

# CORRECTED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2005–06

Melbourne — 13 May 2005

#### Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

Mr G. K. Rich-Phillips

Ms G. D. Romanes

Mr A. Somyurek

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Mr J. Thwaites, Minister for Environment and Minister for Water;

Mr K. Love, acting secretary;

Ms S. Jaquinot, acting secretary;

Mr A. McDonald, chief finance officer; and

Mr G. Wilson, deputy secretary, water sector; Department of Sustainability and Environment.

## Overheads shown.

**Mr THWAITES** — I will start by going through the overheads in relation to water, which are pretty straightforward.

Water is the most pressing environmental issue for Victoria. As a government we are committed to securing our state's water for a sustainable future. We have demonstrated that through the \$320 million Victorian Water Trust, the ministerial statement on water, the green paper, our successful behaviour change program, and last June we launched Our Water Our Future which has been very well received and very successful. Through that we have funded \$225 million in environmental initiatives over four years. Just a breakdown of that \$225 million environmental contribution: \$100 million is going to protect and repair rivers and ground water; \$50 million for urban initiatives such as recycling; \$13 million to boost the smart farms and sustainable irrigation programs; \$35 million towards the Living Murray; and \$27 million for security for cities, farms and environment.

Major sources of investment are the \$320 million Victorian Water Trust; the \$225 million environmental contribution from water authorities, which is from the raising of water prices by 5 per cent for urban water authorities and 2 per cent for rural; and the government commitment of \$204 million on returning flows to the Snowy River. It is a huge financial boost to water under this government.

In terms of key achievements over the past year, we have commenced the stormwater and urban water conservation fund — \$10 million; permanent water-saving rules have been introduced into Melbourne from 1 March; smart pricing reform has been introduced to Melbourne and a number of other urban areas where people pay more if they use more; we have passed legislation for labelling of water-efficient appliances; we have commenced investigations into the effect of climate change and plantations on water yields; and we have initiated our \$42 million country towns water supply and sewerage scheme.

Just to look at it in terms of the map of Victoria, this is now being implemented. It is not just a plan: we are now investing significantly in upgrading our rivers around the state. If you just look, you see \$1 million has gone into the Wimmera, \$1 million into the Broken and \$600 000 into the Loddon. Right around the state we are seeing real investment in improving our great rivers. If you look at farms, we are working very well with farmers on improving water management. Significant funding is going into farm programs. Just to pull one out, a very important one is the channel automation that is going into the Goulburn system and investing in Eildon Dam.

Looking ahead to 2005–06, we in Victoria have been leading in water reform around the country. This has been acknowledged generally in the media. I think even the federal government has acknowledged Victoria is leading the way. We are cooperating well with the federal government on the national water initiative and the Living Murray. The federal government and other states have tipped off our programs for the Living Murray, and we were the first to get them up and get them ticked off. We are continuing to implement the key Our Water Our Future initiatives. That includes all the work we are doing on farms, the work we are doing on upgrading rivers and the work we are doing to improve urban water management.

We have got major projects to be implemented throughout this year. The Wimmera–Mallee pipeline is a tremendously important project. We have agreed to commit \$167 million to that, subject to the commonwealth agreeing — we are waiting for its final approval, but we are hopeful and confident that we will get that. We have the country towns water supply and sewerage scheme and the Goulburn-Broken channel automation scheme, which is going to lead to better delivery of water for farmers and major water savings. We will through channel automation be able to identify where water is being lost in the Goulburn system and reduce leaks and wastage through that.

We are continuing with the program to decommission Lake Mokoan. Lake Mokoan is a man-made storage which is very inefficient. It loses vast amounts to evaporation every year, and instead of losing all that water we will now be able to harness that water to put it back into the environment, the Murray and the Snowy — more than 40 billion litres of water will be saved and put back into the Murray and the Snowy. I should emphasise that that project has been supported by the commonwealth government through the Living Murray process. The Macalister channel automation project, another great project where we are saving water in the Macalister and working with farmers and irrigators down there very productively on that. That is also a project that we are hopeful we will get commonwealth support for through the national water initiative. We have put that in to the commonwealth on the

basis that that should be supported. The Werribee vision is also very important, and the Snowy and the eastern water recycling project.

**The CHAIR** — Minister, keeping in mind that these slides are all going to be tabled this time with our report.

**Mr THWAITES** — That is the end of my report on water.

**The CHAIR** — When you go to environment, could we have it a little more succinct?

**Mr THWAITES** — Right. Okay.

**The CHAIR** — Thank you very much.

**Mr THWAITES** — I thought it was 10 minutes on each. I have only been 5 minutes.

**The CHAIR** — Okay, that would be great.

**Mr THWAITES** — There is so much to talk about, it is hard when there is so much good news.

**The CHAIR** — We will ask you lots of good questions.

**Mr THWAITES** — In terms of the environment, more generally of course the environment is very important for all of us. In April I released the environmental sustainability framework which includes key quality objectives, interim targets and a commitment for government departments to establish sustainability plans. In terms of sustainability, one of the key initiatives this year will be the establishing of Sustainability Victoria. This will be the key body to implement sustainability initiatives, to advocate for sustainability and to get business and community support for the concept of sustainability. It will be formed out of a merger of the Sustainable Energy Authority of Victoria and EcoRecycle but will also have a remit to work on water projects as well.

In terms of greenhouse, over the last year 5-star energy ratings for homes was introduced on 1 July, the greenhouse challenge for energy was released by Minister Theophanous and myself in December. That is a very significant strategy document, as it supports an Australian emissions trading system and gives a very good analysis of that. The green power campaign is where we are trying to encourage Victorians to take on green power, and we have had a recent greenhouse strategy action plan update.

In terms of forests, VEAC has been given a reference to make recommendations on river red gums for the river red gum forest in northern Victoria. In the Otways we have removed the licence which was 25 per cent of the licence levels in the Otways, and there will be a complete phase-out by 2008. We have successfully put logging on a more sustainable footing in Victoria and given a future to the industry through Our Forests Our Future and have cut logging by 31 per cent across the state to achieve sustainable levels. VicForests has been set up successfully. That role has come out of the Department of Sustainability and Environment. The role of commercial logging has come out of the department and been put in this separate body, VicForests.

In terms of fire, the bushfire recovery program has been implemented and very importantly we now have a new integrated approach to fire management. We announced last year \$168 million of new funding for fire initiatives and extra staff — it will mean that 200 extra staff will be employed over this four-year period — and we are boosting fuel reduction burning, boosting our ability to suppress fires in the fire season.

In terms of national parks, we are creating the Otway Ranges National Park. The budget received additional funding for the establishment of that park — part of our overall significant boost to parks funding, some \$91 million of extra funding for parks.

The Otway Ranges park will be a magnificent park, which I am sure Victorians will embrace. We have also created the first stage of the Point Nepean National Park. We have taken on the 200 hectares of former commonwealth Defence land down there, and we are eagerly awaiting the remaining 90 hectares as part of the arrangement where that will all become a magnificent new Point Nepean National Park.

The 13 marine national parks have been a great achievement of the Bracks government, and we have been preparing management plans for them. In the last year I have announced the prohibition of seismic exploration in

marine national parks, and we have also — and I think this is important — acted very strongly on marine pests in the past year. There has been a successful removal of the northern Pacific sea star at Inverloch, and also Victoria has led the way on domestic ballast water, where before domestic ships were really not properly regulated, and ballast water is a key source of marine pests, which cause enormous environmental and economic damage.

In terms of flora and fauna the flying fox colony has been consolidated in Yarra Bend, and we have also been rolling out the Southern Arc project, which is a very important project for removing foxes throughout Gippsland, using baiting across a million hectares of land. In the alpine area Mount Stirling has been amalgamated with Mount Buller, and we introduced an alpine resorts reform package, which has seen extra funding for the resorts. Some of their debt has been forgiven, and a new visitor centre has been opened at Lake Mountain.

A significant funding announcement for 2005–06 is the extra funding for parks and forests — a total of \$121 million, of which \$91 million is for parks and the other funding is principally for roads into state forests. It is a big boost for parks in the budget. There is also funding for ports and risk mitigation, native vegetation management, protecting the bay and recommissioning the Seal Rocks Sea Life Centre. We do have a strong record of environmental funding, and we will be building on that through this year.

**The CHAIR** — This week the government's response to the PAEC report was tabled, and there are a number of recommendations that we have made that the department has accepted in principle and in part. I would like you to give me some outlines of the actions that have been taken as a result of that PAEC report.

**Mr THWAITES** — The department does respect the recommendations of the PAEC, and there are a number of recommendations that have been made. They will be implemented. As the department develops its outcomes framework it will implement the recommendations of the committee. We will be reporting against these performance indicators in the annual report, so you will be able to see that, and when that is released later this year those various recommendations will be there. There was an issue about reallocation of funds. That will be followed, and the department has a system in place to explain that, and that will be in business reporting systems in the future.

**Mr FORWOOD** — Minister, thank you; that is a very good response. I want to talk about the River Murray. My understanding is that one of the measures of the health of the river is river flows, and the calculation of that is done through modelled tributary flow analysis, and this is something that apparently Victoria has been doing for many years. Could you let the committee know how much of that work is going on and whether in fact you have got that data available, and if so, could you make it available?

**Mr THWAITES** — The health of rivers is a huge and varied topic because it is not just the river environment itself and the flow in the river, it is also the flood plain — the riparian vegetation around the river, but also the flood plain extending beyond it. Probably the biggest problem in the Murray at present is not the river itself or the immediate banks, it is the flood plains around it. When you see reports — there have been scientific reports — on the health of the red gums, for example, it is not the red gums along the banks of the river where they do actually get some water that are the problem, it is the red gums in the flood plain areas like Wallpolla and Chowilla in South Australia. The problem is that with a drought and with substantial amounts of water having been taken out of the river for irrigation, those trees that used to get a drink when there was a flood, perhaps every 5 or 10 years, have not had one for years, and they are dying.

You asked about indicators. One indicator is the health of the trees. The red gums are probably the most prominent, and what they need is water and extra flows into the river, particularly in flood times. So when we are planning extra water into the Murray it is not as though you just put the same amount down the whole time, you need to plan it for flood events and to boost flood events. We have done that in the Barmah, and it has been shown to have worked, and we are doing it now, in a sense through engineering, by pumping water into areas like Wallpolla and Lindsay Island around Mildura, and you can see the improvement. You can see on the tops of the red gums, where they were dying, the leaves are coming back. Our whole Living Murray program is about getting extra water into the river, so 500 gigalitres — that is, 5 billion litres — initially, but then getting it to icon sites, the best sites along the river, and getting real results.

**Mr FORWOOD** — Can I go back to the issue of model tributary flows. I know this work was done extensively up to 2000. Is it still continuing, and if so, is that data available?

**Mr THWAITES** — I am not aware of the specific work. What is being done is being done largely through the Murray-Darling Basin Commission. It is responsible for most of the health-of-the-river work, and what

we do is follow the scientific advice from it, and if there is further information about that I can find and provide it to you.

**Mr FORWOOD** — Could you? Because it can only do its work if it gets the input from states, and I am after Victoria's input to it through the model tributary flow program — how much money and that sort of thing.

**Mr THWAITES** — I am happy to do that.

**Mr BAXTER** — I have a supplementary question to that on the flooding of the red gums and so on. I generally agree with what the minister is saying, but I want to get some clarification. Is it not a fact that under natural conditions, because of the sustained period of dry years we have had — we would not have had a natural flood to water those trees you are referring to well out on the flood plain since 1993 — and because we have had irrigation storages, that is how we have been able to top up modest high flows to at least water Barmah?

**Mr THWAITES** — Part of the problem is that some of these trees have not had a drink for very long periods of time. If you look at the flooding patterns over the last 50 years and you compare them to natural flooding patterns — what would have happened without taking the water out — you can see why the trees get stressed. The stress builds from lack of water. What you say in terms of Barmah is correct in that by being able to store the water, we were able to release it at that time.

**Ms ROMANES** — Minister, water has become a big issue for all Victorians and there are permanent water restrictions that are part of the water white paper. Can you outline what water savings have been achieved as a result of those restrictions?

**Mr THWAITES** — I am able to do that. Permanent water restrictions were implemented on 1 March this year. As we know we have had a very dry period since then and one would expect that because it has been dry people would use a lot of water. But I am able to announce today, which I'm very pleased about, that in fact Melburnians used less water this March and April than they did last March and April, despite the fact we have lifted the stage 2 restrictions and put permanent water restrictions in place. I saw a suggestion recently in an editorial in the *Age* that perhaps we should not have lifted the stage 2 restrictions. But this demonstrates that Melburnians, and I think this reflects all Victorians, are now committed to saving water using the permanent water restrictions.

If you look at the actual figures they show a reduction of 2.3 per cent in use over March and April compared to the same two-month period last year. That is a great result. In March Melbourne used 1344 million litres of water a day under the permanent water saving rules compared to 1450 million litres a day under stage 2 restrictions. In April, despite the fact that there was a much lower rainfall this year, Melbourne used only 1290 million litres a day — that is just 40 million litres more than April last year. That is a very positive result. If you look overall, it is a reduction in water use this year despite the lifting of the stage 2 restrictions. This is an important part of our overall strategy — that we did not want to see people, when restrictions were lifted suddenly, revert to their old habits. That was why it was important to have permanent water restrictions in place and also to back it up by a water saving campaign. The advertising we are doing is working. Some people may criticise it, but the fact is people are now following the rules and saving water. We are going to have to do this because in the future there will not only be a growing population but there will also be the effects of climate change which will reduce water, so it is imperative we continue to reduce water use and that is what this campaign is doing.

**Mr CLARK** — Minister, in a press release of 2 March you announced \$23 million of funding as a water trust initiative for fitting automated water regulators to some Goulburn irrigation channels. You referred to that in your presentation earlier as well. Can you tell the committee whether all of that \$23 million of funding will be going to the cost of the automated regulators or whether some of it will be used for other water saving measures in relation to those channels?

**Mr THWAITES** — That is all for the automatic regulation system. It is a computerised system that has been developed here in Victoria; it is world-leading technology. It allows farmers to get water essentially on demand at the right quantity. In the past it was a manual system where the farmer rang up and ordered a certain amount of water. Then the water authority has to go down and lift up the piece of wood and the water flows down and a lot of it can be wasted. Under this new computerised system you get just the right amount of water at the right time. It enables us to identify where the leaks are in every section of the channel. We can tell how much water is going in and how much is coming out, and identify the leaks. That means we can then, relatively inexpensively,

save that water and return it to the environment. It is fantastic technology. The company in Victoria is called Rubicon, but there are other companies looking at other technologies and we will be interested in them as well.

**Mr CLARK** — Can you explain the composition of the 18 gigalitres of savings of water that you referred to? In what respects are those savings going to be achieved?

**Mr THWAITES** — That is an estimated saving based upon the first stage of the project that has already been undertaken. There has been a pilot project. They estimate that that is about the level of savings they will achieve from that \$23 million of investment which means you are looking at \$1.3 million a gigalitre, which is very economic by water-saving standards. Just to explain the secret of it — in the Goulburn you do not lose anything like as much as you do out of the Wimmera-Mallee. It is not economically productive to pipe all those channels as it would be for the Wimmera-Mallee. In the Goulburn system you have to identify where the leaks are and fix them, rather than pipe the whole thing. That is why this technology is able to provide a good economic return on investment in terms of water saving.

**Mr CLARK** — The savings will come from the plugging of the leaks it is going to identify?

**Mr THWAITES** — Principally that, and there is a level also where sometimes there would be excess water going to farmers beyond what they needed. Someone has to lift up the thing and put it down so more water goes than is needed. So there will be savings that way as well.

**Mr BAXTER** — I am less confident than the minister is that Rubicon is going to deliver results commensurate with the cost of it. Is it not a fact that it will render some presently irrigated land non-commandable? Therefore it will not be able to be irrigated in the future because the channels are going to be operating at a lower level, and will farmers be compensated for that?

**Mr THWAITES** — Part of the white paper did foreshadow that there would be irrigation reconfigurations, not necessarily as a result of Rubicon. I am not aware that Rubicon would lead to a reconfiguration, but I am happy to look at any information you would have on that. The white paper did envisage there would be reconfiguration of irrigation systems but there would have to be a very complete process before that would occur which took into account the interests of farmers and whether there should be compensation and all of those aspects.

**Mr BAXTER** — Just by way of explanation, it would not render whole areas non-commandable but it would render parts of farms non-commandable, which may make those farms non-viable. There would be a case for compensation, I would have thought.

**Mr THWAITES** — Certainly I am happy to look at any instances of that. This is new technology it is acknowledged, but it has gone through a pilot that has been successful. We are now taking it to the next stage. It provides the opportunity not only for water savings but for much more accurate and timely delivery for farmers. That is part of modern farming — there are not many businesses now that would operate in the manual way that irrigation does. Business does not operate like that — it operates with the latest technology.

**Mr BAXTER** — They are not quite as archaic as you are suggesting, Minister.

**Mr THWAITES** — The farmers are not. On farms they are doing tremendous things — it is the delivery of the water by the water authorities which is pretty archaic.

**Mr BAXTER** — We can ask SCADA.

**Mr SOMYUREK** — Minister, the published forward estimates for DSE show an overall increase of \$62.3 million. Could you outline why there has been such an increase in the overall budgets?

**Mr THWAITES** — There has been, as you say, an increase in the budget. There are a number of aspects to that. First, there is the additional funding for water initiatives, which I have itemised. There are a number of new initiatives in the budget for things like parks, water, native vegetation and other items. Against that, and the reason that it is not as great an increase as it would otherwise be, is that the commercial forestry division has been taken out of the department's budget and put into VicForests so that is about \$35 million which was in the department's budget which is no longer there. So in a sense you have to add that to the total so that would mean in real terms the total extra budget is more like \$90 million. The other factor you need to take account of is the carryover. In the

previous year's budget there was \$10 million in carryover from the year before, which was 2003-04, and this year we are not carrying over anything, we are not showing any carryover. The exact amount of carryover will still be determined but it is not shown in the budget papers, so that is another \$10 million that was in last year's budget which is not shown in this year's, so if you put all that together it really means it is more like \$100 million — no, \$109 million.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about waste management. The budget papers note that in the three years to 2003 the capital waste generation in Victoria increased by over 12 per cent. I note that in March 2003 you announced the Towards Zero Waste strategy and public consultation process, and subsequently, last November, you announced a working party to look at that strategy. Why was it necessary to have a working party 18 months after the public consultation? Your press release of last November says that the working group would be reporting to you in early 2005. Have you received that report, and what is the time frame for implementing that strategy given that it is now over two years since you first announced it?

**Mr THWAITES** — In terms of waste, in fact last year, EcoRecycle has advised, the total waste to landfill reduced for the first time in many, many years, which is a very positive achievement. Recycling is now over 50 per cent, and we are — —

**The CHAIR** — Increase or — — ?

**Mr THWAITES** — No, total material has gone up over 50 per cent, so they are both very positive. In relation to the Towards Zero Waste, that was a draft strategy prepared by EcoRecycle which was released for consultation, and as you correctly indicated, last November I set up a working party to consult with local government and to get its support for the way forward. The reason this has taken a long time is that the responsibility for the collection and disposal of household waste is with local councils, not the state government. While we as a government have some objectives we want to achieve, we have to achieve them in partnership with local government. The time it has taken us has, frankly, been the time necessary to try to get agreement through local government. It is fair to say there is a range of views in local government. I am reasonably confident that we will get a view out of that working party which represents a reasonable consensus from local government but it will not be unanimous. The government cannot simply direct local government, this is a partnership. They have the power, and what I am trying to do is to put back some of the responsibility on local government to make the decisions that are necessary to get the reduction in waste that is foreshadowed in that draft strategy.

**Mr RICH-PHILLIPS** — I take it from that answer that you have not yet received the report from the working group?

**Mr THWAITES** — I have received advice on it. I have got an indication of the way they are going, but the working group has said it wants to go back to local government to get clear support. To explain, the working group represents local government. There is representation from the MAV, the VLGA and a number from the Regional Waste Management Group and councillors but local governments are very protective of their autonomy and had I simply gone out and said, 'This is the way it is going to happen' I can assure you that the result would be that local government would have said, 'We are not going to be part of it'. Unless local government feels that it owns this and is directing it, I do not think we will get the result that we need. What is happening now is that the MAV — the municipal association — the VLGA and I are writing to all local government with draft recommendations of the way forward and seeking their support. We hope to get support back from local government, council by council.

**Mr RICH-PHILLIPS** — Have you any idea when the strategy could be implemented in view of that process? This year, next year?

**Mr THWAITES** — I very much want it to be this year. It is to a degree in the hands of local government because they are the ones who collect the rubbish and who have the contracts. They own the landfills and without their support we are not going to get the results we need.

**Mr RICH-PHILLIPS** — Thank you.

**Ms GREEN** — Minister, I refer you to budget paper 3, page 194, table 2.8 the Output summary and the line item 'sustainable and productive water systems'. This line item had a significant variation in costs, from \$90.4 million to \$145 million. Could you outline what the cause of this was?

**Mr THWAITES** — Essentially this is the increase in funding through Our Water Our Future. The Our Water Our Future program raised an environmental contribution through the water authorities and for last year that was around \$40 million — \$41 million. In addition to that there was a carryover from 2003-04. As I understand it there was some carryover from the year before of around \$13 million.

**Mr BAXTER** — Minister, I want to take you to the purchase of the Burnbrae property on the Broken River despite the fact that the government had previously said that it would not resort to buying water in a bucket. I am not going to pursue that particular aspect on this occasion. I want more particularly to refer to the fact that this property is now being advertised for sale again with the implication that irrigation is available. It says,

Burnbrae — A former dairy farm —

bearing in mind that in that part of Victoria there are no dairy farms that are not irrigated —

is now being offered for sale with a 10 megalitre water entitlement, however a serviceable infrastructure remains in place.

to irrigate with. Goulburn-Murray Water has said:

... the hurdles will be set fairly high on allowing a return to irrigation ...

to this property. Bearing in mind that the justification for buying this property in the first place was because it was unsuitable for irrigation, is the government not at risk of contravening its own truth in advertising and laws in advertising a property for sale as an irrigation farm when it may not be capable of getting water again?

**Mr THWAITES** — There are a few factors on that. Firstly, in *Our Water Our Future* we indicated that purchasing water would be one of the options for improved environmental flows. That has been signed up to in the national water initiative and the Living Murray initiative.

**Mr BAXTER** — As a last resort.

**Mr THWAITES** — I am just saying that that is one of the options that are there. In the Living Murray and the national water initiatives, that is an option. The purchase of the water in that case was for a good purpose, which was to assist with the decommissioning of Lake Mokoan and to obtain some water for that which would improve the security of irrigators in the region. That water will be available for irrigators to improve their water security. In relation to the property, you referred to the amount of 10 megalitres. My understanding of that is that it is the domestic and stock allocation, not irrigation allocation. Of course a farm needs to have domestic and stock water. Ten megalitres is not a lot of water. That will supply that farm with domestic and stock water. Any purchaser of that property in the future would of course be entitled to buy water or to be in the market. You could not take away that person's right. That would be a matter for that person, but the fundamental reason for that purchase was to give extra security for irrigators in the region. In terms of this committee and value for money, it is a very good value-for-money decision because the amount of water that was purchased was around a gigalitre, which is 1000 megalitres, not 10 megalitres. If you look at the purchase price and what we expect to receive for the farm, it will be at a reasonable rate for the taxpayer in order to achieve the outcome of better security for irrigators.

**Mr BAXTER** — The minister has neatly sidestepped the thrust of my question. The property is being advertised with the implication that it is available as an irrigation farm. Firstly, how can that be so with what the minister just said about improving water security for the remaining farmers? Secondly, is that not misleading advertising and therefore contravening the government's own law?

**The CHAIR** — I understood what the minister was saying.

**Mr THWAITES** — I have answered it comprehensively. To make it clearer, the 10 megalitres is domestic and stock.

**Mr BAXTER** — I was not talking about the 10 megalitres.

**Mr THWAITES** — You raised it.

**Mr BAXTER** — I read it out because it is not the thrust of my question.

**Mr THWAITES** — That was what was in the advertisement.



**Mr BAXTER** — The question is: you cannot run a dairy farm on 10 megalitres, so obviously the implication is it can be again an irrigation farm.

**Mr THWAITES** — It is in a former dairy farm.

**Mr MERLINO** — Minister, you referred to weed management in your presentation. Can you inform the committee what the total funding for the weed management programs and the comparison between 2004-05 and 2005-06? Can you inform the committee what has been achieved today?

**Mr THWAITES** — We announced in 2002 there would be additional funding for weeds of \$14 million for public land and \$10 million for private land. That is in addition to the approximately \$21 million spent in Victoria on the control of weeds, compliance, research and developing the capacity to manage weeds. In this year's budget we also announced that additional money would be available for parks and a significant proportion of that will be available for the reduction of weeds in our national parks and also of pest animals. If you look at all of that combined additional funding, it demonstrates that the Bracks government is committed to a major attack on weeds and pests. We will be implementing that in partnership with Parks Victoria. We are also going to be collaborating with the management of 10 regional weed action plans. They will highlight key targets for weed action. Some of the weeds that have been a key focus to date have been serrated tussock and ragwort. In some areas action on these weeds has proved to have been quite significant and beneficial. By way of example, if you look at serrated tussock, the distribution of that has reduced from 133 000 hectares in 1995 to less than 82 000 hectares in 2005. Across the state we are working in partnership with councils, farmers and Parks Victoria to get that real reduction in weeds.

**The CHAIR** — Just by way of a supplementary question, in your answer, Minister, you mentioned pests. Were you saying that the funding that you outlined there covers both weed and pest eradication or is there a separated allocation for pests? It was not clear.

**Mr THWAITES** — The first one is substantially on weeds, but the extra parks money will be for both weeds and pests. It has not been allocated precisely at this stage. We have got the budget allocation, but we will be doing that shortly. A key priority is for weeds and pests. As far as possible, we want to ensure that our national parks can be improved and not a source of weeds and pests.

**The CHAIR** — On the topic of pests in national parks, I recently had the opportunity to walk around Cape Conran. It was beautiful but the foxes there were phenomenal in terms of quantity. Could you expand on what you intend to do with that money on foxes?

**Mr THWAITES** — That is the sum of our proposal that I referred to. That principle is baiting and doing it an intense way. We are spreading that proposal to other areas of the state. Provided you do it intensively enough, baiting gets results. I know there is a lot of debate around the fox bounty and issues like that. It is popular. In terms of actual outcomes it does not achieve — —

**Mr BAXTER** — But 180 000 was not bad though!

**Mr THWAITES** — There is a lot, but if you look at it area by area, it does not get sufficient numbers to make it a real dent in the population. They come and go.

**Mr BAXTER** — I seek further clarification on the \$19 million for national parks, which is both weeds and pests. What is the estimate to clear weeds from national parks in total? How has the \$19 million been arrived at? There must have been some sort of assessment of what the costs would be?

**Mr THWAITES** — No, as I have said we have not allocated the Parks Victoria money. We have set weeds as a high priority. We have not allocated exactly how it will be spent. That will be done.

**Mr BAXTER** — I accept that, but how did we arrive at the \$19 million? Has there been assessment been done of what it would cost to solve the weed problem in national parks?

**Mr THWAITES** — With all budget amounts it is arrived at by firstly, the demand and secondly, the available funding.

**Mr BAXTER** — I am asking what the demand was. There was a range of — —

**Mr THWAITES** — There is a range.

**The CHAIR** — For every weed in the national park.

**Mr THWAITES** — Yes.

**Mr BAXTER** — It sounds as if we have just thrown \$19 million at it without any sort of consideration. I am welcoming the money, but I am just trying to get at how that was arrived at.

**The CHAIR** — The minister just explained that to Mr Forwood. Do you want to explain it more for Mr Baxter?

**Mr THWAITES** — As I indicated, it has not been allocated yet. A high priority will be weeds and pests.

**Mr FORWOOD** — And there will be another \$19 million next year and the year after and the year after.

**The CHAIR** — Mr Forwood, would you like to ask a question?

**Mr FORWOOD** — Yes I would like to ask a question, and my question goes to another of the major pests. It would not be public accounts if we did not ask about the escalating wild dog problem in Corryong and Tallangatta and in the north-east. As your advisers would know, this is a hot topic in the *Border Mail* yesterday and today, primarily because your department refuses to comment. I wonder if you could advise the committee how much will be spent on the wild dog program this year, by region would be useful, and if you could explain to the committee why Mr McKee and Mr Venge, who have been working as dogmen, one for 18 months and one for three years, have now been told that they will cease employment — in other words, they have been sacked — in early June, and does this not break your commitment that the 18 positions would be ongoing?

**Mr THWAITES** — The answer to the last one is no it does not. There will be 18 positions ongoing.

**Mr FORWOOD** — Well, why are you sacking them.

**Mr THWAITES** — I am just telling you: there will be 18 positions. They were supernumerary to that; they were over and above that. They were employed on fixed-term contracts as part of the bushfire recovery project over and above the 18, and we provided through our lands stewardship program additional funding as a government, and we are continuing to employ the people through that. As I pointed out last year, there has been a significant increase in funding and in the number of doggers under our government. I think it was 14 when the previous government was in place, so we have increased it to 18. I think it demonstrates that we have a greater commitment to this issue and wild dogging than the National Party and the Liberal Party.

**Mr FORWOOD** — That was nonsense, but you did not answer my question, which is: how much by region?

**Mr THWAITES** — I cannot say off the top of my head. I think overall it is about \$1.5 million, but we can provide those figures.

**The CHAIR** — Minister, with the new pricing system for water there is to be significant improvements in water infrastructure. I am keen for you to explain how you intend to use that money to improve water infrastructure.

**Mr THWAITES** — The pricing system for water that we announced in *Our Water Our Future* increased water prices in urban areas by 5 per cent and in rural areas by 2 per cent. That raises around \$225 million over four years. The expenditure of that is on improving the water environment, and there is \$100 million that is going to go into upgrading our rivers — rivers like the Wimmera and the rivers along the Great Ocean Road and the Thomson and the Macalister — so that is a very substantial improvement in our river environment.

There is also significant funding, some \$50 million, going into the improvement of water management, including recycling and stormwater use and the like in urban areas. There is some \$13 million that is going to be going into farms and better farm management of water and supporting farmers with water management plans, water efficiency and better irrigation. And there is some \$27 million going into a whole range of measures to improve water security, including having a web-based accounting system for water so we know where the water is and can

account for it all. Finally funds are going into the Living Murray proposal, which as we have heard will lead to extra water down the river, but it will also lead to significant improvement of a number of icon sites.

**Mr CLARK** — My question relates to water recycling. You would be aware that in *Our Water Our Future* you referred to the fact that in 2002–03 the Melbourne Metropolitan Water Authority has achieved 11 per cent water recycling of 36 000 megalitres. Melbourne Water’s environmental review of 2001–02 states that the percentage of total water volume discharged from sewage treatment plants that was recycled is 2.4 per cent — in other words, we have gone from 2.4 per cent to 11 per cent in the course of about a year. I was wondering if you could either now or on notice provide a breakdown of the 11 per cent that reconciles it with the 2.4 per cent from Melbourne Water, and whether you could also tell us whether that 36 000 megalitres includes around 13 800 million litres that was reused at the eastern treatment plant, and if so, how that sort of volume of water was reused at the eastern treatment plant?

**Mr THWAITES** — I think that refers to both the western and eastern. I can get those figures, but I cannot quote them to you off the top of my head. But I can say at the eastern treatment plant we are now nearing the commencement of a major recycling program down there, which will provide water to farmers and eventually to new developments in the south-east corridor of Melbourne. That is a public-private partnership that is occurring down there. On the western side Melbourne Water has substantially upgraded its treatment plant so that it has a much higher quality of water, and that is enabling it to use that water for recycling. That is being utilised both in the Melbourne Water area, the farm, but also in the major water recycling project we have with Werribee district farmers. We now have about 80 or 90 farmers down at Werribee signed up to use recycled water, and they are using it. That is a very significant project. We are talking about up to around 6000 megalitres of water being used by farmers in that project down at Werribee. It is a major project, and it has got up and running much more quickly than people would have anticipated a few years ago when you talked about it. I know there are some farmers down there and some people who have not supported it, but I think it is a fantastic demonstration that we can use recycled water. Vegetables are being grown using the recycled water now, and everyone seems to be quite happy eating them.

**Ms ROMANES** — Minister, page 311 of budget paper 3 outlines the government’s commitment of \$48.4 million TEI to the Wimmera–Mallee pipeline. Could you provide us with an update on this project and how the money will be spent? Also there have been previous allocations. Could you tell us something about what the previous \$15 million is being spent on?

**Mr THWAITES** — The Wimmera–Mallee pipeline is one of the most important projects for Victoria, and it really is the future for western Victoria. Having visited there on many occasions and talked to the councils, farmers and water authority people, I can certainly understand how important it is. It will mean that in future the west of the state would not have to suffer in the same way that it is through this drought. I think it is wrong to talk about drought proofing, but it would certainly be a huge benefit in droughts like we have now. But it also has a huge environmental benefit — something like 85 billion litres of water will be recovered and go to the environment. That means that the Wimmera and the Glenelg rivers will benefit hugely. There will also be some extra water for growth. This is a real win–win situation

In terms of the dollars, the situation is still a little uncertain because we have put forward our proposal to the national water initiative, which is that Victoria will pay \$167 million for the cost of the project, and we are waiting for final tick-off from the Prime Minister. Our understanding is that the National Water Commission has approved our proposal. It is ready to go out for tendering as soon as we hear from the Prime Minister.

In terms of the phasing of the money — and Mr Forwood referred to the years — the final phasing is difficult to determine until we get from the commonwealth exactly how it is going to spend its money and when. It will be spending its money over a shorter period of time than Victoria. It has to; it is its total national water fund — I must say largely funded from our competition payments — but it is a 4-year program to spend, whereas the whole project will be around 10 years. You will probably see some of the commonwealth money spent in the earlier years, and ours in the later years, although we will certainly be investing year-by-year. In terms of the money that we have already spent, it has gone into the design process, which is a huge process. There are now detailed plans for all the pipes. I think there are something like 8500 kilometres of pipes — —

**Mr FORWOOD** — Seventeen.

**Mr THWAITES** — No, it is replacing 17 000 kilometres of channel, and I think it is about half of that in the pipes. It is a gigantic project. The design work is under way, and that is where the money is going.

**Mr CLARK** — Will an environment effects statement be undertaken as part of this additional funding, particularly in relation to the decommissioning of wetlands?

**Mr THWAITES** — No.

**Mr CLARK** — No environment effects statement.

**Mr FORWOOD** — Page 311 of budget paper 3 talks about additional funding. My question is: presuming that it does sign up and we start spending it, and yes, we are going to spend the commonwealth's money quicker, the \$7.9 million in the next two years would in fact be more, because this only relates to the additional funds.

**Mr THWAITES** — Exactly.

**Mr FORWOOD** — Can you give us some idea about how much Victoria will be spending in 2005–06 and 2006–07, because some was allocated last year?

**Mr THWAITES** — We have already allocated \$77 million in the forward estimates. This is extra on top of that. As a government we have indicated that, subject to federal agreement, we will be committing \$167 million. We will have to get the final financial arrangements once the federal government commits, and when it indicates when it is going to fund it. Also, it will depend a bit on who tenders and how they propose to do it and how they propose to charge it.

**Mr RICH-PHILLIPS** — Minister, the fire prevention output group indicates that this year, 2004–05, you will have achieved your target of 130 000 hectares of fuel reduction burning. Can you provide the committee with a list of the planned burns for 2004–05, the actual burns and their area? Can you also tell us whether that figure of 130 000 hectares includes the 6000 hectares that were burnt out at Wilsons Promontory and the area that was burnt out at the Murray-Sunset National Park last December?

**Mr THWAITES** — As we indicated, we have significantly increased resources for fire prevention and suppression. We have also indicated our intention to increase the amount of fuel reduction burning. In the last year we have commenced a significant increase in the number of fuel reduction burns. There have been 577 prescribed burns. In terms of the question you asked about Wilsons Promontory, the area where that escaped is not included in the total figure.

**Mr RICH-PHILLIPS** — Could we have a list of those 577?

**Mr THWAITES** — We can provide a list of that.

**Mr RICH-PHILLIPS** — And a list of those that were planned but not undertaken?

**Mr THWAITES** — We can provide a list of those areas.

**Ms GREEN** — Minister, page 193 of budget paper 3 states that Victoria has made environmental sustainability a priority through the environmental sustainability framework. For the benefit of the committee could you describe how the framework will contribute to Victoria becoming a sustainable state?

**Mr THWAITES** — I would be happy to do that. The framework sets out three key directions: maintaining and restoring our natural assets, using our resources more efficiently and reducing our everyday impacts. Under each of those key directions we have set objectives and interim targets. Not only are we wanting the whole community to do it, but we want the government to do it as well, and so government departments and agencies are going to be required to build on those strategic directions in their business and operational planning from July 2006. We will also be having an environmental report card to assess how the state is tracking in meeting its environmental objectives and interim targets, and that is under the Commissioner for Environmental Sustainability's legislation which is due by 2007. It will be every five years.

There are a range of initiatives in the framework that are important, such as establishing Sustainability Victoria; the sustainable household challenge, which is all about encouraging Victorians to live more sustainably at home; funding for the Environment Protection Authority to work with the Victorian Employers Chamber of Commerce and Industry to help small to medium-sized businesses increase their resource efficiency; and an energy efficiency campaign to encourage Victorians to use energy more wisely at home, saving on their energy bills and protecting the environment. So all together with our other policies — Our Water Our Future, Our Forests Our Future and our Greenhouse Challenge for Energy, this is a framework around which we are building those specific environmental policies.

**The CHAIR** — In that answer you made reference to government departments being part of this project and reporting. How do you measure the results that you want within government departments?

**Mr THWAITES** — Energy use is one of the criteria. We have a target to reduce energy use in government departments by 15 per cent. Government departments achieve that through more efficient energy use, lighting et cetera and report on that.

**Mr BAXTER** — Minister, returning to the Living Murray initiative, at the time it was being discussed there was a lot of media releases from yourself, the Premier and others indicating that Victoria's contribution was significant and the inference, at least from my understanding, was it would be coming from consolidated revenue. But from your slides this morning and from the information that is in the budget papers it seems that most, if not the whole, of it is in fact going to be funded by either dividends from water authorities or the new water tax on consumers — that in fact the government is not contributing at all, it is new taxes that are funding it; is that correct?

**Mr THWAITES** — You made a number of allegations there which are incorrect. In fact at the time of introducing Our Water Our Future we were very clear that a portion of the environmental levy was going to the Living Murray. We were quite clear about that. The point you make about dividends just does not make any sense at all because, as you know, dividends go into consolidated revenue and there is no way you can or should distinguish between that source of income and other sources of income such as payroll tax, stamp duty and the like. When you say the government has not paid — the government does not pay anything; taxpayers pay. So if the money does not come from water prices and the environmental contribution or from a dividend, it comes from stamp duty and all the other things that people are always unhappy about, but you have to get revenue from somewhere.

**Mr BAXTER** — A supplementary comment, Chair. Minister, your own slides contradict just what you have said because the slide headed 'Breakdown of \$225 million environmental contribution' states that \$35 million was going directly to the Living Murray initiative.

**Mr THWAITES** — I have just said we were quite open about that at the time. This is not anything new. I do not know where you were last June. We released that information when we released the Our Water Our Future program, quite openly.

**Mr SOMYUREK** — Minister, I refer you to budget paper 3, page 197, 'Sustainable water management and supply'. For performance measures there seem to be some significant variances between the targets and actuals for 2004-05 and 2003-04. I refer specifically to 'Rebates approved to households for improved water efficiency in the house and garden'. There is significant variance between 15 000 in the 2004-05 target and the actual of 62 591 in 2003-04.

**Mr THWAITES** — It is true there has been a fair variation in the number of rebates taken up, partly because of the types of rebates. We did have a period where we had a special pre-Christmas deal on washing machines and dishwashers which was extremely popular. We decided that Christmas was enough. But I do think the target of 2004-05 was a little unambitious at 15 000. We were hoping for a lot more than that. In total we have had 100 000 rebates. This is an important program. Some people criticise it on the basis that it is expensive for the amount of water saved. But it is part of changing people's attitudes to water. Victorians have done a great job in saving water. They are paying a little more for their water. I might say generally people's response is that they are satisfied to pay more as long as it goes back into water. This is an incentive and a reward for of people that take that extra effort. So it is part of a package of measures we have implemented. If you look at the results last year, people in Melbourne used nearly 20 per cent less water than they did in the 1990s, which is a significant improvement; and

now that we have lifted the stage 2 restrictions people have not gone back to wasting water, they have continued saving it, and I think the rebates are part of that.

**Mr FORWOOD** — I would like to touch on the issue of toxic waste or hazardous waste, or whatever you want to call it. In the policy the government released in December 2000 it said its first preference was to avoid and/or reduce the generation of hazardous waste, and I am interested to know what actions you have taken to do that, and what money is being spent, and where I can find it in the budget papers.

**Mr THWAITES** — Considerable activity has been taken by business, and it is principally from a government point of view, involving the Environment Protection Authority. It is working with business and AIG in reducing the amount of prescribed waste and getting some real successes. In addition the government is providing some funding support for some projects which achieve that. Some of them, I might say, as well as having a waste reduction benefit, also can have an energy benefit, too, so there are a number of projects where the Environment Protection Authority and Sustainable Energy Authority Victoria work with business to reduce their waste, but there are sometimes some energy payoffs as well. Business, around the world, is now getting better and better at reducing prescribed waste. More and more there is on-site processing to remove or to transform the products so that they are not hazardous.

**Mr FORWOOD** — So it is funded out of the Environment Protection Authority? It is part of the Environment Protection Authority grant program?

**Mr THWAITES** — That is right, yes.

**Mr MERLINO** — Minister, you referred earlier to the merger of Sustainable Energy Authority Victoria and EcoRecycle into a new organisation — Sustainability Victoria. Can you explain how the creation of this new organisation will impact on the achievement of performance measures and output funding?

**Mr THWAITES** — This new organisation is an exciting opportunity for sustainability, to get it embedded in the community and in business. The Sustainable Energy Authority Victoria carries out many projects in reducing energy use; EcoRecycle does projects in reducing waste; in water we are doing projects; and time and again we are seeing that the same projects actually have water, energy and waste aspects. A good example is BlueScope Steel at Hastings. It has a program to significantly reduce water use, but it also has a big energy saving benefit, too. These sorts of projects we are wanting to support in a coordinated way, and Sustainability Victoria will be able to do that, to work with business particularly, to develop projects that save energy, save water and save waste.

**Mr CLARK** — My question relates to the bushfire recovery strategy. As I understand it, significant funds were trimmed out of the budget to various parks around the state in order to contribute towards the funds for the strategy. Particularly in light of that I want to explore what has happened to the actual funds that were set aside for it. As far as I can trace the figures, the first bushfire recovery strategy restoration funding involved a capital budget of \$31.8 million, which was later revised down to \$27 million, and then that turned out to be a forecast capital outlay in 2003-04 of \$22.2 million. This is based on the Auditor-General's report on finances for the state of Victoria 2003-04. It was then expected to spend \$8 140 000 in the year to June 2004 based on the public sector asset investment program 2004-05. Then the Auditor-General reported that the actual capital outlay in 2003-04 was merely \$600 000, and that left an estimated expenditure of \$3 800 000 this year, with a remaining \$19 million-odd to be spent in future. On top of that you have had a bushfire recovery initiative, which started off at \$27.2 million, and you are expecting to spend \$7.5 million this year again, with \$19 million remaining. Given the significant scaling back and the scope and delay in these works, what has been going on, and why is it taking so long to get the bushfire recovery strategy rolled out?

**Mr THWAITES** — Most of the funds will be spent by the end of this year. There are some areas where insurance claims are still uncertain. In terms of the change in the amounts, that has partly been the amount of insurance claims because initially it was expected that the insurance claim money would be greater than it has in fact been. But most of the money has now been spent so the tracks have been restored that were damaged through the fire suppression process, money has been spent on restoring the various huts in the alpine areas, and there has been significant support for the local communities through a number of projects, so the great majority of the funds have been spent, but there is still that issue around insurance.

**Mr CLARK** — The latest available figures show that something like \$39 million out of a total of \$59 million is to be spent beyond 2004-05, based on the public sector asset investment program 2004-05. Are you saying you have been able to bring things forward?

**Mr THWAITES** — Things have been brought forward. As I understand it, there is still an issue around the north-eastern water treatment plant and that has not been able to be done within that time frame, but apart from that — —

**Mr CLARK** — Perhaps you can provide us with an update on notice if you do not have it to hand.

**The CHAIR** — Minister, on budget paper 3, pages 211 to 212, there appears to be a drop in funding for sustainability and greenhouse policy output. Can you advise whether this is in fact so?

**Mr THWAITES** — There has not been. It is a fairly simple explanation. There was an initial \$7 million carryover included in the previous budget figure for 2004-05, and that is a carryover from 2003-04; but the 2004-05 budget does not include any carryover, so you cannot really compare the two years' funding.

**Mr FORWOOD** — Sorry? The \$38.4 million in 2003-04 — —

**Mr THWAITES** — The \$30.7 million.

**Mr FORWOOD** — Sorry? The actual 2003-04 figure was \$38.4 million. This is on page 212. The only thing that matters is the output cost down at the bottom. So we actually spent, in 2003-04, \$38.4 million. And this year we are actually going to spend \$21.2 million. The actual spend in 2003-04 does not include a carryover, does it?

**The CHAIR** — I would presume it had something to do with the introduction of the greenhouse strategy.

**Mr THWAITES** — That is 2003-04 though.

**Mr FORWOOD** — Just take it on notice, Minister.

**The CHAIR** — Would that have had something to do with the greenhouse strategy?

**Mr THWAITES** — I think there was a bigger carryover even from 2003; there was \$11 500 000 in the previous year. But I can take that on notice.

**Mr BAXTER** — Minister, I have a copy of a document entitled 'Operational guidelines for achieving net gain in planning decisions — a guide for responsible authorities'. Despite that long title it does not actually indicate that it is referring to native vegetation. It is a bit unclear to me whether it is a planning document or a DSE document. Nevertheless native vegetation being DSE, presumably your department has a significant input. I am wondering what the status is of the document. My copy is headed 'confidential'. but I am not sure whether that was months ago or is still current. It is a document of a lot of pages; it is very detailed and could result in very significant expenditure for farmers and involve them engaging environmental consultants when they are wanting to make some changes to their native vegetation regime. Could you tell the committee what the status of this document is? It is called an exposure draft. What opportunity will there be for farmers and individuals to have some input into the final outcome?

**Mr THWAITES** — It is, as it says, an exposure document which is a draft document for discussion and input.

**Mr FORWOOD** — Why has it got 'confidential' on it?

**Mr THWAITES** — I certainly would not class it as confidential because it has been given to the VFF and was sent to all councils in Victoria.

**Mr BAXTER** — Can I take it then that it is a DSE document not a planning department document?

**Mr THWAITES** — It is the same department — planning is part of DSE. It is both planning and my part of DSE. I do not know why it has 'confidential' on it because I certainly do not regard it as confidential. I asked for it to be distributed to everyone. It does mean I guess that Peter Hunt can write a better story that way.

**Mr BAXTER** — What are the time lines on consultation? It is a very detailed document and people are going to need some time to get their minds around what it means.

**Mr LOVE** — This document is actually designed for planners in the shires in particular so they can have some clarity around what the rules are. They are not new rules or policies — they are clarification of existing policies.

**Mr BAXTER** — When you read the document — —

**Mr LOVE** — I would point out that net gain has been the policy since 1997. This is not a new policy.

**Mr BAXTER** — We have not had breast-height trees and all sorts of things that are in this one.

**Mr LOVE** — It is designed for use by planners in looking at applications so it went to all shires. We also sent it to the VFF, the Property Council of Australia, the Urban Development Institute of Australia and the Australasian Housing Institute for them to provide comments. We asked for comments back by the end of this week. Most of them have — we have had 34 responses. We are still open to any other responses people want to make. That document is designed for the professional planner rather than you or me or a layperson.

**Mr BAXTER** — It is pretty alarming.

**Mr CLARK** — Is a round of consultation planned with people outside the profession? What is the time frame for completing the process and issuing the final guidelines?

**Mr THWAITES** — There has been an enormous amount of consultation and there will continue to be. We do not have a final deadline. I want to make sure people have the opportunity to have their say. There is a difficulty here because it is a bit like the planning scheme. Planners have to operate in the planning scheme, but everyone who builds a house does not actually have to know the whole planning scheme. There is a bit of an assumption here that a document that is a planning officer document should necessarily be the same document that is actually used by the user. We do not do that when we build houses. I understand the points that the VFF and farmers are making. I have met with them and will continue to do that with a view to having the simplest possible system. I should emphasise that native vegetation planning rules have been in place since 1989; net gain was 1997 under the previous government. The reason for these rules is that farmers and others said the net gain needs some precise rules — they wanted more precision and clarity about them because there can be inconsistency. When you put the precise rules down, as Mr Baxter has pointed out, you say, ‘Gee, there are all these new rules’, but they are not. They are an endeavour to have a consistent and prescribed rule for different situations. You cannot have on the one hand absolute consistency and prescription and not have a fairly detailed document. That is the balance. We could go back to the situation of saying, ‘All right, we do not have all the details — it is just going to be determined by the planning officer on the basis of what he or she thinks is appropriate’. Farmers and others recommended there should be more detail so that is what we are grappling with.

**Mr FORWOOD** — We are grappling with a really interesting issue here. You would have heard on radio this morning that in the city of Hume you can only have a potbelly stove outside if you have a 1-acre block. It seems to me, like the issue Mr Baxter raises, there are now so many of these things that the planning experts know but the ordinary person does not. The major problem with the document that we have looked at is that it is going to put requirements on people for whom they would have no idea they were responsible until, I was going to say jackboots, the inspector arrives on the doorstep and says, ‘You are not allowed to do that’.

**Mr THWAITES** — I think all of these points are important and will be taken on board.

**Ms ROMANES** — Minister, on page 203 of budget paper 3 there is an output measure under the services for management and governance of Victoria’s parks which outlines the proportion of priority actions as defined in Parks Victoria’s corporate plan which are delivered within the agreed time frame. Could you give the committee some examples of what the priority actions were in 2004–05 and the extent to which they have been achieved?

**Mr THWAITES** — Parks Victoria reports on achievement at six-monthly intervals. The midyear review of the first six months of this financial year indicates satisfactory progress on the 187 priority actions identified in the 2004–05 business plan. Some nine actions have already been completed. Some of those examples are the provision of emergency power at the Twelve Apostles; the demolition of the Tankerton jetty; and another one that



is progressing well, which I was able to get first-hand advice on, is the contraception program for koalas at Mount Eccles. I was down in the region last week. It is getting on with those projects.

**Mr FORWOOD** — Minister, I just want to go back to the emissions trading in greenhouse gases. I wonder if you could tell the committee where you are up to with your attempts to introduce a state-based emissions trading scheme and if you could indicate how much money has been spent to date on the project. You had Allens doing various things, and others. Finally, I spent two days up at Coal 21 in Sydney, which was specifically about greenhouse and it was attended by people from all around the world. The Victorian government had presenters there and there were officers from the government from DIIRD, DOI, DPI and the EPA, but no-one from the greenhouse part of your department — at the major conference on greenhouse. I wonder if you can just deal with those issues for us.

**Mr THWAITES** — In relation to the last point, I am not aware. You know we are a very lean department that does not always send people up, and it may be that the EPA, which is part of our department structure, was there and was able to represent us. In relation to the broader issue, Victoria has joined with other states in supporting emissions trading and we have now developed the framework for a national emissions trading scheme. We have said that it should be a national scheme. The framework essentially would be a cap and trade scheme which would be sector based. That means you would do it by sectors, like generation or transport, and it would be similar to the sort of system they have in Europe.

In terms of the cost of the work that has been done on that, I am not able to indicate exactly the amount, but it is a project that not only my department but the Department of Infrastructure and the Department of Primary Industries are working on jointly. More and more we are seeing that business is coming around to seeing that this is the way of the future because it provides a market incentive for reduction in emissions. That is what is missing now. There is a lot of talk about the importance of technology and that is right, and our government has just backed that up with an \$85 million commitment in this budget to an experimental or pilot plant for reducing emissions, but that technology will really only take hold if there is a market incentive for all business to reduce emissions.

**Mr FORWOOD** — Two quick things: I wonder if you could provide us with — I will take it on notice — how much has been spent? I would appreciate that. When do you think it will be implemented?

**Mr THWAITES** — What?

**Mr FORWOOD** — The emissions trading scheme.

**Mr THWAITES** — The emissions trading scheme is now going through some further work on some of the details like how do you set the initial cap for the different emitters. It is proposed that that will go to the first ministers — that is, the premiers and first ministers — at the end of the year for a decision. Then it will really be a matter for those first ministers to determine.

**Mr SOMYUREK** — Minister, I refer you to budget paper 3, page 202. In 2004–05 there was an estimate increase of \$5.2 million mainly due to the metropolitan parks levy. Could you please outline how this additional money was spent, particularly in relation to bike paths either in urban or rural areas?

**Mr THWAITES** — That levy goes not only to Parks Victoria but it also goes to zoos, to the Royal Botanic Gardens and to the Shrine of Remembrance. In terms of parks, part of the funding has gone to bike paths. We have a \$600 000 program in Parks Victoria for improving the bike trail network. In 2004–05 Banyule, Casey, Stonnington, Hobsons Bay and Maroondah city councils all received grants, as did the Darebin Creek committee of management. There was an additional \$250 000 on top of the \$600 000 that went to Bayside City Council for an extension of the Bayside bicycle network. Certainly bike paths are very important and I will be reviewing that this year to see how we can maintain them and if possible expand that.

**Mr CLARK** — Minister, you will be aware of controversy a short while ago about Goulburn-Murray Water's decision not to provide Campaspe irrigators with an additional 5 per cent of water, making it unavailable to them for irrigation this year even though they have received only 39 per cent of their water entitlement. Can you explain what the government's position is on that decision by Goulburn-Murray Water, and are you able to indicate whether or not the 5 per cent of allocation water which was not given to them will be allocated to Coliban Water to secure Bendigo's water supply?

**Mr THWAITES** — The decision on that was made by the board of Goulburn-Murray Water. It is its responsibility and the government supports that decision. The basis of the decision was that if it had essentially drained the lake and taken the rest of that water there would have been a real risk that there would be no water next year for essentials like stock and domestic supplies. It made that decision on that basis and the government supports it. It means there will be some water available in the reservoir for next year which would otherwise not be available. It is not water that is going to Bendigo; it is water that is available for essential supplies.

**Mr CLARK** — Retained by Goulburn-Murray and they will not take it to Coliban for Bendigo?

**Mr THWAITES** — Yes.

**Ms GREEN** — Minister, page 31 of budget paper 3 states there are:

20 000 built assets such as roads, lookouts, jetties, piers, picnic facilities and visitor centres —

within the Victorian park system. Could you outline the process that will determine which assets will receive the additional funding?

**Mr THWAITES** — It is extraordinary the number of assets across our parks. There are little things — bridges, toilet blocks, jetties and all sorts of things — and I am very pleased that nearly \$50 million was allocated in the recent budget over the next six years for asset replacement and renewal. In making the decision as to which assets would be replaced, Parks Victoria has a levels-of-service framework which it uses. It has to look at things like meeting legislative requirements for things like safe drinking water and sewerage treatment and the like; maintaining community access — which is very important. A good example is toilet blocks; if toilet blocks are not usable then communities cannot access a nice spot — and reducing the environmental damage caused in some areas, if assets are deteriorating. They do use a framework; it is not done randomly but according to those criteria.

**Ms ROMANES** — Minister, with regard to these assets, is there a problem with vandalism?

**Mr THWAITES** — I do not have any direct advice on that. I am sure there may be some areas but — —

**Ms ROMANES** — It is not huge?

**Mr THWAITES** — It is not the big issue.

**The CHAIR** — Minister, you made comment about maintaining community access. Does DSE have a web site or does it work in with any other organisations that highlight walking paths or tracks that are accessible for people who have mobility issues? I am thinking in terms of wheelchair access, or people who are mobile but who have limited mobility. When you have a member of the family who enjoys the outdoors, it is really handy to know where you can go without having been there before. I will give you a good example. At the back of Angahook-Lorne National Park there is a great path that we came across a few weeks ago where you can take people in a wheelchair. Where else do you find out?

**Mr THWAITES** — I will get more information to the committee about that. I know in some areas, especially the more popular areas, there have been real attempts to ensure that there is that access — for example, Wilsons Promontory. I have just been advised they even had a situation where some of the rangers would go out on wheelchairs to get some understanding of what it would be like. They have sought to improve the access there. In terms of the notification of where wheelchair access is available, we will come back on that. I am not sure whether it is signage or literature that informs people with disabilities where the best access is.

**The CHAIR** — For example, I have never seen any braille — I am probably not looking for it — signs around. That would be useful. By way of assistance, the Disability Advisory Council of Victoria would be able to provide you as an organisation that highlights where it believes there are accessible recreational opportunities for people. Parks are really important.

**Mr THWAITES** — We will get some information back on that.

**Mr BAXTER** — My question is a quick one. Unfortunately wild dogs are pretty smart animals and they were not destroyed in the alpine bushfires like thousands of animals were. They are now wreaking havoc on

livestock in north-eastern Victoria, as you well know. Why won't Victoria join with New South Wales in an aerial baiting program?

**Mr THWAITES** — I have asked for a proper analysis to be done on the option of introducing aerial baiting. There are practical problems and the potential for killing native fauna. That is the reason that it has not been introduced, but I have asked for that to be reviewed and to come back to me. I do not have the outcome of that yet.

**Mr MERLINO** — In regard to the \$227 billion that will be available over four years to implement Our Water Our Future, can you provide the committee with some additional information and update on the funding that has been spent so far and also the projected expenditure into the future?

**Mr THWAITES** — I am happy to do that. I have given some broad indications. I will refer to a few of the detailed programs. A few of the detailed programs are the sorts of things you can do to encourage water saving. With the country football ovals program they were putting funds into assisting with the irrigation and watering for country football. The water audit for schools means that schools are able to get a water audit and to then have low water use equipment put in or flow restrictors and the like. Your school will be able to benefit from that. That means in the long term not only do they use less water, but they have lower water bills which schools like too. Local government uses a lot of water. One thing people hate is seeing sprinklers on in the rain. That is the sort of thing we want to see eliminated through local government water use conservation plans. In terms of stormwater, there are a number of projects which are getting funded now. Around the state councils are using stormwater better. In the future we want to see stormwater as a resource. There is a project being undertaken at the moment to look at storing stormwater in aquifers under Melbourne, which could then be reused. The purpose for that is you get most of the stormwater in the winter and spring, but you want to use it in summer. You have to store it somewhere. That project is being undertaken.

In recycling, some major feasibility work is being done examining the feasibility of a recycling project that would take the water from the Eastern Treatment Plant and use it in the Latrobe Valley for industry. We have a strategy study under way on that.

**Mr FORWOOD** — I know you recollect the Auditor-General's criticisms of the department in relation to the management of the contractor assistance program for the Our Forests Our Future program. In particular he said the criteria were not clear and the department needed to make it clearer and that there was not enough money. Are you aware of the people who were not finally eligible for assistance under the contractor and haulage situation? Are they still trying to get some reimbursement for the loss of value of their business and their equipment?

**Mr BAXTER** — Or eligible in that there was not any money to pay for it?

**Mr THWAITES** — There are a range of issues there. The first thing I will point out is that the Auditor-General emphasised that overall the Our Forests Our Future program had been managed well, had reached its targets and had achieved the outcomes that were sought. There were two reports from the Auditor-General. They both need to be looked at.

**The CHAIR** — He heard your question.

**Mr FORWOOD** — I agree.

**The CHAIR** — Excuse me, let the minister speak.

**Mr FORWOOD** — You are ridiculous!

**The CHAIR** — You are going to be polite, Mr Forwood!

**Mr THWAITES** — In his two reports, the Auditor-General was complimentary about the program. In terms of the contractors, we increased funds available in Our Forests Our Future. I recall that the figure that we committed was initially \$80 million. We increased that somewhere around \$90 million. That funding was very important. That enabled workers and contractors to receive varying levels of compensation. The Auditor-General notes that we made it clear at the beginning that the particular basis of granting compensation may change. It has to change because it is not as though there are unlimited funds in these projects.

In terms of what the various employees and contractors are doing, there are a range of things. Many of them have gone into other jobs and careers. There was retraining for employees. Many of them have gone into that. In terms of contracting, a number of them were involved in other projects. A number of contractors, as I understand, got involved in salvage logging. The salvage logging provided opportunities. Other contractors have gone onto other jobs. Some have moved interstate and some are doing different things. Many are still in the industry. It was not as though this was a decision that was made to put people out of work. On the contrary, this decision had to be made. Had business gone on as usual, many more people would have been put out of work including many of these contractors. The government might not have put anything in. If we have gone on the way that previous governments had in continuing to over-log, we would have been hit suddenly with a massive problem. It is arguable that at that stage the contractors and workers could have just been thrown out on the street.

**Mr FORWOOD** — Minister, the Auditor-General said that in terms of reducing logging, if this program was successful — and yes, you are right; if it had gone on, maybe that would not have happened. The point that the Auditor-General made in relation to contractor assistance program was firstly, it was not well enough defined. People did not know what the criteria were, and in fact compensation was given to some people that was not measured against the criteria. Some of the people who met those criteria missed out entirely. While overall you can say, ‘Yes, it has been successful’ there has been a category of people in this program who have seriously lost. There are a number of examples I can provide you of individuals who in the course of this overall project, which has worked well, have been firstly, severely discriminated against, but secondly, had their livelihoods wrecked.

**Mr THWAITES** — I understand the points you are raising. The Auditor-General’s comments were made and the department has responded and indicated in a number of regards how it can respond positively.

**The CHAIR** — Thank you, Minister, and I put in an extra thanks given the difficulties you have been having with your throat. I thank you, your departmental officers who were ready to give evidence, and all those from the department who prepared extensively for your folders. I also thank Hansard and the PAEC secretariat. You will be provided with a copy of the Hansard transcript as soon as it is complete.

**Witnesses withdrew.**