of the national Renewable Energy Target measure and is working co-operatively with the states and territories to implement the national Renewable Energy Target under the Working Group on Climate Change and Water established through the Council of Australian Governments. The design work is to be completed in September 2008, and legislation put in place in 2009.

The national Renewable Energy Target will guarantee a market for renewable energy. The new target is for 45,000 gigawatt hours of renewable electricity in 2020. This will increase deployment of renewable electricity generation capacity particularly in regional areas, and reduce the intensity of greenhouse gas emissions from Australia's

electricity sector. As the scale of deployment of renewable energy technologies increases, it is expected that the relative cost of these technologies would fall.

The Australian Government is taking a leadership role in carbon capture and storage technologies, renewable and other clean energy supply and energy saving technologies, through direct funding and in partnership with Australian industry. The Department of Resources, Energy and Tourism is being provided with almost \$1.2 billion to support energy technologies.

Through the Tackling Climate Change - Energy Innovation Fund, the Government will invest \$150.0 million over four years to focus on developing clean energy research and development capabilities in Australia. Of this, \$100.0 million will be allocated for solar thermal and photovoltaic research and development, including the establishment of an Australian Solar Institute; and \$50.0 million will be committed for research into clean energy technologies in areas such as energy efficiency, energy storage and hydrogen transport fuels.

The Government is investing \$500.0 million over seven years in a Tackling Climate Change - National Clean Coal Fund to establish and support a coordinated national strategy aimed at bringing forward the commercial availability and deployment of technologies that will achieve large scale reductions in greenhouse gas emissions from future coal power generation in Australia. The Initiative will support the research programs, demonstration projects, and the provision of infrastructure and carbon dioxide storage sites that Australia will need to accelerate the development and deployment of these technologies.

In addition, the Government's Tackling Climate Change - Renewable Energy Fund provides \$500.0 million over seven years to specifically expand and accelerate the development, commercialisation and deployment of a range of renewable technologies in Australia. Demonstration projects will take technology from the laboratory to the ground, helping to prove a project's viability on a technical and economic basis, attracting further investment to support renewable energy technology. The measure has the potential to develop a range of renewable energy technologies, with funding already pledged to support geothermal energy advancement through a \$50.0 million Geothermal Drilling program.

Recognising that greenhouse gas emissions from transport contributes significantly to Australia's emissions profile, the Government is committing \$500.0 million over five years from 2011-12 to the Department of Innovation, Industry, Science and Research to establish a Tackling Climate Change - Green Car Innovation Fund. The Fund will encourage the Australian automotive industry to develop and manufacture low emissions cars and will assist Australia to meet the challenge of climate change while maintaining critical automotive industry jobs. The measure will generate \$2.0 billion in investment with industry being asked to match the Government contribution on a three-to-one dollar basis.

Adapting to climate change we cannot avoid

Expert scientific evidence confirms that human activity is altering the climate and this will likely lead to impacts on rainfall, water availability, temperatures, bushfire frequency, health, heritage, and biodiversity for current and future generations.

Early and effective adaptation to potential climate change impacts can help minimise risks, generate economic benefits, and reduce the costs associated with the effects of climate change that are already occurring. This Budget provides \$138.2 million over four years to gather data on the impacts of climate change on Australia and its unique environment and to begin the challenging process of adaptation.

Over recent years Australia has experienced one of the worst droughts on record. Predictions are that with climate change, droughts will be more frequent and of longer duration. Given that a large proportion of Australia's economy depends on the output of our primary industries, the Government recognises the importance of preparing these industries for the future impact of climate change.

Through this Budget, the Government has committed to help our farmers through the Tackling Climate Change - Australia's Farming Future initiative by providing \$130.0 million over four years to deliver three major components: the Climate Change and Productivity Research program, the Climate Change Adaptation Partnerships program, and the Climate Change Adjustment program. Tackling Climate Change - Australia's Farming Future will improve the ability of primary producers to adapt and respond to climate change. It will deliver high quality research and development, technological solutions to address adaptation and mitigation challenges and assist primary producers to understand the commercial implications of climate change and facilitate adjustment. This measure will be administered by the Department of Agriculture, Fisheries and Forestry.

The Government has allocated \$20.0 million over three years for the Australia's Forest Industry – Preparing for the Future initiative. Under this initiative, the Budget will provide \$8.0 million to better prepare for climate change, including the development of a Forestry Adaptation Action Plan and assessment of capacity for forests to sequester carbon. The Forestry Adaptation Action Plan will address major knowledge gaps about the impacts of climate change on forestry, identify key impacts, vulnerabilities and research priorities; develop potential adaptation tools and strategies in collaboration with industry and ensure integration of climate change strategies.

In addition, the Government is providing \$0.2 million for the Tackling Climate Change – climate change adaptation strategies for the Shire of Serpentine, Jarrahdale and the City of Mandurah (Peel-Kwinana Growth Corridor), Western Australia - contribution. This funding, which will be administered by the Department of Climate Change, will be used for the application of climate change adaptation strategies to existing policies in the Shire of Serpentine Jarrahdale and the City of Mandurah. This measure is a pilot

project for other local government areas across Australia looking for ways to deal with the impacts of climate change.

Helping to shape a global solution

With the Government's ratification of the Kyoto Protocol, the international climate change agenda has dramatically increased. This Budget will boost the Government's ability to meet its international obligations as well as helping our Asia-Pacific neighbours adapt to the impacts of climate change.

As part of the \$59.0 million funding to establish the Department of Climate Change the Government is supporting Australia's participation in Kyoto Protocol negotiations and the new 'Bali Roadmap' negotiations under the United Nations Framework Convention on Climate Change, launched in Bali in 2007.

In addition, the Government is investing \$150.0 million over three years⁵ in the Tackling Climate Change - Adaptation to Climate Change Initiative to strengthen climate change adaptation, focussing on countries in Australia's region where communities are at significant risk from the impacts of climate change. This initiative will look at improving the information basis for appropriate climate change responses across the region as well as building the capacity of developing country partners to manage and implement practical adaptation activities. The Australian Agency for International Development (AusAID) will manage this initiative in consultation with the Department of Climate Change.

WATER

The Government is committed to providing national leadership on water for both rural and urban Australians under the \$12.9 billion Water for the Future measure. This includes \$1.5 billion in new funding under this Budget.

Since coming to office, the Government has made significant progress in preparing for Australia's water challenges.

For the first time, the Government has directly purchased water in the Murray Darling Basin to return to the rivers as environmental flows. In addition, a historic and fundamental change to the way the Murray Darling Basin is managed has been agreed with the States.

The 2008-09 Budget sets out a range of measures to continue delivering in the Government's four key areas of priority: taking action on climate change, using water wisely, securing supplies and healthy rivers.

⁵ \$15.0 million absorbed within existing resources of the aid program.

This Budget also delivers the Government's commitment to bring forward investment in the Murray Darling Basin. This \$400.0 million, including \$15.2 million announced in the 2007-08 Additional Estimates, will be used over 2007-08 to 2009-10 for water efficiency measures and buying water entitlements.

New arrangements for managing the Murray Darling Basin

Following the Memorandum of Understanding agreed by First Ministers on 26 March 2008, the functions of the existing Murray Darling Basin Commission will transfer to the soon to be established independent Murray Darling Basin Authority. This will be in addition to the other aspects of reform set out in the *Water Act 2007*, including water planning and regulatory functions.

The Murray Darling Basin Authority will develop the first Basin Plan by 2011, including the first ever sustainable cap on the amount of water taken from rivers and groundwater systems in the Basin. The Basin Plan will also identify Basin-wide environmental and water quality outcomes.

The Australian Competition and Consumer Commission will develop and regulate market and water charging rules for the Basin, to ensure a competitively neutral environment for water trading.

For the first time, the Basin Plan will also address the issue of providing water to meet critical human needs within the Basin.

Sustainable rural water use and infrastructure

Using water wisely is a key priority for the Government in both rural and urban Australia. Around 2,000 billion litres of water is lost each year in the Basin from inefficient storages and leaky channel systems. By upgrading outdated infrastructure, this water can be returned to the rivers and irrigators.

Subject to a due diligence study, the Government has committed up to \$1.0 billion to Stage 2 of the Victorian Food Bowl project, expected to deliver around 100 billion litres for the River Murray and an equivalent volume of water to benefit irrigators and help them deal with the challenges of climate change.

Similar water efficiency projects from other Basin jurisdictions, including private irrigation companies, will also be considered in due course under the \$5.8 billion over 10 years Sustainable Rural Water Use and Infrastructure program.

Before the Australian Government invests in priority projects in the Murray Darling Basin, those projects will need to demonstrate their ability to deliver value for money and achieve substantial and lasting returns of water to secure real improvements in river health. Projects must also be capable of contributing to a long term, sustainable

future for regional economies and communities in the context of climate change and reduced water availability into the future.

Restoring the balance in the Murray Darling Basin

In February 2008, the Government commenced a water purchase program in the Murray Darling Basin. This program is the first direct purchase of water by an Australian Government and is a key measure in supporting healthy rivers. Water purchased by the Australian Government will be held by the newly established Commonwealth Environmental Water Holder and used to deliver the environmental priorities that will be set out in the new Basin Plan.

The \$3.1 billion over 10 years Restoring the Balance in the Murray Darling Basin program will continue to purchase water in the Basin.

The Government is also delivering the election commitment to provide \$50.0 million to improve environmental flows in the Snowy River.

Improving water information

The lack of public information about water in Australia, and the absence of particular standards over how it is reported, is an ongoing barrier to better management of the resource.

Under the *Water Act 2007*, the Bureau of Meteorology has been given new responsibilities to collect water information nationally and develop a set of national water accounts. The Government provides funding of \$449.9 million over 10 years to achieve this important activity.

National urban water reform program

The Australian Government will help secure the water supplies of Australia's major cities, through a \$1.0 billion investment in the Water for the Future – National Urban Water and Desalination Plan. This funding will be administered through the Department of the Environment, Water, Heritage and the Arts and the Australian Taxation Office and will generate investment in Australia's urban water infrastructure and support desalination projects, water recycling and major stormwater capturing projects nationwide.

Through the \$254.8 million over five years Water for the Future – National Water Security Plan for Cities and Towns program the Australian Government is investing in new infrastructure and upgrades to older pipes and water systems, to increase the security of urban water supplies for all Australians. The Department of the Environment, Water, Heritage and the Arts will deliver this program.

The Government is supporting practical measures in homes throughout Australia to conserve our precious water resources. The Water for the Future – National Rainwater and Greywater Initiative, administered by the Department of the Environment, Water, Heritage and the Arts, provides \$250.0 million over six years for rebates of up to \$500 to help install rainwater tanks and new grey water facilities in up to 500,000 homes across Australia. Additionally, up to \$10,000 will be available for 300 surf life saving clubs in Australia to install a rainwater tank, or to contribute towards a larger water saving project.

To help secure the water supplies of Australia's major cities, the Australian Government has allocated \$35.0 million to the Water for the Future – Water Efficiency – Western Australia measure. This funding will contribute to the Harvey Water Piping Project in Western Australia, which will help irrigators minimise water loss through seepage and evaporation, saving 17 billion litres of water which will become available to Perth for urban use.

The Glenelg to Adelaide Parklands Reuse Scheme will free up approximately 2 billion litres per year of drinking water by using recycled water for parks and gardens. The Department of the Environment, Water, Heritage and the Arts has provided \$30.2 million contribution, from the Water for the Future – National Urban Water and Desalination Plan to the Glenelg to Adelaide Parklands Reuse Scheme which will irrigate Adelaide's Parklands using recycled water from the Glenelg Wastewater Treatment Plant.

Through this Budget, the Australian Government is providing a \$4.6 million contribution to support the development of a water recycling demonstration project at Coolum Ridges. The project will demonstrate a roof water harvesting scheme that treats roofwater and returns it to the town supply system.

The Government is also providing a \$0.2 million contribution for the first stage of the Water Cycle Management Plan for the Peel Harvey Catchment Council. This measure builds on existing water quality activities and will aim to address the impact of anticipated population growth as a result of the proposed development of Mundijong Town site. Both of these measures will be delivered by the Department of the Environment, Water, Heritage and the Arts and form part of the Water for the Future – National Water Security Plan for Cities and Towns.

Supporting the region

The Australian Government recognises the importance of helping our Asia-Pacific neighbours. This Budget provides funding for a range of measures to provide the region with resources to achieve sustainable development and meet environmental challenges. Through the Australian Agency for International Development (AusAID), the Government will invest \$300.0 million over three years to provide access to water and sanitation in the Asia-Pacific region. This funding will improve access to clean water and effective sanitation in urban, peri-urban and rural areas and will protect

freshwater sources to improve access to predictable supplies of safe drinking water in the region.

ENVIRONMENT

The Australian Government recognises the pressing need to protect Australia's unique natural environment and to improve the sustainable management of our natural resources. Through this Budget the Government is providing funding to safeguard our unique environment, biodiversity and primary industries.

Caring for our Country

The Australian Government's \$2.2 billion Caring for our Country initiative⁶ has one clear goal: an environment that is healthy, better protected, well managed, resilient and provides essential ecosystem services in a changing climate.

The Caring for our Country program, jointly administered by the Department of the Environment, Water, Heritage and the Arts and the Department of Agriculture, Fisheries and Forestry, will implement commitments across six national priority areas: National Reserve System; biodiversity and natural icons; coastal environments and critical aquatic habitats; sustainable farm practices; natural resource management in remote and northern Australia; and community skills, knowledge and engagement.

The \$200.0 million Great Barrier Reef Rescue Plan will help protect and preserve the Great Barrier Reef, through work to improve water quality and reduce the impacts of climate change in the Reef. This measure provides incentives and assistance to landholders and farmers to adopt cost-effective practices that improve reef water quality, by reducing pesticides, nutrients and sediment in farm and catchment runoff.

The Government is bringing together Indigenous knowledge and contemporary land management practices through the \$50.0 million Expansion of Indigenous Protected Areas. This measure expands the existing Indigenous Protected Areas network by establishing protected areas on Indigenous owned lands with high biodiversity and cultural value.

The Government is also providing \$90.0 million for the employment of up to an additional 300 Indigenous Rangers. This will create new jobs and training opportunities for Indigenous people across Australia, providing environmental services for land, sea and cultural management. This measure will be administered by the Department of the Environment, Water, Heritage and the Arts and will support Indigenous communities to sustainably manage the environmental values on their

6 From existing funding.

lands, conserving the natural and cultural features of Indigenous lands throughout Australia.

An additional \$10.0 million over five years has been provided to facilitate Indigenous land management participation in voluntary emissions reduction markets and position them for entry into emerging trading markets. This will be jointly implemented by the Department of the Environment, Water, Heritage and the Arts and the Department of Climate Change.

The Save the Tasmanian Devil program is being provided \$10.0 million for research into the Tasmanian devil facial tumour disease and to undertake the necessary management actions to save this vulnerable Australian species from extinction in the wild. This funding will also help establish an insurance population, help minimise the spread of the disease among Tasmanian Devils and engage the community in a suite of recovery actions.

Cane toads are a threat to many important biodiversity sites and the Government will provide \$2.0 million to the Fight the Cane Toad Menace initiative. This funding will help provide information to Australians on how they can participate in reducing the numbers and impacts of cane toads, and improve local toad control measures. This initiative will also enable populations of affected species to be translocated to cane toad free refuges, and help develop management and eradication solutions.

The Government recognises the critical need to protect our coastal environments and is providing more than \$100.0 million to protect and repair fragile coastal ecosystems. This funding will increase community engagement, and support community groups and organisations to participate in on-the-ground action for coastal protection and restoration around Australia.

Additionally, \$5.3 million will contribute to improving water quality in the Gippsland Lakes and reducing nutrient inputs into the Gippsland Lakes from public and private land through an incentive program for landholders. This Government initiative will also improve community engagement and the capacity of local community and industry groups to undertake ongoing nutrient and sediment reduction activities.

Caring for our Country includes up to \$20.0 million to help restore the health of the Tuggerah Lakes on the NSW Central Coast. The funding will help to reduce sediment and nutrient inputs to the Lakes, improve the quality of stormwater inflows, reduce weed build-up on the foreshores, regenerate saltmarsh and rehabilitate the banks of the Lakes.

Protecting our special places and species

The Australian Government will provide \$4.4 million in 2008–09 to ensure that Kakadu National Park's World Heritage values are maintained and managed. This funding will enable the park to maintain current investment in conservation, visitor facilities

and park infrastructure, and to re-compensate Kakadu's traditional owners, following a loss of revenue from the Howard Government's abolition of the Park entry fees in 2004.

The Director of National Parks - extension, administered through the Department of the Environment, Water, Heritage and the Arts, will benefit regional Australia, in particular the Northern Territory economy, as Kakadu is estimated to generate direct annual tourism expenditure of over \$100.0 million a year.

The Government provided \$50.8 million in new funding in 2007-08 to support the Great Barrier Reef Marine Park Structural Adjustment Package. This funding, which was provided through the 2007-08 Additional Estimates⁷, and is administered by the Department of the Environment, Water, Heritage and the Arts, will finalise applications from eligible fishing and land based businesses impacted by the increase in the size of the no take fishing area of the Great Barrier Reef Marine Park.

The Australian Government has also provided funding through the 2007-08 Additional Estimates for the Anti-Whaling Action - aerial monitoring initiative to help progress Australia's international efforts to work towards an end to all forms of scientific and commercial whaling. In 2007-08, \$0.7 million was provided to the Department of the Environment, Water, Heritage and the Arts to undertake aerial monitoring and surveillance of whaling activity in the Southern Ocean, using the Australia - Antarctica Airlink A319 aircraft as part of efforts to reinvigorate Australia's pursuit of a permanent international ban on all forms of scientific and commercial whaling. The Australian Customs Service has also received \$1.3 million in new funding in 2007-08 for Southern Ocean Whaling Patrols. This funding, which was allocated in the 2007-08 Additional Estimates, enabled Australia to carry out surveillance and monitoring of whaling activity during the Southern Ocean whaling season.

The Australian Government is committed to protecting our environment from invasive plants and will provide \$15.3 million over four years to the Department of Agriculture, Fisheries and Forestry to reduce the impact of weeds on farm and forestry productivity and biodiversity. The \$15.0 million National Weeds and Productivity Research program will investigate and provide solutions for the most serious invasive plant problems across Australia. National experts, land managers and relevant stakeholders will come together to develop an improved understanding about the information required to effectively manage the risks associated with invasive plants in forests, pastures and native vegetation.

The Government will also invest \$0.3 million in a comprehensive fireweed research project, involving a risk analysis and further testing of biological control agents that manage fireweed to help reduce its impact on grazing industries and biodiversity.

⁷ This measure was included in the Pre-election Economic and Fiscal Outlook 2007.

Research which provides more certainty about the status of species is critical to determining whether current management approaches are contributing to a sustainable future. To ensure important research can be undertaken, the Government is providing \$4.4 million over three years to the Department of Agriculture, Fisheries and Forestry for the Fisheries Research program. This program will undertake research underpinning policies to ensure Commonwealth fisheries are profitable and managed for the long-term sustainability of the resources.

Through this Budget, the Australian Government is providing \$18,000 to Bushcare in Penrith, a community based volunteer program dedicated to the care, management and rehabilitation of bushland on community and private land. This funding will be administered by the Department of the Environment, Water, Heritage and the Arts and will be used to purchase equipment to deliver regeneration and revegetation programs.

Supporting the region

Through the 2007-08 Additional Estimates, the Australian Government provided \$15.8 million over four years to assist Papua New Guinea manage the Kokoda Track and Owen Stanley Ranges, the site of one of the most famous battles in Australia's wartime history. This measure will support Papua New Guinea in its efforts to develop a World Heritage nomination for the Kokoda Track and surrounding Owen Stanley Ranges, to ensure the areas' significant cultural and natural heritage values are preserved and managed sustainably.

This measure will be jointly delivered by the Department of the Environment, Water, Heritage and the Arts, and the Department of Veterans Affairs. It will also fund the development of an interactive website, a television documentary, and educational resources including a CD Rom to enhance Australians' understanding of the cultural and historical significance of the Kokoda Track.

Meeting the sustainability challenge

The Government is committed to using resources more sustainably. In 2008-09, the Department of Defence will invest \$61.6 million from existing resources to continue a range of programs that benefit the environment.

The Defence Environmental Programs and Works includes a number of elements. The first element is a \$12.0 million Green Buildings Implementation program which will implement Ecologically Sustainable Development principles and goals into the Department of Defence's built infrastructure and asset life cycle. A further \$17.6 million will be provided for environmental works to manage feral animals, environmental pests, weeds, flora and fauna protection, soil conservation and environmental management plans. Under the Heritage Management program, \$1.9 million will be allocated to contribute to the Defence Heritage strategy which involves implementation of heritage assessments and management plans. The

Climate Change, the Economy, the Environment

Department of Defence will also invest in a \$16.0 million Contaminated Sites Management and Pollution Prevention program. This program will contribute to the management of contaminated sites and the prevention of pollution. An additional \$0.9 million will be provided for the Environmental Management System program to roll out the Defence Environmental Management System. Recognising the importance of environmental monitoring, \$0.6 million in funding will be allocated to enable the continuation of environmental monitoring of ground and surface water, air quality, ecology, marine species, soil, erosion and greenhouse gas emissions. The final element of the Defence Environmental Programs and Works is \$4.0 million for assessments and approvals which will support environmental impact assessments for infrastructure development and military exercises.

To support the Government's commitment to protect and repair our fragile coastal ecosystem, in the 2007-08 Additional Estimates⁸, \$2.4 million over seven years has been provided to contribute to the establishment of a national teaching and research Centre for Coasts and Climate at Point Nepean, Victoria, which will focus on environmental issues.

⁸ This measure was included in the Mid-year Economic and Fiscal Outlook 2007-08.

APPENDIX 1: 2008-09 BUDGET AND 2007-08 SUPPLEMENTARY ADDITIONAL ESTIMATES CLIMATE CHANGE, WATER AND ENVIRONMENT EXPENDITURE

**Table A1: 2008-09 Budget and 2007-08 Supplementary Additional Estimates
Climate Change, Water and Environment Activities — program expenditure
estimates**

Agency	Initiative	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	Total
	CLIMATE CHANGE						
	Australia's Climate Change Strategy						
	Tackling Climate Change -						
DCC	Department of Climate Change - establishment	-	14.7	14.6	14.8	14.9	59.0
	<i>Emissions Trading Scheme - establishment</i>	-	9.3	9.3	9.3	9.4	37.3
DCC	Commonwealth Support of the Garnaut Review - contribution*	1.6	0.7	-	-	-	2.3
	Total	1.6	15.4	14.6	14.8	14.9	61.3
	Reducing Australia's Greenhouse Gas Emissions						
	Tackling Climate Change -						
Defence	Climate Change Implementation Program ^a	-	-	-	-	-	-
DEWHA	Green Loans ^b	-	17.4	60.2	88.1	87.9	253.6
DEWHA	Solar Homes and Communities Plan ^c	-	25.6	19.4	-27.4	-17.7	-
DEWHA	Low Emission Plan for Renters ^d	-	10.5	37.5	50.0	50.0	148.0
DEWHA	One Stop Green Shop	-	1.0	1.0	1.0	-	3.0
DEWHA	Hot Water System Phase Out ^e	-	-	-	-	-	-
DEWHA	Energy Efficiency of Electrical Appliances	-	2.0	4.1	4.0	3.9	14.0
DEWHA	Deception Bay Pool - contribution ^f	-	-	-	-	-	-
DIISR	Clean Business Australia - Green Building Fund	-	22.5	37.5	15.0	15.0	90.0
DIISR	Clean Business Australia - Re-tooling for Climate Change	-	10.9	21.8	24.5	17.8	75.0
DIISR	Clean Business Australia - Climate Ready Program	-	13.1	22.6	23.8	15.5	75.0
DIISR	Clean Energy Innovation Centre ^g	-	-	\$20.0m over four years unprofiled		-	20.0
RET	Energy Innovation Fund	-	40.9	51.2	36.2	21.7	150.0

**Table A1: 2008-09 Budget and 2007-08 Supplementary Additional Estimates
Climate Change, Water and Environment Activities — program expenditure
estimates (continued)**

Agency	Initiative	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	Total
RET	National Clean Coal Fund ^h	-	34.8	108.6	124.5	97.8	365.7
RET	Renewable Energy Fund ⁱ	-	-	55.5	71.0	101.0	227.5
DIISR	Green Car Innovation Fund ^j	-	-	-	-	100.0	100.0
	Total	-	178.7	419.4	410.7	492.9	1521.8
	Adapting to Climate Change We Cannot Avoid						
	Tackling Climate Change -						
DAFF	Australia's Farming Future	-	36.0	35.0	34.0	25.0	130.0
DAFF	Climate Change and Forestry	-	-	\$8.0m over three years			8.0
	Adaptation Action Plan ^k	-	-	unprofiled			-
	Peel-Kwinana Growth Corridor -						
DCC	Climate Change Adaptation	-	0.2	-	-	-	0.2
	Strategies						
	Total	-	36.2	35.0	34.0	25.0	138.2
	Helping to Shape a Global Solution						
	Tackling Climate Change -						
AusAID	Adaptation to Climate Change	-	20.7	49.4	65.0	-	135.0
	Initiative ^l						
	Total	-	20.7	49.4	65.0	-	135.0
	TOTAL CLIMATE CHANGE	1.6	251.0	518.4	524.5	532.8	1856.3
	WATER						
	Securing New Water Supplies						
	Water for the Future -						
	National Urban Water and		14.0	158.0	244.0	392.0	808.0
	Desalination Plan ^m	-	-	-	-	-	-
DEWHA		-	14.0	129.0	195.0	315.0	653.0
ATO		-	-	29.0	49.0	77.0	155.0
DEWHA	National Water Security Plan for	10.0	39.8	55.0	75.0	75.0	254.8
	Cities and Towns [*]						
	Total	10.0	53.8	213.0	319.0	467.0	1062.8
	Investing in Wise Water Use						
	Water for the Future -						
DEWHA	Taking Early Action ^{n*}	81.0	110.0	193.8	-	-384.8	-
DEWHA	National Rainwater and	-	19.0	38.0	59.0	60.0	176.0
	Greywater Initiative ^o						
DEWHA	Water Efficiency - Western	35.0	-	-	-	-35.0	-
	Australia ^{p*}						
	Total	116.0	129.0	231.8	59.0	-359.8	176.0
	TOTAL WATER INITIATIVES	126.0	182.8	444.8	378.0	107.2	1238.8

**Table A1: 2008-09 Budget and 2007-08 Supplementary Additional Estimates
Climate Change, Water and Environment Activities — program expenditure
estimates (continued)**

Agency	Initiative	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	Total
	ENVIRONMENT						
	Caring for our Country^a						
DEWHA		-	-15.0	-13.0	-	7.0	-21.0
		-	-12.5	-10.5	0.5	5.0	-17.5
DAFF		-	-2.5	-2.5	-0.5	2.0	-3.5
	Total	-	-15.0	-13.0	-	7.0	-21.0
	Supporting the Region						
AusAID	Access to Water and Sanitation	-	8.0	100.0	192.0	-	300.0
	Total	-	8.0	100.0	192.0	-	300.0
	Protecting Our Special Places and Species						
DEWHA	Director of National Parks - extension	-	4.4	-	-	-	4.4
DAFF	National Weeds Research and Productivity Program	-	3.2	4.2	4.0	4.0	15.3
DAFF	Fisheries Research Program	-	1.9	2.2	0.3	-	4.4
Defence	Continuation of Defence Environmental Programs and Works ^s	-	-	-	-	-	-
	Total	-	9.4	6.3	4.3	4.0	24.0
	TOTAL ENVIRONMENT INITIATIVES	-	2.4	93.3	196.3	11.0	303.0
	TOTAL CLIMATE CHANGE, WATER AND ENVIRONMENT INITIATIVES	127.6	436.2	1056.5	1098.8	651.0	3398.2

- Denotes nil.

* Funding from 2007-08 Supplementary Additional Estimates.

a Funding of \$8.0m from existing resources.

b Including additional funding of \$46.3m in 2012-2013.

c Funding of \$27.3m brought forward from 2010-11 and \$17.7m brought forward from 2011-12. Previously called the Photovoltaic Rebate Program.

d Including additional funding of \$2.0m in 2012-2013.

e Funding of \$7.9m from existing resources.

f Funding of \$0.3m from existing resources.

g \$20.0m in funding provided as a component of the \$200.0m over four years Enterprise Connect network.

h Including additional funding of \$134.3m for the period 2012-2013 to 2014-2015.

i Including additional funding of \$272.5m for the period 2012-2013 to 2014-2015.

j Including additional funding of \$400.0m for the period 2012-2013 to 2015-2016.

k \$8.0m in funding provided as a component of the \$20.0m over three years Australia's Forest Industry – Preparing for the Future initiative.

l Funding of \$15.0m from existing resources.

m Including additional funding of \$192.0m in the period 2012-13-2013-14.

n Funding of \$384.8m has been brought forward from 2011-12.

o Including additional funding of \$74.0m for the period 2012-2013 to 2013-2014.

p Funding of \$35.0m brought forward from 2011-12.

q Funding for this measure has already been reported in the Government's estimates and is not included here. Figures reported in this table include the reprofiling of existing funding across years, with an increase of \$12.0m in 2012-13.

r Funding equates to \$0.018m.

s Funding of \$61.6m from existing resources.

APPENDIX 2: 2007-08 ADDITIONAL ESTIMATES CLIMATE CHANGE, WATER AND ENVIRONMENT EXPENDITURE

Table A2: 2007-08 Additional Estimates Climate Change, Water and Environment Activities — programme expenditure estimates

Agency	Initiative	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	Total
CLIMATE CHANGE							
	Tackling Climate Change - Emissions Trading Scheme Design, Modelling and Improved Information	12.4	6.7	6.3	6.1	-	31.6
DCC		6.8	-	-	-	-	6.8
Treasury		3.2	3.5	3.4	3.2	-	13.3
ABS		0.7	2.5	2.9	2.9	-	9.0
PM&C		1.0	-	-	-	-	1.0
DAFF		0.8	0.8	-	-	-	1.5
DEWHA	Solar Cities	1.0	6.0	5.9	5.9	-	18.8
DEWHA	National Solar Schools Plan ^a	9.0	74.6	119.7	107.2	50.8	361.3
DEWHA	Green Precincts ^b	-	2.0	2.1	2.1	-	6.2
ORER	Renewable Energy Target - expansion	0.3	3.3	4.3	3.7	3.8	15.5
	TOTAL CLIMATE CHANGE	22.7	92.6	138.3	125.0	54.6	433.4
WATER							
	Securing New Water Supplies						
DEWHA	Water for the Future - Taking Early Action	15.2	-	-	-	-15.2	-
	TOTAL WATER INITIATIVES	15.2	-	-	-	-15.2	-

Table A2: 2007-08 Additional Estimates Climate Change, Water and Environment Activities — programme expenditure estimates (continued)

Agency	Initiative	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	Total
	ENVIRONMENT						
	Supporting the Region						
	Kokoda Track - Assistance to Papua New Guinea for management of the Kokoda Track and the Owen Stanley Ranges ^d	0.5	5.4	3.5	3.5	-	12.9
DEWHA		-	5.0	3.5	3.5	-	12.0
DVA		0.5	0.4	-	-	-	0.9
	Total	0.5	5.4	3.5	3.5	-	12.9
	Protecting Our Special Places and Species						
DEWHA	Anti-Whaling Action - aerial monitoring	0.7	-	-	-	-	0.7
Customs	Southern Ocean Whaling Patrols	1.3	-	-	-	-	1.3
	Total	2.0	0.0	0.0	0.0	0.0	2.0
	TOTAL ENVIRONMENT	2.5	5.4	3.5	3.5	0.0	14.9
	TOTAL CLIMATE CHANGE, WATER AND ENVIRONMENT INITIATIVES	40.4	98.0	141.8	128.5	39.4	448.2

- Denotes nil.

a Including additional funding of \$119.3m for the period 2012-13 to 2014-15. Movement of funds have also occurred post 2007-08 Additional Estimates.

b Including additional funding of \$8.8m from 2008-09 Budget measure Water for the Future — National Water Security Plan for Cities and Towns.

c Funding of \$30.1m from existing resources.

d Includes funding of \$3.0m in 2007-08 from the Mandated Flexibility in the Australian Agency for International Development's Budget.

Table A2A: 2007-08 Additional Estimates included in Mid-year Economic and Fiscal Outlook 2007-08 or Pre-election Economic and Fiscal Outlook 2007

Agency	Initiative	2007-08 \$m	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	Total
DEWHA	Solar Hot Water Systems: Rebates for Households ^a	31.8	40.3	50.0	65.0	65.1	252.2
DEWHA	Great Barrier Reef Marine Park Structural Adjustment Package - additional funding ^b	50.8	-	-	-	-	50.8
DEWHA	Point Nepean: University of Melbourne Rental Guarantee ^c	-	0.3	0.3	0.3	0.3	1.2
	TOTAL CLIMATE CHANGE, WATER AND ENVIRONMENT INITIATIVES	82.6	40.6	50.3	65.4	65.4	304.3

- Denotes nil.

a Measure was included in the Mid-year Economic and Fiscal Outlook 2007-08.

b Measure was included in the Pre-election Economic and Fiscal Outlook 2007.

c Including additional funding of \$1.2m for the period 2012-13 to 2014-15. This measure was included in the Mid-year Economic and Fiscal Outlook 2007-08.

APPENDIX 3: CONTACT DETAILS OF DEPARTMENTS AND AGENCIES

Table A3: List of Agencies with Website and Contact Details

Acronym	Division/ Agency	Website/ Contact
ABS	Australian Bureau of Statistics	www.abs.gov.au 1300 135 070
ATO	Australian Taxation Office	www.ato.gov.au (02) 6216 1111
AusAID	Australian Agency for International Development	www.ausaid.gov.au (02) 6206 4000
Customs	Australian Customs Service	www.customs.gov.au 1300 363 263
DAFF	Department of Agriculture, Fisheries and Forestry	www.daff.gov.au (02) 6272 3933
DCC	Department of Climate Change	www.climatechange.gov.au (02) 6274 1888
Defence	Department of Defence	www.defence.gov.au (02) 6265 9111
DEWHA	Department of the Environment, Water, Heritage and the Arts	www.environment.gov.au (02) 6274 1111
DIISR	Department of Innovation, Industry, Science and Resources	www.innovation.gov.au (02) 6213 6000
DVA	Department of Veterans Affairs	www.dva.gov.au 133 254
ORER	Office of the Renewable Energy Regulator	www.orer.gov.au (02) 6274 2192
PM&C	Department of the Prime Minister and Cabinet	www.pmc.gov.au (02) 6271 5111
RET	Department of Resources, Energy and Tourism	www.ret.gov.au (02) 6276 1000
Treasury	The Treasury	www.treasury.gov.au (02) 6263 2111