

We are DERM

The Department of Environment and Resource Management (DERM) is a new department comprising the former Environmental Protection Agency and Department of Natural Resources and Water. It was established following a machinery-of-government change—Administrative Arrangements Order (No. 1) 2009 and Public Service Departmental Arrangements Notice (No. 2) 2009 of 26 March 2009.

Consequently, this is DERM’s first annual report and it covers the period 27 March 2009 to 30 June 2009. The report is structured around the five outputs described on page 3. These outputs represent a combination of the former EPA and the former NRW outputs. Consequently, the first three reflect former EPA activities and the final two reflect former NRW activities.

Departmental responsibilities

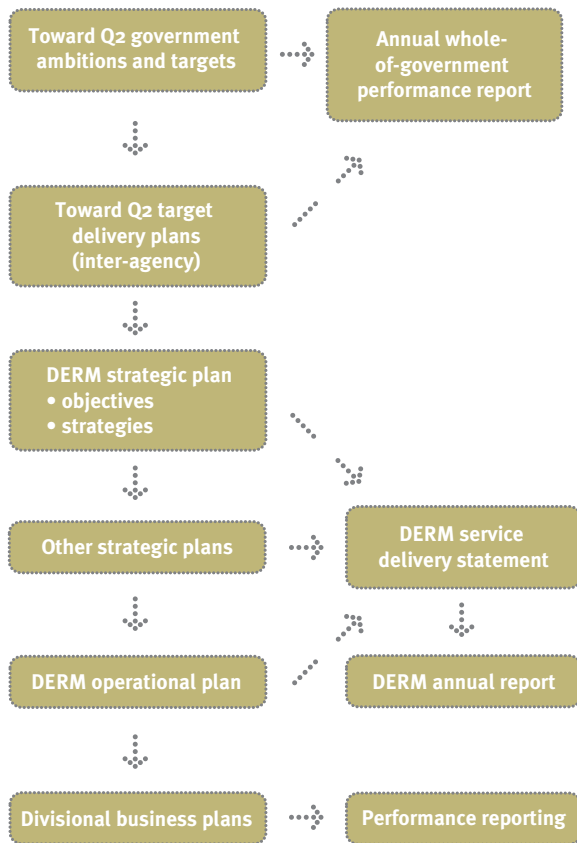
DERM conserves and manages the natural environment for the benefit of all Queenslanders. It aims to deliver long-term sustainability for the state’s natural environment by promoting sustainable living and resource use, and by strengthening the state’s response to climate change.

The department considers social, economic and environmental outcomes when planning, allocating and managing natural resources, to ensure the state’s economic growth and its natural heritage are maintained now and in future.

DERM’s key responsibilities include:

- water—securing the quality and supply of water
- climate change—preparing for the impacts of climate change
- land—managing land and vegetation including native title
- environmental services—building resilience in natural landscapes and conserving Queensland’s natural and cultural heritage.

Performance management framework



Departmental functions

DERM delivers its services through the following five outputs.

1. Conservation and Environmental Services reflects the department's objective to provide a whole-of-landscape perspective for managing the present for an environmentally sustainable future. It does this through two sub-outputs:

- Queensland Parks and Wildlife which conserves and manages the parks and wildlife estate
- Environmental Services which enables sustainable development and improvements in business and industry environmental performance.

2. Sustainable Futures takes a strategic approach to planning, designing and communicating about an environmentally sustainable future, and leads the government's Toward Q2 green target: Cut by one-third Queenslanders' carbon footprint with reduced car and electricity use. It has four sub-outputs:

- Climate change—to provide a leadership role in climate change policy responses that reduce greenhouse gas emissions and prepare Queensland for the impacts of climate change
- Sustainable communities—to inform, involve and partner with our communities and industries to realise an environmentally sustainable Queensland
- Sustainability innovation—to lead future scanning and innovation to influence and guide future actions to address existing and emerging environmental issues
- Strategy and policy—to influence and create the future direction of environmental sustainability policy and strategy.

3. Performance and Capability focuses on the capabilities, knowledge and value of people involved in environmental protection activities. It includes the Environmental Sciences group, which provides monitoring services and robust scientific evidence to support policy development and decision making.

4. Land and Vegetation Services implements the state's vegetation management framework; provides land valuations, titles registration and mapping and spatial information; manages State land and commercial use of its forest and quarry products; and implements effective land ownership and access strategies for Indigenous Queenslanders.

Through this output, the department contributes to the Toward Q2 green target: Protect 50 per cent more land for nature conservation and public recreation, and the Toward Q2 strong target: Queensland is Australia's strongest economy, with infrastructure that anticipates growth.

5. Water and Catchment Services focuses on effective management of the state's water resources which includes developing and implementing catchment-level water resource plans and strategies and regulations for water supply and demand. The output incorporates activities under the state's water reform agenda and Commonwealth-State agreements that address issues of catchment and reef health. It contributes to the Toward Q2 strong target: Queensland is Australia's strongest economy, with infrastructure that anticipates growth.

Director-General's report

The Department of Environment and Resource Management (DERM) was established in March 2009 as part of a significant public sector reform process, which included the consolidation of 23 stand-alone departments into 13 new departments.

These changes were designed to group like functions into larger, more effective agency groupings and to ensure that efficiency savings were directed to frontline services for the benefit of all Queenslanders.

The newly established Department of Environment and Resource Management is an integration of the former Department of Natural Resources and Water and the former Environmental Protection Agency, and aims to ensure a coordinated approach to conserving and managing our natural environment for the benefit of Queenslanders. The environmental and resource management challenges facing Queensland require a coordinated approach to ensure Queensland's long-term sustainability and economic wellbeing.

The department now provides portfolio support to two ministers, the Honourable Stephen Robertson MP, Minister for Natural Resources, Mines and Energy and Minister for Trade, and the Honourable Kate Jones MP, Minister for Climate Change and Sustainability. The new department provides an opportunity to enhance our approach to management of the environment and natural resources, ensuring that the approaches are integrated, coordinated and the synergies maximised. We believe that we can deliver better environmental outcomes by taking an integrated approach to environmental protection and resource management.

The department leads the Toward Q2 green target: Cut by one-third Queenslanders' carbon footprint, with reduced car and electricity use and household waste, and is a major contributor to the Toward Q2 green target: Protect 50 per cent more land for nature conservation and public recreation. The department is also a significant contributor to the Toward Q2 strong target: Queensland is Australia's strongest economy, with infrastructure that anticipates growth.

With an asset base of \$3.685 billion and an annual operating budget in 2009-10 of \$1.043 billion, the agency employs approximately 5400 staff throughout Queensland.



There are significant opportunities to achieve better integration in our policy and regulatory frameworks, scientific research and delivery of services to our customers and stakeholders.

In our first few months, key implementation priorities were achieved including the declaration of Wild Rivers in Cape York Peninsula, the moratorium on clearing of endangered regrowth, and initial work on measures to protect the Great Barrier Reef.

Internally, a key focus for the department in its first three months was transitional arrangements to establish a new departmental structure, governance and operational arrangements ready for commencement on 1 July 2009.

Service delivery was also a key focus during this period as we implemented interim operating systems which allowed for ongoing delivery of products and services to our clients and the community. Now, with a significant regional presence across the state, we can look at enhancing the coordination and effectiveness of our services.

In closing, I would like to acknowledge the efforts of all departmental staff for their continued focus and commitment to improving service delivery to our clients during the department's foundation period. Thanks also to our clients and stakeholders for their support, feedback and suggestions about the improvements which can be made through the creation of our new entity.

John Bradley
Director-General

Our achievements

The Great Barrier Reef Protection Amendment Bill 2009, introduced in June, takes the state's first regulatory steps to protect the reef from agricultural impacts by reducing the nutrients and pollutants that flow to the reef. This Bill is a critical part of the Queensland Government's \$50 million commitment to protect this world heritage icon.

Following the release earlier this year of the annual Statewide Landcover and Trees Study report for 2006–07, the government made a commitment to a moratorium on the clearing of endangered regrowth vegetation while it consults stakeholder groups about ways to improve vegetation clearing laws. The Vegetation Management (Regrowth Clearing Moratorium) Bill 2009 was assented to on 30 April 2009, giving effect to the moratorium from 8 April 2009.

Two new national parks, Wrattens and Oakview, were created and additions to the Conway, Littabella and D'Aguiar national parks were gazetted. As at 30 June 2009, Queensland had a total of 7 959 279 hectares of national park.

In June 2009, two historic Indigenous Land Use Agreements on Cape York with the Kuuku Ya'u people were signed. These agreements cover 197 000 hectares of the Great Barrier Reef Marine Park north of Lockhart River and 124 hectares of national park islands.

Declaration of the Archer, Lockhart and Stewart wild river areas in April 2009 brought the number of declared wild rivers in Queensland to nine.

More than 230 DERM staff were heavily involved in coastline clean-up and wildlife care and rehabilitation following the *Pacific Adventurer* oil spill off Moreton Island.

Preparations to establish a second, northern hairy-nosed wombat population at Yarran Downs continued. Seven wombats were trapped and radio collared for translocation and the fence around the Richard Underwood Nature Refuge was completed.

DERM led development of the target delivery plan for the Toward Q2: Tomorrow's Queensland carbon footprint target and provided input into four other cross-agency delivery plans.

DERM continued to roll out programs and campaigns that encourage Queensland households to reduce their carbon footprint and 'save water, save energy and save money'. An allocation from the Queensland Climate Change Fund for 2008–09 made these programs possible. For example, the \$20 million allocation to the ClimateSmart Home Service provided home energy audits and energy plans for households.





The government's highly successful Home WaterWise Rebate schemes wound up in June 2009. Since the start of the schemes in July 2006, approximately 569 400 applications were processed and more than \$321 million in rebates were approved for the purchase of water-saving devices in Queensland homes.

To enhance analysis and communication of sustainability issues, DERM conducted 13 information sessions during the reporting period for interested parties in local government, industry and the community. The sessions covered topics such as renewable energy markets, reducing household carbon footprints, behaviour change and social marketing.

The department completed a three-year inspection program of the state's industrial estates to characterise them and to identify and rectify any incidences of non-compliance with environmental legislation. More than 3000 facilities within 58 separate estates were inspected. Of these, 23 were high-impact industrial estates and a significant number of environmental breaches were identified. Issues regarding the environment and industrial land use can now be better managed with these characterisations.

Executive Management Group

The department's Executive Management Group (EMG) ensures the effective management, administration and overall strategic direction of the department, and offers high-level advice and support to the Director-General, who is the department's accountable officer.

EMG plays a strong leadership role in identifying priorities, setting strategic direction and driving policy initiatives. EMG met 10 times during the reporting period of 27 March to 30 June 2009.

The group comprises the Director-General (chair), Associate Director-General, Deputy Director-General, and three Assistant Directors-General.

The group regularly reviews the department's monthly financial performance reports and quarterly performance and human resources reports. It also considers upcoming Cabinet business.



John Bradley
Director-General

John leads DERM's strategic direction and priorities to ensure the department is aligned with government direction. He holds primary responsibility for planning activities, resource decisions, policy initiatives and risk management. As the department's head, John leads agency change and collaboration across and outside of the department.



Terry Wall
Associate Director-General

Operations and Environmental Regulator

Responsibilities: DERM's regulatory, licensing, compliance and enforcement functions; natural resource and environmental sciences; sustainability programs; Queensland Parks and Wildlife Service; client service delivery throughout the state

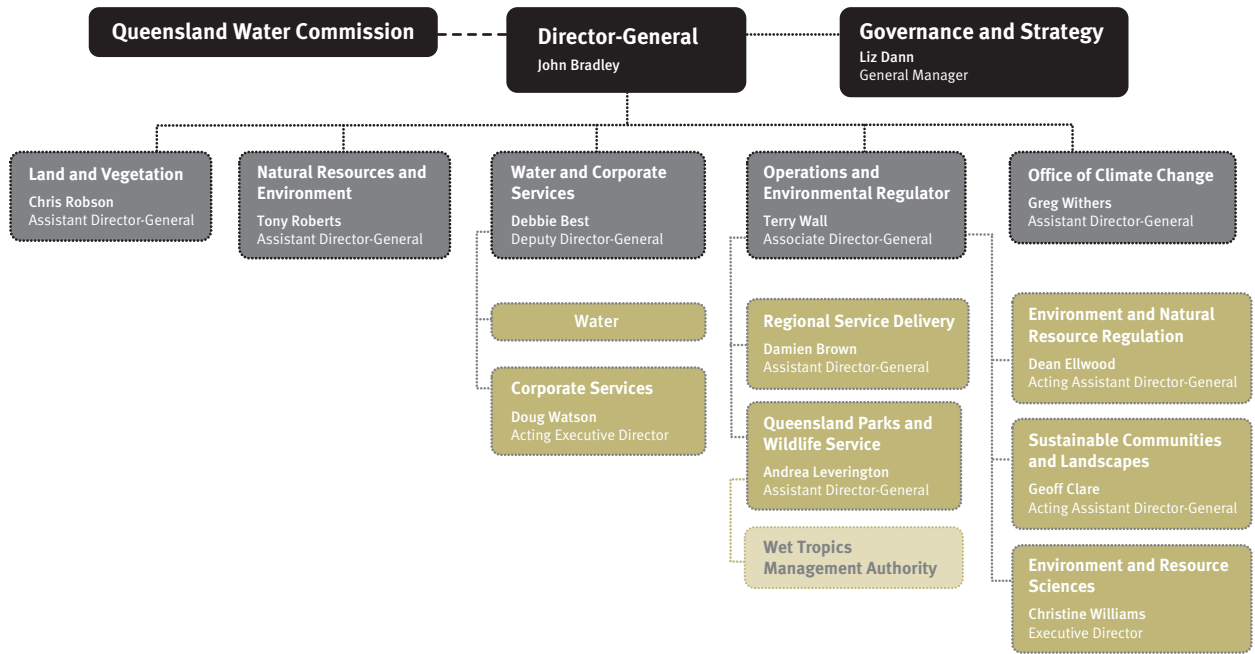


Debbie Best
Deputy Director-General

Water and Corporate Services

Responsibilities: water planning and management, water quality and ecosystems, and water safety and reliability across the state; also corporate services, corporate governance and organisational sustainability. Chairs various management committees, notably the department's Finance Committee

Organisational structure



Chris Robson
Assistant Director-General
Land and Vegetation Services

Responsibilities: land use (including State land) and vegetation management; forest products and quarry materials on State-controlled land; native title and Indigenous cultural heritage; land transfers and policy relating to land access; mapping and spatial information, titles registry, and valuations



Tony Roberts
Assistant Director-General
Natural Resources and Environment

Responsibilities: various legislation and policy and planning regarding the reef, wetlands, built heritage, biodiversity, and waste; also the Caring for our Country policy and DERM's involvement in Cape York, as well as the coordination of peak ministerial councils



Greg Withers
Assistant Director-General
Office of Climate Change

Responsibilities: policy and planning for climate change and implementing ClimateQ: toward a greener Queensland; the Queensland Climate Change Centre of Excellence; coordination of Queensland's contribution to the national climate change agenda; management of the Queensland Climate Change Fund; operation of the Premier's Council on Climate Change

Financial summary

The Department of Environment and Resource Management (DERM) comprises the operations and net assets of the former Environmental Protection Agency and Department of Natural Resources and Water following the abolition of these agencies on 26 March 2009.

This summary highlights the department's financial position and performance for both controlled and administered activities since DERM was established. Controlled activities relate to the department's operational objectives and arise at its discretion and direction. Administered activities are those that the department does not control, but has responsibility for administering on a whole-of-government basis.

When DERM formed, \$3.54 billion of equity was transferred into the department's controlled ledger and \$23.60 billion was transferred into the administered ledger representing the net assets of the abolished agencies. Controlled operations returned a favourable operating result of \$9.22 million and administered activities returned a favourable \$26.61 million result for the period 27 March to 30 June 2009.

Recognition of land under roads (as required by AASB 1051 Land under Roads) has had a significant impact on the department's administered financial position.

Under the *Land Act 1994*, land under roads not subject to freehold or leasehold title or reserve tenure vests in the State of Queensland. Because DERM administers this Act, such land is considered an administered asset of the department.

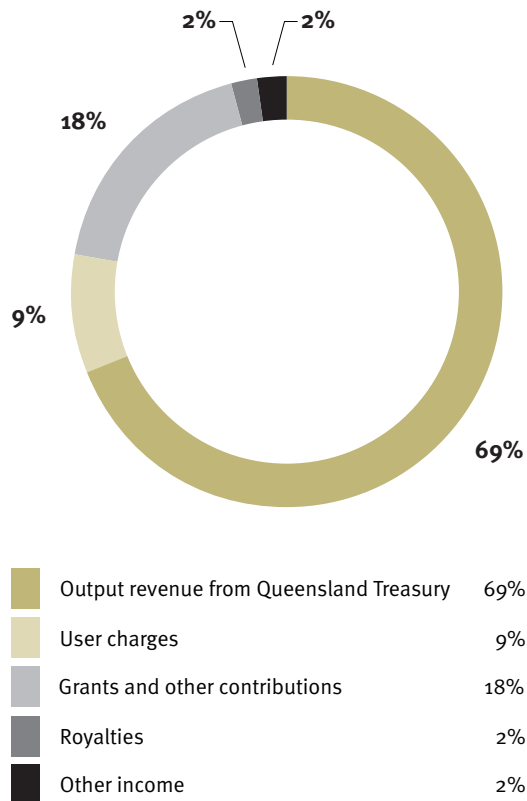
The information necessary to identify and value this asset was provided from a number of departmental systems and databases including the Digital Cadastral Database, the Automated Titling System and the Land Tenures Ledger, and from valuations data provided by the State Valuation Service. Overall, Queensland has 3.44 million hectares of land under roads which equates to almost two per cent of the state's total land area with a calculated value of \$40.37 billion.

Financial performance of controlled activities

Income

During the reporting period, DERM's income from continuing operations was \$223.13 million, most of which was Treasury appropriation funding

Sources of controlled funds



(\$154.56 million). Other key income was \$20.13 million in user charges, principally payments for services provided, and \$39.44 million in grants and other contributions received, mostly from the Commonwealth. The sources of income are represented in the above chart.

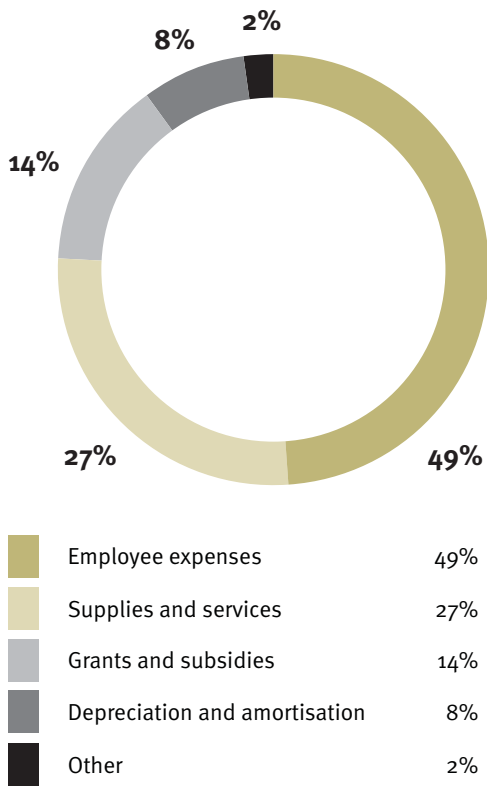
Expenditure

DERM's total expenditure in the reporting period was \$213.91 million, almost half of which was related to employee costs, as outlined in the chart on page 11.

Financial position of controlled activities

The department had \$3.56 billion of net assets at 30 June 2009. Of this, \$3.51 billion was related to property, plant and equipment—mainly national parks and other heritage assets (\$1.41 billion) and associated infrastructure (\$1.12 billion). DERM was holding \$84.39 million in cash and cash equivalents and \$42.33 million in receivables, of which trade debtors comprised \$24.02 million.

Controlled expenditure by type



Current liabilities totalled \$125.53 million at 30 June 2009, of which \$54.55 million related to monies held for land purchases on behalf of other agencies.

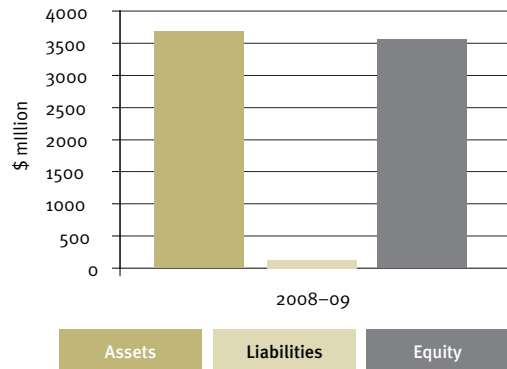
The department's equity included the contributed equity of \$3.54 billion from the former agencies together with a favourable \$9.22 million operating result for the reporting period and \$5.98 million from asset revaluations.

The graph (top right) provides an overview of DERM's financial position.

Financial performance of administered activities

The department received \$189.66 million in the reporting period from continuing operations, including \$126.06 million from land transferred from non-Queensland government entities. Fees and fines, principally relating to Land Title Act fees, totalled \$58.21 million.

Controlled balance sheet



Income from administered activities



Administered expenditure of \$110.02 million included \$96.78 million of land transfers to non-Queensland government entities.

Financial position of administered activities

The value of administered net assets was \$64.08 billion at the end of the reporting period, including \$40.37 billion of land under roads and \$23.50 billion of unallocated State land, government reserves and land held subject to operating leases. The initial inclusion of a value for land under roads has significantly increased the reported value of land administered by the department for the state.

Financial statements

Comprehensive financial statements for the reporting period ending 30 June 2009 appear at the end of this report and are available on the DERM website <www.derm.qld.gov.au>.