

CHAPTER 13: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT

Key Findings of the Committee:

- 13.1** The Department of Sustainability and Environment's budget allocation for 2004-05 is \$864.1 million, a decrease of \$97.8 million from the 2003-04 estimated actual budget. This decrease is largely due to substantial variances in carry over funding, the finalisation of bushfire recovery funding and the completion of the Our Forests Our Future and Pride of Place initiatives.
- 13.2** The 2004-05 budget includes \$10.8 million of funding carried over from last year. This funding will be applied to the Victorian Greenhouse Strategy, bushfire recovery activities, the Natural Heritage Trust, and the National Action Plan for Salinity and Water Quality Initiatives.
- 13.3** Funding for the Office of the Environmental Sustainability Commissioner is spread across a number of outputs in the Department of Sustainability and Environment, and the 2004-05 Budget Papers contain no performance indicators that relate directly to the Commissioner's Office.
- 13.4** A draft sustainability strategy is currently being developed following the release of the document *Our Water, Our Future: Securing Our Water Future Together*. However, there are no performance measures in the 2004-05 Budget Papers relating to the quality and timeliness of this strategy.
- 13.5** A major water reform package, *Our Water, Our Future: Securing Our Water Future Together*, is expected to raise \$225 million through the water authorities over four years. The Government has made a commitment that these funds will be used on water conservation measures and to maintain and upgrade water infrastructure.
- 13.6** The Department of Sustainability and Environment issued guidelines to Catchment Management Authorities to help them prepare corporate plans. The guidelines cover performance monitoring and the development of performance indicators.
- 13.7** The Government has allocated \$3.1 million to reduce the time taken for planning decisions by up to 50 per cent. Performance information relating to this target is being developed.

Departmental review

13.1 Departmental overview

The Department of Sustainability and Environment supports the portfolios of Environment, Water and Planning. The department's vision is to provide a future in which all Victorians are living sustainably within their natural and built environments. To achieve this, the department has identified six objectives:¹

- leadership in environmental sustainability;
- an effective greenhouse response;
- water for the future;
- improved stewardship of public and private land;
- sustainable communities; and
- service and organisational excellence.

13.1.1 Key challenges for the department in 2004-05

Each portfolio separately reported their key challenges to the Committee.

Environment

The department informed the Committee that the strategic challenges for the Environment portfolio are:²

- continuing forest reform, including implementation of the new *Sustainable Forest (Timber) Act 2004*;
- new public land fire initiative, including fire risk management approach;
- continuing to implement the Victorian Greenhouse Strategy, and to build on the actions contained in the strategy; and
- developing practical strategies in relation to the Environmental Sustainability Framework Initiative.

Water

The department informed the Committee that the strategic challenges for the Water portfolio are set out in the White Paper, *Our Water, Our Future: Securing Our Water Future Together*. The action plan covers six main policy areas:³

¹ Department of Sustainability and Environment, *2002-03 Annual Report*, p.11

² Minister for Environment's response to the Committee's follow-up questions, p.4

- water allocation;
- restoring our rivers and aquifers for future generations;
- smarter use of irrigation water;
- smarter use of urban water;
- pricing for sustainability; and
- an innovative and accountable water sector.

Planning

The department informed the Committee that the strategic challenges for the Planning portfolio are:⁴

- Growth Area Planning - finalising revised growth area plans for each of the five growth areas around the edges of Melbourne and settling the Urban Growth Boundary;
- Activity Centre Planning - arising from the Melbourne 2030 Strategy, completion of the program of structure planning and facilitation of investment and development;
- Better Decisions Faster - implementation of a range of initiatives to cut red tape in the planning system; and
- Land Exchange - continued development of the land exchange initiative where parties can exchange land related information and perform transactions on line.

13.1.2 Key factors influencing the budget estimates

The department advised the Committee of the following factors that influenced the development of the 2004-05 budget estimates:⁵

- a new funding model was used to determine employee entitlements, superannuation, grants and transfer payments and supplies and services;
- strong land property market activity is expected to increase land registry revenue;
- increased marketing is expected to attract more Landata customers resulting in additional fee revenue in 2004-05; and

³ Minister for Water's response to the Committee's follow-up questions, p.3

⁴ Minister for Planning's response to the Committee's follow-up questions, p.3

⁵ Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, pp.4-6

- a reduction in sawlog volumes and subsequential residual log volumes following the Licence Renewal Program will lead to a forecast fall in revenue in royalties and fees paid for native forest logging roads and contractor logging.

13.2 Output management framework

Three Ministers have responsibility for the department's output groups and outputs (refer to exhibit 13.1).

Exhibit 13.1: Department of Sustainability and Environment Ministerial responsibilities

| Output group and output | Responsible Minister | | |
|---|----------------------|-------|----------|
| | Environment | Water | Planning |
| Catchment and water | | | |
| Sustainable Water Management and Supply | | ✓ | |
| Sustainable Catchment Management | | ✓ | |
| Land stewardship and biodiversity | | | |
| Services for the Management and Governance of Victoria's Parks | ✓ | | |
| Services for Biodiversity Conservation, Ecosystems, Heritage Recreation and Tourism | ✓ | | |
| Fire Prevention, Operations and Planning Environment | ✓ | | |
| Public Land and Sustainable Forest Management Services | ✓ | | ✓ |
| Sustainable policy and programs | | | |
| Sustainability and Greenhouse Policy | ✓ | | |
| Urban and Regional Strategies and Programs | | | ✓ |
| Planning and land services | | | |
| Sustainable Cities, Regions and Heritage Conservation | | | ✓ |
| Land Information | | | ✓ |
| Environment protection | | | |
| Policy Frameworks, Regulations and Services to Protect the Environment | ✓ | | |

Source: Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, p.2

13.3 Budget summary/financial analysis

Exhibit 13.2 shows the output groups for the Department of Sustainability and Environment. Departmental output costs are expected to be \$864.1 million in 2004-05, down \$97.8 million or 10.2 per cent on the estimated actual outcome for 2003-04.

**Exhibit 13.2: Department of Sustainability and Environment
Output group costs**

| | Column 1 | Column 2 | Column 3 | Column (3-2)/2 |
|-----------------------------------|---------------------------|---|---------------------------|--------------------------|
| Output group | 2003-04 Budget | 2003-04 Estimated Actual | 2004-05 Budget | Variation (a) |
| | (\$ million) | (\$ million) | (\$ million) | (%) |
| Catchment and water | 223.7 | 267.6 | 190.6 | -28.8% |
| Land stewardship and biodiversity | 444.7 | 458.5 | 436.8 | -4.7% |
| Sustainable policy and programs | 50.7 | 51.6 | 41.2 | -20.2% |
| Planning and land services | 123.9 | 125.7 | 134.3 | 6.8% |
| Environment protection | 58.0 | 58.5 | 61.1 | 4.4% |
| Total | 901.0 | 961.9 | (b) 864.1 | -10.2% |

Notes: (a) A negative variance indicates that the 2004-05 budget has decreased compared with 2003-04 estimated actual budget

(b) variance relates to rounding error

Sources: Budget Paper No. 3, 2004-05 Service Delivery, pp.202-217

The department advised the Committee of the following reasons for the forecast change in expenditure between 2003-04 and 2004-05:⁶

- finalisation of bushfire recovery funding (resulting in a reduction of \$10.9 million in 2004-05) and reduction of \$6.5 million of National Action Plan for Salinity funding by the Commonwealth Government in 2004-05. These changes affect the Catchment and Water output group;
- cessation of the *Our Forests Our Future* program (resulting in a reduction of \$29 million in 2004-05), which affects the Land Stewardship and Biodiversity output group;
- completion of the *Pride of Place* initiative (resulting in a reduction of \$4 million in 2004-05) and cessation of the Development and Sustainability Strategy and solar hotwater conversion (resulting in a reduction of \$4.5 million in 2004-05). These changes affect the Sustainable Policy and Programs output group; and

⁶ Department of Sustainability and Environment response to the Committee's follow-up questions, Budget Paper No. 3, 2004-05 Service Delivery, p.299

- increased funding of \$6.9 million in 2004-05 for the Victorian on line titles system (discussed in the Planning portfolio section below). This affects the Planning and Land Services output.

In relation to the Catchment and Water output group, the Minister for Environment advised the Committee that budgeted expenditure variations for 2004-05 were due to a ‘very large carry over’ from 2002-03. In contrast, the 2004-05 figure did not have a large carry over as the funds are expected to be spent in 2003-04. The Minister for Environment advised that the amount of carry over varies annually, largely depending on the timing of Commonwealth funding under the National Action Plan for Salinity and the National Heritage Trust.⁷

13.3.1 Operating performance

In 2004-05, the Department of Sustainability and Environment anticipated receiving \$866.7 million in revenue for its controlled operations, fractionally greater than budgeted expenditure and more than 8 per cent lower than in 2003-04 (see exhibit 13.3). The forecast drop in revenue and expenses during 2004-05 is largely due to variances in carry over funding and completion of programs in 2003-04.

**Exhibit 13.3: Department of Sustainability and Environment
Statement of Financial Performance**

| | Column 1 | Column 2 | Column 3 | Column (3-2)/2 |
|---------------------------|---------------------------|---|---------------------------|--------------------------|
| | 2003-04 Budget | 2003-04 Estimated actual | 2004-05 Budget | Variation (a) |
| | (\$ million) | (\$ million) | (\$ million) | (%) |
| Controlled items | | | | |
| Operating revenue | 890.6 | 946.4 | 866.7 | -8.4% |
| Operating expenses | 901.0 | 955.3 | 864.1 | -9.5% |
| Net result | -10.4 | -8.9 | 2.6 | -129.2% |
| Administered items | | | | |
| Administered revenue | 316.1 | 308.8 | 323.5 | 4.8% |
| Administered expenses | 316.1 | 308.8 | 323.5 | 4.8% |
| Surplus/Deficit | -0.1 | -0.1 | 0.0 | |

Note: (a) A negative variance indicates that the 2004-05 budget has decreased compared with the 2003-04 estimated actual budget

Source: Budget Paper No. 4, 2004-05 Statement of Finances, pp.94–97

The source of most of the operating revenue is appropriations. For example, in 2004-05, operating revenue of \$866.7 million is derived mainly from output appropriations (\$729.6 million), taxes (\$120.4 million), sales of goods and services

⁷ Hon. J. Thwaites, MP, Minister for Environment, transcript of evidence, 17 June 2004, pp.5–6

(\$9.3 million) and fees and fines (\$6.6 million). The taxes category includes the metropolitan parks charge and landfill levies.⁸

The administered revenue figures include Commonwealth Specific Purpose Payment grants. In 2004-05, this comprised \$22.4 million for National Action Plan - salinity and water quality initiatives and \$12.1 million for National Heritage Trust grants.⁹

13.3.2 Balance sheet performance

Exhibit 13.4 shows that the department's net asset position is expected to improve by about \$47 million from 30 June 2004 to 30 June 2005. This increase is mainly attributable to the revaluation of roads.¹⁰

**Exhibit 13.4: Department of Sustainability and Environment
Statement of Financial Position**

| | Column 1 | Column 2 | Column 3 | Column (3-2)/2 |
|---------------------------|---------------------------|---|---------------------------|------------------|
| | 2003-04 Budget | 2003-04 Estimated actual | 2004-05 Budget | Variation |
| | (\$ million) | (\$ million) | (\$ million) | (%) |
| Controlled items | | | | |
| Controlled assets | 3,592.9 | 3,577.2 | 3,627.6 | 1.4% |
| Controlled liabilities | 91.7 | 91.7 | 95.6 | 4.3% |
| Net assets | 3,501.2 | 3,485.5 | 3,532.0 | 1.3% |
| Administered items | | | | |
| Administered assets | 30.8 | 30.8 | 30.8 | 0.0% |
| Administered liabilities | 7.8 | 7.8 | 7.8 | 0.0% |

Source: Budget Paper No. 4, 2004-05 Statement of Finances, pp.96-97

13.3.3 Carry over funding

The 2004-05 budget includes \$10.8 million of funding carried over from the previous year. The department advised that this funding will be applied to the following programs:¹¹

- Victorian Greenhouse Strategy: \$4.5 million to implement energy efficiency improvements;
- bushfire recovery: \$2.5 million for a range of activities; and

⁸ Budget Paper No. 4, 2004-05 Statement of Finances, pp.92-94

⁹ *ibid.*, pp.147-148

¹⁰ *ibid.*, p.93

¹¹ Minister for Environment's response to the Committee's follow-up questions, p.9

- Natural Heritage Trust and National Action Plan for Salinity and water quality initiatives: \$3.75 million for a variety of projects funded jointly by state and federal governments and those managed by Catchment Management Authorities.

13.4 Human resources issues

13.4.1 Departmental workforce

Exhibit 13.5 shows that the total number of staff in the department in June 2004 was 2,347.6 (on an equivalent full time basis). This represented a fall of about 250 staff (almost 10 per cent) compared to the June 2003 figures. The department informed the Committee that the main contributors to this change are the expected:

- loss of 50 positions in the Catchment and Water output group;¹²
- transfer of up to 220 staff from the department to a new entity, VicForests, established by the Government to undertake commercial forestry business;¹³ and
- employment of an additional 65 staff to undertake new fire management roles and a further 40 for direct fire management and suppression duties.¹⁴

The department advised the Committee that its workforce is supplemented during the summer fire season with up to 800 field staff who are employed on fire management and fire suppression activities. The exact number depends on seasonal conditions.¹⁵

The department informed the Committee that their June 2005 workforce numbers are the same as for June 2004 except for the addition of 40 fire crew (shown under field staff) expected to be employed in 2004-05.¹⁶

¹² Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, pp.37-38

¹³ Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, p.23

¹⁴ *ibid.*

¹⁵ *ibid.*, p.24

¹⁶ *ibid.*

**Exhibit 13.5: Department of Sustainability and Environment
Equivalent Full Time Staff**

| | June 2003 Actual | June 2004 Estimate | June 2005 Estimate |
|-----------------------------------|---------------------|-----------------------|-----------------------|
| Ongoing staff | | | |
| Executive Officer | 0.0 | 0.0 | 0.0 |
| Field staff | 192.8 | 163.2 | 203.2 |
| Other (includes VPS Grade 1 to 6) | 1,998.8 | 1,778.8 | 1,778.8 |
| Sub total | 2,191.6 | 1,942.0 | 1,982.0 |
| Fixed term staff | | | |
| Executive Officer | 49.0 | 49.0 | 49.0 |
| Field staff | 58.0 | 43.8 | 43.8 |
| Other (includes VPS Grade 1 to 6) | 298.8 | 312.8 | 312.8 |
| Sub total | 405.8 | 405.6 | 405.6 |
| All staff | | | |
| Executive Officer | 49.0 | 49.0 | 49.0 |
| Field staff | 250.8 | 207.0 | 247.0 |
| Other (includes VPS Grade 1 to 6) | 2,297.6 | 2,091.6 | 2,091.6 |
| Total | 2,597.4 | 2,347.6 | 2,387.6 |

Note: In each year, 15 field staff are employed as casuals and have been included under 'Fixed term'

Source: Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, pp.23-24

13.4.2 Staffing issue

A major task of the department in 2004-05 is the recruitment of staff for VicForests. Staff will be located in the department's head office in Melbourne and three country centres. VicForests, a state business corporation that manages commercial timber harvesting in state forests, commenced operations in August 2004.¹⁷ Most of the positions are expected to be filled by transfer of existing departmental staff via expressions of interest.¹⁸

¹⁷ VicForests Information Kit, downloaded from website www.linkrecruitment.com.au on 20 July 2004 and VicForests, media release, *VicForests launched: balancing communities, jobs and the environment*, 5 August 2004

¹⁸ CPSU SPSF Group Victorian Branch, *Forestry Update*, 1 June 2004

Review of Portfolios

13.5 Environment portfolio

13.5.1 2004-05 outlook for the portfolio

The Minister for Environment informed the Committee that the priorities for the portfolio in 2004-05 were:¹⁹

- creating a strong environmentally sustainable framework;
- developing a new forest stewardship management system;
- preparing of waste strategies;
- delivering on the greenhouse challenge for energy strategy; and
- developing additional greenhouse gas emission reduction strategies.

Some of the major initiatives planned for the Environment portfolio for 2004-05 include:²⁰

- increasing Victoria's fire fighting capabilities (\$168 million over five years). Funding is provided for additional fire-fighters, additional aircraft, fire preparedness and response;
- enhancing the metropolitan parks system (\$32.4 million over four years). Funding is provided to meet increased costs and further develop and manage the network of parks, gardens, trails, waterways, bays and other significant recreation and conservation assets; and
- timber salvage harvesting (\$4 million in 2004-05). Funding is to continue the two year timber salvage harvesting program in the forest management areas of eastern Victoria that were affected by the 2003 bushfires. This program will trial new approaches to managing, pricing and allocating state forest timber resources.

13.5.2 Analysis of the budget

The Minister for Environment has sole responsibility for five outputs and shared responsibility for one output in the department. Exhibit 13.6 shows that these outputs account for \$528.6 million (or 61.2 per cent) of the department's 2004-05 Budget.

¹⁹ Hon. J. Thwaites, MP, Minister for Environment, overheads presented at the estimates hearing, 17 June 2004, p.7

²⁰ *ibid.* and Budget Paper No. 3, *2004-05 Service Delivery*, pp.268 and 299

**Exhibit 13.6: Environment Portfolio
Output costs**

| Output Group | Outputs under the responsibility of the Minister for Environment | 2004-05 Budget (\$ million) |
|-----------------------------------|--|--|
| Land Stewardship and Biodiversity | Services for the Management and Governance of Victoria's Parks | 145.4 |
| | Services for Biodiversity Conservation, Ecosystem, Heritage Recreation and Tourism | 43.0 |
| | Fire Prevention, Operations and Planning Environment | 92.7 |
| | Public Land and Sustainable Forest Management Services (a) | 155.7 |
| Sub total | | 436.8 |
| Sustainable Policy and Programs | Sustainability and Greenhouse Policy | 30.7 |
| Environment Protection | Policy Frameworks, Regulations and Services to Protect the Environment | 61.1 |
| Total (b) | | 528.6 |

Note: (a) This output is the joint responsibility of the Minister for Environment and Minister for Planning
 (b) Data includes the output Public Land and Sustainable Forest Management Services which is jointly the responsibility of the Minister for Environment and Minister for Planning

Sources: Budget Paper No. 3, 2004-05 Service Delivery, pp.206–217; Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, p.2

13.5.3 Performance measures

The department has attempted to identify and develop appropriate benchmarks for use in measuring performance and improving outcomes. However, with the exception of some corporate applications, the department advised the Committee that the development and identification of benchmarks in environmental resource management are inconsistent and difficult to apply.²¹

The Committee was informed that the department did not undertake any internal or external reviews of departmental outputs or undertake any external validation of performance outcomes in 2003-04. The Department of Treasury and Finance conducted a price review of the metropolitan parks charge which funds an element of

²¹ Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, p.20

the output: Services for Management and Governance of Victoria's Parks. As a result, the parks charge (metropolitan improvement levy) increased in 2004-05.²²

The Committee notes that there are 64 performance measures for the Environment portfolio, covering quantity (20 indicators), quality (24), timeliness (14) and cost (6).²³

Three measures are new since the previous budget and 22 have been discontinued.²⁴ The department informed the Committee that the new indicators were introduced as a result of new initiatives in the 2004-05 Budget and to reflect the Government's policy direction for the department.²⁵

Of the discontinued measures:²⁶

- 14 relate to forest production activities. These activities have been transferred to the Department of Primary Industries. Twelve indicators have been discontinued as the *Our Forests, Our Future* initiatives have been finalised; and
- the remainder mainly relate to programs that are due to be completed by 30 June 2004.

The Committee observed that a significant proportion of the performance measures are process orientated and related to quantifying activities. For example, a quality measure in the Public Land and Sustainable Forest Management Services output is: *Parks Management Plans completed and reviewed (per cent)*.²⁷ The Committee believes that a performance measure which gave an indication of the quality or condition of Victoria's parks would be more informative.

The Committee was informed that the target for the performance measure, *State forest with a sustainable forest management framework in place* was expected to be 80 per cent in 2004-05 (the figure of 64 per cent in the 2004-05 Budget Papers is a typographical error).²⁸

²² *ibid.*, p.19

²³ Budget Paper No. 3, *2004-05 Service Delivery*, pp.206–214

²⁴ Based on comparison of 2003-04 Budget Papers with the 2004-05 Budget Papers

²⁵ Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, p.19

²⁶ *ibid.*, p.4, and Budget Paper No. 3, *2004-05 Service Delivery*, p.350 and Budget Paper No. 3, *2003-04 Budget Estimates*, pp. 328–329

²⁷ Budget Paper No. 3, *2004-05 Service Delivery*, p.211

²⁸ Minister for Environment's response to the Committee's follow-up questions, p.7

13.5.4 Key issues impacting on the portfolio

The department's response to the Committee's *2004-05 Budget Estimates questionnaire* and the estimates hearing identified several issues that will affect the Environment portfolio and its budget estimates for 2004-05.

(a) **Transfer of funds to bushfire activities**

Over one million hectares of state forest and national parks were effected by the fires that occurred in the North-East, Gippsland and Mallee areas of Victoria during the summer of 2002-03.²⁹ The 2004-05 Budget allocates \$130 million over five years and an asset investment of \$38 million to increase the state's fire-fighting and fire management resources.³⁰

The Committee was interested to know what funds were diverted from environmental management activities as a result of the 2002-03 fires, where the funds were diverted from (in terms of activities, specific parks and amount of funds) and the bushfire activities that the funds were diverted to.

The Committee was informed that the wildfires have, and will continue to have, a major impact on programs and service delivery of the department and Parks Victoria. Many of the scheduled programs of these bodies were unable to be delivered in 2002-03 as their priorities shifted toward delivery of fire recovery services.³¹

The department informed the Committee that wildfire recovery activities have focused on: extensive site assessments of extent of damage, restoration of access, repair and replacement of damaged assets, control of pest plants and animals in high value areas, habitat restoration and water quality management.³²

However, the department was unable to state which scheduled programs or activities could not be delivered and advised that the funding redirection from specific programs cannot be calculated.³³ The Committee believes that an agency should be able to identify the activities that could not be delivered due to a change in priorities and the associated redirection in funding.

²⁹ *ibid.*, p.2

³⁰ Budget Paper No. 3, *2004-05 Service Delivery*, pp.34, 268

³¹ Minister for Environment's response to the Committee's follow-up questions, p.2

³² *ibid.*

³³ *ibid.*

The Committee recommends that:

- Recommendation 136:** **When funds of \$5 million or more are re-allocated due to a change in departmental priorities, the Department of Sustainability and Environment ensure that it has systems in place to:**
- (a) be able to explain the re-allocation of funds; and**
 - (b) identify the extent to which programs and activities could not be delivered or were reduced.**

(b) *Environmental Sustainability Commissioner*

Victoria's first Commissioner for Environmental Sustainability was appointed in October 2003. The Commissioner's roles are to measure, audit and report on the environment and ecologically sustainable development. The Commissioner has three important functions:³⁴

- to conduct annual audits of government departments' implementation of environmental systems;
- to audit public education programs on ecologically sustainable development; and
- to prepare the state of the environment report.

In relation to the last function, the Committee was advised that the Commissioner is required to prepare a state of the environment report every five years (the first must be submitted no later than January 2009).³⁵

The Committee was informed that funding for the Commissioner's Office is through the Department of Sustainability and Environment. The Commissioner's current annual budget is \$1 million.³⁶

The Committee was advised that, as funding is spread across a number of outputs, there are no performance indicators in the 2004-05 Budget Papers relating directly to the Commissioner's Office.³⁷ Given the major role of the Commissioner in measuring and reporting on the environment and ecologically sustainable development, the Committee believes that annual performance measures should be developed to ensure

³⁴ Hon. J. Thwaites, Minister for Environment, media release, *Environmental Sustainability Commissioner appointed*, 14 October 2003

³⁵ Minister for Environment's response to the Committee's follow-up questions, p.4

³⁶ *ibid.*, p.5

³⁷ *ibid.*

the Commissioner's Office is achieving its objectives. The need for timely performance measures is reinforced by the fact that the state of the environment report is required every five years.

The Committee recommends that:

Recommendation 137: The Department of Sustainability and Environment develop and publish annual performance measures for the Commissioner for Environmental Sustainability.

(c) *Development of a sustainability strategy*

The Committee noted that the 2003-04 Budget allocated \$1.5 million to develop and implement a sustainability strategy.³⁸ The strategy would enable the delivery of best practice environmental management techniques across a range of industry sectors including water, energy, urban development and land management.

At last year's estimates hearing, the Minister for Environment advised that a draft sustainability strategy would be completed in 2003-04.³⁹ However, the Committee has since been informed that a draft sustainability strategy may not be available for public comment until 30 June 2005.⁴⁰

The Committee notes that there are no performance measures in the Budget Papers relating to the quality or timeliness of this strategy. The department advised that adequate agreement on the scope and purpose of the project had not been fully finalised at the time Budget Papers were due for publication.⁴¹

The Committee is concerned at the delay in developing a draft sustainability strategy and lack of accountability in terms of performance targets.

³⁸ Budget Paper No. 2, *2003-04 Budget Statement*, p.245

³⁹ Public Accounts and Estimates Committee, *Report on the 2003-04 Budget Estimates*, 54th report, September 2003, p.426

⁴⁰ Minister for Environment's response to the Committee's follow-up questions, p.5

⁴¹ *ibid.*

The Committee recommends that:

Recommendation 138: **When funds are allocated for the implementation of significant new Government strategies, the relevant department develop and publish appropriate performance measures for the strategy particularly relating to quality and timeliness, in order that intended outputs and outcomes are disclosed in future Budget Papers.**

(d) *Progress in implementing recommendations of the Inquiry into the 2002-2003 Victorian Bushfires*

In its response to the Report of the *Inquiry into the 2002-2003 Victorian Bushfires*, the Victorian Government accepted recommendations that the Department of Sustainability and Environment:⁴²

- provide further training and/or field staff for the routine acquisition and reporting of geographic data (maps of fire extent for prescribed and unplanned fires) and fuel-array data (quantity, type, condition and arrangement before and after fire as in the Overall Fuel Hazard Guide);
- report routinely and explicitly on measures of the effectiveness of the prescribed burning program;
- measure the total area subject to prescribed burning treatment in each fire management zone each year along with the average proportion of that area successfully burned; and
- develop an explicit, routine system of evaluation, analysis and reporting of the effects of prescribed burning in relation to environmental outcomes such as conservation of flora and fauna and water quality.

In relation to the department's progress in implementing these recommendations, the Committee was advised that:⁴³

- additional seasonal workers were engaged in spring and autumn to conduct fuel reduction burns;
- measures of total area subject to prescribed burning treatment in each fire management zone in recent times have been regularly published on the department's external website;

⁴² State of Victoria, Victorian Government response to the report of the inquiry into the 2002-03 Victorian bushfires, undated, Recommendation no. 11.71

⁴³ Minister for Environment's response to the Committee's follow-up questions, pp.5-6

- a review of the prescribed burning manual is expected to be completed by the end of September 2004. This review will include explicit requirements for reporting of prescribed burning outcomes and effects;
- guidelines and procedures for ecological burning (a component of prescribed burning) were recently published; and
- a project to improve and review performance reporting and monitoring of prescribed burning will be undertaken in 2004-2005.

In terms of funding, the department informed the Committee that:⁴⁴

- in 2003-04, the department was allocated an additional \$6.2 million to complete additional prescribed burning; and
- a further \$168 million was allocated for the department and the CFA over 5 years to implement fire management reforms, including prescribed burning.

In relation to performance measures, the department advised the Committee that:⁴⁵

- performance indicators currently published for prescribed burning relate to the areas burnt within fuel management zones and the number of burns conducted; and
- performance measures that are more closely aligned to hazard reduction and risk mitigation will be developed as part of the performance review project.

The Committee welcomes the department's project to improve and review performance monitoring of prescribed burning. The Committee believes the project should include the development of a system of monitoring, evaluating and reporting the effects of prescribed burning in relation to environmental outcomes such as conservation of flora and fauna and water quality.

The Committee recommends that:

Recommendation 139: **The Department of Sustainability and Environment, as part of the performance review project, develop a system of monitoring, evaluation and reporting of the effects of prescribed burning in relation to environmental outcomes such as conservation of flora and fauna and water quality.**

⁴⁴ *ibid.*

⁴⁵ *ibid.*

(e) Viability of management boards of the smaller alpine resorts

The Committee notes the finding of the Auditor-General that the financial performance of the three smaller alpine resort management boards (Mount Baw Baw, Lake Mountain and Mount Stirling) is marginal, and that the ongoing viability of these entities is uncertain.⁴⁶ Since the Auditor-General's report, the boards of Mount Stirling and Mount Buller have merged.⁴⁷

Regarding the management boards of Lake Mountain and Mount Baw Baw, the Committee was informed of a range of measures that the Government has implemented to ensure the financial viability of the resorts.

The department advised that:⁴⁸

- in August 2003 the Government announced the Alpine Resorts Reform Package, an integrated package of measures that address financial and structural issues; and
- in June 2004 the Government released the Alpine Resorts 2020 Strategy, a strategy to adapt to the impacts of climate change, focusing on long-term planning and management and year round use.

Lake Mountain

With respect to Lake Mountain, the Committee was informed that funding was provided to construct a visitors' centre and supporting infrastructure and to forgive debt. The Board now operates all resort management and commercial facilities at the resort as an integrated operation. The department expects the new facilities will result in improved dollar yield per visitor during winter and the balance of the year, sufficient to enable it to establish a snow drought reserve to cope with poor snow seasons.⁴⁹

Mount Baw Baw

At Mount Baw Baw, the Committee was advised that funding was provided to construct a visitors' centre and supporting infrastructure. Previous funding had enabled the Board to purchase ski lift assets at the resort. Further funding in 2003 also resulted in the Board purchasing the resort's only hotel and meeting facility. The Board now operates the key resort management and commercial services at the resort as an integrated operation. There has been a gradual improvement in visitation and financial

⁴⁶ Victorian Auditor-General's Office, *Report on public sector agencies, Results of special reviews and financial statement audits for agencies with 2003 balance dates other than 30 June*, May 2004, p.54

⁴⁷ Hon. J. Thwaites, Minister for Environment, media release, *Mount Sterling's future assured*, 20 April 2004

⁴⁸ Minister for Environment's response to the Committee's follow-up questions, pp.9-10

⁴⁹ *ibid.*, p.10

performance, to the extent that the Board anticipates achieving a balanced cash position in 2003-04.⁵⁰

The Committee is pleased that the department and the Board have commenced a strategic planning process which will be supported by a business model that intends to achieve financial viability in the longer term. The strategy will be based around the need to manage the impact of climate change, which will mean that non-winter visitation will become increasingly important.

The Committee understands that the financial viability of the above resorts has been dependent upon both recurrent and capital funds from the department and the Regional Infrastructure Development Fund. The ongoing availability of funding from these sources remains in doubt.

(f) Bicycle paths projects

The department advised the Committee of the following off-road bicycle projects:⁵¹

- \$750,000 from Parks Victoria over three years, beginning in 2003-04, to complete the Bay Trail gap at Brighton; and
- \$600,000 to complete Metropolitan Trail Network Projects in 2004-2005 with matching funding from local government agencies.

Priority will be given to critical gaps as identified in the Government's strategy for open space, *Linking People and Spaces* (2002).

The Committee notes the Government's efforts to promote off-road bicycle paths in the broader context of promoting health and fitness in the community and the use of alternative modes of transport.

13.6 Water portfolio

13.6.1 2004-05 outlook for the portfolio

The Minister for Water informed the Committee that the priorities for the portfolio in 2004-05 were:⁵²

- release of the Water White Paper and delivery of initiatives;
- introduction of phase two of the *Our Water, Our Future* behavioural change campaign; and

⁵⁰ Year ending 31 October 2004

⁵¹ *ibid.*, p.11

⁵² Hon. J. Thwaites, MP, Minister for Water, Overheads presented at the estimates hearing, 17 June 2004

- implementation of the Victorian Water Trust Projects.

Two major initiatives planned for the Water portfolio for 2004-05 are:⁵³

- Victorian Water Trust (\$67.5 million over four years). These funds are in addition to those earmarked in the previous Budget. The funding will form part of Victoria's contribution to the Living Murray Initiative and will be used for improvement in water supplies and sewerage treatment in rural towns, the upgrading of irrigation and water supply systems, and for the reduction in severity and occurrence of algal blooms; and
- Murray Darling Basin Commission (MDBC) (\$4 million in 2004-05 only). Supplementary funding is provided for Victoria's contribution to the MDBC. One of the main functions is to advise the MDBC Ministerial Council in relation to planning, development and management of the Basin's natural resources.

Subsequent to the budget, the Premier released the White Paper, *Our Water, Our Future: Securing Our Water Future Together*, in June 2004. This document sets out initiatives to manage Victoria's water, funded by raising \$225 million through water authorities over four years.⁵⁴ This funding is not included in the budget analysis below (since no allowance was made for it in the Budget Papers). The range of initiatives outlined in the action plan is discussed below.

13.6.2 Analysis of the budget

The Minister for Water has sole responsibility for two outputs. Exhibit 13.7 shows that these outputs account for \$190.6 million (or 22.1 per cent) of the department's 2004-05 Budget.

⁵³ Budget Paper No. 3, *2004-05 Service Delivery*, pp.299-301

⁵⁴ Hon. J. Thwaites, Minister for Water, media release, *New Pricing Structure to Reward Water Savers*, 23 June 2004

Exhibit 13.7: Water Portfolio Output costs

| Output Group | Outputs under the responsibility of the Minister for Water | 2004-05 Budget (\$ million) |
|---------------------|--|--------------------------------|
| Catchment and water | Sustainable Water Management and Supply | 90.4 |
| | Sustainable Catchment Management | 100.2 |
| Total | | 190.6 |

Source: Budget Paper No. 3, 2004-05 Service Delivery, pp.202–205

13.6.3 Performance measures

The Committee notes that there are 45 performance measures for the Water portfolio in the 2004-05 Budget, covering quantity (30 indicators), quality (6), timeliness (7) and cost (2).⁵⁵

There are 13 new performance measures; 46 have been discontinued.⁵⁶ Most of the discontinued measures relate to projects that finished in 2002-03 or stages of projects that are expected to be completed in 2003-04.

The Committee was advised that the department has attempted to identify and develop appropriate benchmarks for use in measuring performance and improving outcomes. With respect to the water sector, a *Farm Water Use Efficiency Technical Reference* booklet has been developed which allows consistent reporting of on-farm water use efficiency. The booklet is based on the nationally accepted framework developed by Land and Water Australia through the National Program for Sustainable Irrigation. The department advised the Committee that a statewide farm water use efficiency benchmarking exercise will be undertaken in 2004-05, the results of which will allow comparison with other states.⁵⁷

The Committee undertook an analysis of the portfolio's set of performance measures for 2004-05 against the corresponding measures in 2003-04, and found that two measures appeared to have been deleted but were not listed as discontinued measures in the 2004-05 Budget Papers. However, the department informed the Committee that both measures were renamed in the 2004-05 Budget to reflect changes in Government initiatives.⁵⁸ The measures were previously:⁵⁹

⁵⁵ Budget Paper No. 3, 2004-05 Service Delivery, pp.202–205

⁵⁶ Based on comparison of 2003-04 Budget Papers with 2004-05 Budget Papers

⁵⁷ Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, p.20

⁵⁸ Minister for Water's response to the Committee's follow-up questions, pp.4–5

⁵⁹ Budget Paper No. 3, 2003-04 Budget Estimates, p.312; and Budget Paper No. 3, 2004-05 Service Delivery, pp.202–203

- implementation of proposed regional irrigation efficiency targets (renamed as *Implementation of works program to meet statewide efficiency targets developed in 2003-04 (Smart Farms)*); and
- number of pensioner rebates approved (renamed as *Water Conservation Assistance rebates approved*).

While the Committee agrees that measures may need to change to reflect changes to Government priorities and programs, this process should be transparent and documented in the Budget Papers (for example, via a footnote) and the departmental annual report.

The Committee recommends that:

Recommendation 140: **The Department of Sustainability and Environment ensure that all changes to performance indicators between budgets are appropriately documented in the Budget Papers and in its annual report.**

13.6.4 Key issues impacting on the portfolio

The department's response to the Committee's *2004-05 Budget Estimates questionnaire* and the estimates hearing identified several issues that will affect the portfolio and its budget estimates for 2004-05.

(a) Water reform package

The Committee notes that the Government released the White Paper, *Our Water, Our Future, Securing Our Water Future Together*, in June 2004. The paper proposes a range of initiatives based on five fundamental principles of sustainable water management:⁶⁰

- the management of water will be based on an understanding that a healthy economy and society is dependent on a healthy environment;
- the Government will maintain overall stewardship of all water resources irrespective of source, on behalf of all Victorians;
- water authorities will be retained in public ownership;
- users of the water system should, wherever practical, pay the full cost, including infrastructure, delivery and environmental costs associated with that service; and

⁶⁰ Government of Victoria, White Paper, *Our Water, Our Future, Securing Our Water Future Together*, June 2004, p.12

- the water sector, charged with managing Victoria's water systems, will be capable, innovative and accountable to the Victorian community.

The initiatives to manage Victoria's water are funded by raising \$225 million through water authorities over four years.⁶¹ The package of reforms includes:⁶²

- pricing for sustainability - the Government will introduce a tiered pricing system for domestic customers that discourages excessive use, resulting in an average five per cent price rise for urban water users and two per cent for rural water users;
- a range of water saving measures, including a move to permanent water restrictions, extension and expansion of the water rebate scheme, mandatory water efficient shower roses and taps, and mandatory water efficiency labelling for appliances, fixtures and fittings;
- conservation targets set by all regional urban water authorities;
- smart urban water use through projects such as storm water reuse, third pipe schemes for toilets and gardens, and use of recycled water on sporting fields and parks;
- increasing water flow to key rivers; and
- projects to upgrade dams and irrigation channels.

The Government has given a commitment that all funds raised through the increase in water charges will be used for projects to conserve water, increase recycling, upgrade water infrastructure and protect and repair water sources.⁶³

The Committee believes the Department of Sustainability and Environment should develop performance indicators to monitor the progress of initiatives and ensure that the funds are expended for the purposes for which they were raised. It will also be important for the department to monitor the impact of the water conservation initiatives against long-term projections for water consumption.

⁶¹ Hon. J. Thwaites, MP, Minister for Water, media release, *New Pricing Structure to Reward Water Savers*, 23 June 2004

⁶² Hon. S. Bracks, MP, Premier of Victoria, media release, *Bracks Government Announces Major Water Reform*, 23 June 2004

⁶³ *ibid.*

The Committee recommends that:

Recommendation 141: The Department of Sustainability and Environment:

- (a) develop and report performance indicators to monitor the progress of initiatives announced in *Our Water, Our Future: Securing Our Water Future Together*;**
- (b) develop and report financial indicators that indicate whether the funds raised by Water Authorities are expended on water conservation measures or are used to maintain and upgrade water infrastructure; and**
- (c) monitor the impact of the water conservation initiatives against long-term projections for water consumption.**

(b) *Take-up rate for water saving appliances*

The Minister for Water told the Committee that water management was the most pressing environmental issue for Victoria.⁶⁴ In relation to households, key targets to reduce water consumption are:⁶⁵

- to reduce by 15 per cent by 2010 Melbourne's drinking water use per capita; and
- to recycle by 20 per cent by 2010.

Consequently, the Committee noted progress on the Water Smart Gardens and Homes Rebate Scheme to encourage Victorians to buy water saving appliances.⁶⁶ The Government committed \$10 million over four years to provide rebates to households that are water smart in their gardens and their homes.⁶⁷ The Minister for Water informed the Committee that over 68,000 rebates had been approved in the 18 months to June 2004 with an estimated total water saving of 722 megalitres per year (see exhibit 13.8).

⁶⁴ Hon. J. Thwaites, MP, Minister for Environment, transcript of evidence, 17 June 2004, p.2

⁶⁵ Hon. J. Thwaites, MP, Minister for Water, Overheads presented at the estimates hearing, 17 June 2004

⁶⁶ Hon. J. Thwaites, MP, Minister for Environment, transcript of evidence, 17 June 2004, p.3

⁶⁷ Minister for Water's response to the Committee's follow-up questions, p.1

**Exhibit 13.8: Water Saving Appliances – rebate uptake
1 January 2003 to 24 June 2004 (Phases 1 and 2)**

| Product | Rebate amount | Rebates approved | Water saving |
|--|---------------|-------------------|--------------|
| | \$ | Number | Megalitre |
| AAA dishwashers | 100 | 5,815 | 17.4 |
| AAAA washing machines | 150 | 13,770 | 220.3 |
| AAA shower rose | 10 | 2,277 | 29.6 |
| Dual-flush toilet | 50 | 2,144 | 27.9 |
| Grey water permanent tank system | 500 | 159 | 4.0 |
| High pressure cleaning device | 30 | 21,040 | 27.4 |
| Rainwater tank to toilet system | 150 | 143 | 4.9 |
| Rainwater tank | 150 | 6,644 | 111.6 |
| Water conservation audit | 30 | 50 | 0.5 |
| Rebate when purchasing \$100 of goods (\$20 for Phase One) | 30 | 16,698 | 83.5 |
| Flow control valves (Water Saver kits) | Nil | 50,000 | (a) 195.0 |
| Total | | 68,740 (b) | 722.0 |

Notes: (a) Assumes 30 per cent installation rate of flow control valves (which have been provided free of charge)

(b) Excludes flow control valves

Source: Minister for Water's response to the Committee's follow-up questions, Attachment 1

(c) Eastern Irrigation Scheme

The Committee is aware that in January 2004, the Minister for Water approved the Eastern Irrigation Scheme, a \$20 million project to provide recycled water to farmers and businesses in Melbourne's south-eastern suburbs.⁶⁸ It is estimated that the project will save 4,400 megalitres of water per year by 2010 by reducing reliance on surface and ground water.⁶⁹

⁶⁸ Hon. J. Thwaites, MP, Acting Premier, *Recycled water project will drought-proof Werribee*; and Melbourne Water, Communities Liaison Committee, Eastern Treatment Plant, *Newsletter*, Winter 2004, 8 January 2004

⁶⁹ Government of Victoria, White Paper, *Our Water, Our Future: Securing our Water Future Together*, June 2004, p.108

The department advised the Committee that the first stage of the scheme is constructed and delivers class C water to the Sandhurst Club (golf course). Class A recycled water is currently scheduled to be supplied by the end of December 2004.⁷⁰

The Committee understands that if these projects are successful in providing sustainable supplies of class A recycled water at a viable price, it creates an environment for the undertaking of similar activities elsewhere in Victoria.

(d) Salinity

In referring to the department's salinity management framework, the Auditor-General reported in June 2003:⁷¹

Relevant and appropriate performance information (based on tangible rather than aspirational measures) and good practice program management guidelines (strategy development though monitoring, reporting and re-design) now need to be developed by the Department of Sustainability and Environment to enable better monitoring and reporting of progress and conduct of future evaluations.

The department informed the Committee that, except with engineering intervention like salt interception, salinity management (eg tree planting) does not have an immediate significant impact on the environment. Salinity benefits only become realised in the longer term and performance indicators need to reflect this timeframe.⁷²

The department advised the Committee of the following initiatives involving the development of performance information:⁷³

- the Department of Sustainability and Environment in partnership with the Department of Primary Industries has released *Farm Water Use Efficiency Technical Reference Booklet*. This provides a basis for establishing water use efficiency performance indicators for irrigation which are related to salinity;
- the department has also produced Victoria's Annual Report on Implementing the Murray-Darling Basin Salinity Management Strategy. The annual report demonstrates Victoria's compliance with the strategy and Schedule C of the Murray-Darling Basin Agreement. It also highlights Victoria's performance in implementing salinity management in the Victorian Murray-Darling Basin;

⁷⁰ Minister for Water's response to the Committee's follow-up questions, p.1

⁷¹ Victorian Auditor-General's Office, *Report on public sector agencies, Results of special reviews and financial audit statements for agencies with balance dates other than 30 June 2002*, June 2003, p.96

⁷² Minister for Water's response to the Committee's follow-up questions, pp.3-4

⁷³ Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, pp.20-21

- in the irrigation areas the Catchment Management Authorities (CMAs), particularly in the Shepparton Irrigation Region, continue to map water table depth which is a key indicator of salinity. Also, outfalls on drains are continually monitored for salinity and this information is made available to the Murray-Darling Basin Commission (key requirement for Victoria's compliance); and
- the CMAs are in the process of revising their salinity management plans and some CMAs have completed this over 12 months. The revised plans indicate the current extent of salinity and provide resource condition targets to be achieved in the medium and long term.

The Committee acknowledges the efforts of the department in developing performance information to measure the long-term success or otherwise in addressing salinity problems in Victoria. As previously discussed, performance information should be included in annual reports of the department in order to provide accountability for strategies implemented.

(e) *Strategies if the drought continues*

Victoria has experienced several years of below average rainfall. The Committee was concerned about the impact on farmers, businesses, industry and households if the drought continued into 2004-05 and beyond. The Committee was informed of the progress in three departments to prepare for such a situation.

Department of Primary Industries has re-established a Dry Seasonal Conditions Management Team which has:⁷⁴

- established a regional network of information input to allow regular assessment of the impact of conditions;
- refocused extension programs to provide information on managing dry conditions;
- started work with local councils to ensure that areas of Victoria that have access to Exceptional Circumstances (Commonwealth) drought assistance will have these declarations rolled-over where required; and
- re-established informal networks with other agencies to ensure any further responses required are coordinated in an effective and integrated manner.

The Department of Human Services has extended the Drought Social Recovery Strategy (\$1.4 million over 9 months) providing funding to the 16 councils that presently have this program. Funding for community training programs is focused on

⁷⁴ Minister for Water's response to the Committee's follow-up questions, p.6

the affects of stress on communities and families; and \$200,000 in food relief (parcels and vouchers) is to be distributed through existing channels.⁷⁵

The Department of Sustainability and Environment has responsibility to ensure:⁷⁶

- urban and rural water authorities continue to manage their supplies to ensure efficient use of available resources, with the sharing of available resources being undertaken according to established procedures for allocating and sharing resources in drought times;
- urban water authorities continue to manage the supply systems under their control in accordance with the Drought Response Plans developed for each system;
- in irrigation districts, water authorities continue to manage supplies in accordance with established procedures for allocating resources. Systems will continue to minimise operational losses to ensure that resource availability is maximised;
- in southern Victoria, alternative supply arrangements have been negotiated for irrigators on the Werribee system (where a ban on groundwater extractions from the Deutgam aquifer is in place). Deliveries from the emergency potable supply continue and recycled supplies are expected to be available from late October 2004;
- with the assistance of Rural Water Authorities and Local Shires, 226 emergency water supply points were established across the state; and
- all water authorities are required to submit monthly reports to the Department of Sustainability and Environment on the status of their supplies and actions taken to manage the situation. The department will continue to monitor the status of surface and groundwater resources and supplies across the state and make monthly status reports available on the Victorian Resources Online website.

(f) Performance information for the Catchment Management Authorities

The Committee notes the Auditor-General's finding in November 2003 in relation to Catchment Management Authorities that *limited information regarding the performance of authorities against key performance indicators is provided to authority Boards*.⁷⁷ The Committee endorses the Auditor-General's view that, to manage effectively, the authorities need to assess their performance against pre-established indicators and use the information gained to implement changes where appropriate.

⁷⁵ *ibid.*, p.7

⁷⁶ *ibid.*

⁷⁷ Victorian Auditor-General's Office, *Report on public sector agencies*, November 2003, p.211

The department advised the Committee that development of performance indicators in the natural resource management sector is made challenging by the diverse, interconnected and often long-term nature of the objectives involved.⁷⁸

The department issued to the authorities ministerial guidelines for the preparation of corporate plans for the 2004–2009 period in February 2004. The Committee is pleased that this document includes guidelines for performance monitoring and the development of performance indicators.⁷⁹

The Committee believes that this performance information should be publicly reported.

Accordingly, the Committee recommends that:

- Recommendation 142:** **The Department of Sustainability and Environment ensure that each Catchment Management Authority:**
- (a) develop appropriate financial and non-financial performance indicators;**
 - (b) include these indicators in each Authority’s planning documents and annual report; and**
 - (c) is annually assessed against these pre-established performance indicators.**

(g) *Water smart farms*

The Committee inquired about the success of the Water Smart Farms Initiative and whether or not performance indicators for the initiative are being developed.

The department informed the Committee that the aims of the Water Smart Farms Initiative are to:⁸⁰

- improve the security of irrigators’ water needs;
- reduce the adverse impacts of irrigation; and
- address the ‘Legacy of History’ (referring to out-dated irrigation practices).

⁷⁸ Minister for Water’s response to the Committee’s follow-up questions, p. 8

⁷⁹ *ibid.*; and Attachment 2 in the Minister’s response to the Committee’s follow-up questions, Catchment Management Authorities, *Ministerial Guidelines and Specifications for Corporate Plan 2004-05* (which were prepared by the Minister for Water and Minister for Environment and covers the period 2004 to 2009)

⁸⁰ Minister for Water’s response to the Committee’s follow-up questions, additional question no. 10

Funding approval for the Water Smart Farms Initiative was given in February 2004. The 2003-04 approved projects are anticipated to result in on-farm water savings of around 3,880 megalitres and 5,670 hectares of whole farm plans.⁸¹ These projects will lead to on-farm water use benefits as irrigators are able to make their irrigation entitlements go further; and off-farm benefits as more efficient irrigation practices reduce the adverse impacts that irrigation can have.⁸²

In 2004-05 as part of the Water Smart Farms Initiative, the department is undertaking a statewide irrigation water use efficiency benchmarking project. This will be done in accordance with the *Farm Water Use Efficiency Technical Reference Booklet*, which provides the foundations for the systematic and regular assessment and reporting of on-farm water use efficiency from an economic and bio-physical perspective across irrigation industry sectors and geographic regions, as well as for the irrigation industry as a whole. This project will enable comparisons of the performance of different irrigation industry sectors and geographic regions across Victoria, in relation to on-farm water use efficiency.⁸³

The benchmarking project will provide valuable information on where different irrigation regions and sectors are at with respect to water use efficiency, and will provide another tool to guide investment in improving on-farm water use efficiency. Future benchmarking assessments of water-use efficiency will then be able to demonstrate how the irrigation industry is progressing.⁸⁴

The Minister informed the Committee that depending on measurement of performance under the Water Smart Initiative, future budgets could allow extension of successful projects to irrigators still using out-dated irrigation practices.

⁸¹ A whole farm plan, also known as property management plan, is a map showing the recommended layout of a property based on “Best Management Practices” for the region and industry, and taking into account the physical and ecological constraints of the land. Whole farm plans are usually a precursor to receiving Government financial assistance for on farm works. (Source: Department of Sustainability and Environment and Department of Primary Industries, *Farm Water Use Efficiency Technical Reference booklet*, First Edition - February 2004, p.49)

⁸² Minister for Water’s response to the Committee’s follow-up questions, pp.8–9

⁸³ *ibid.*

⁸⁴ *ibid.*

13.7 Planning portfolio

13.7.1 2004-05 outlook for the portfolio

Two major initiatives of the Planning portfolio for 2004-05 are:

- Victorian on line titles system and document imaging and search services. This includes outsourced ICT facilities management requirements. Funding of \$28.5 million has been allocated to this initiative over four years.⁸⁵
- *Better Decisions Faster* - Implementation. Funding of \$3.1 million over three years to implement *Better Decisions Faster*, a package of programs as part of the *Victoria: Leading the Way* statement to speed up the planning permit process and reduce the cost to business and the community of urban planning regulations.⁸⁶

13.7.2 Analysis of the budget

The Minister for Planning has sole responsibility for three outputs and shared responsibility for one output. Exhibit 13.9 shows that these outputs account for \$300.5 million (or 34.8 per cent) of the department's 2004-05 Budget.

⁸⁵ Budget Paper No. 3, *2004-05 Service Delivery*, p.299

⁸⁶ *ibid.*, p.41

Exhibit 13.9: Planning Portfolio Output costs

| Output Group | Outputs under the responsibility of the Minister for Planning | 2004-05 Budget (\$ million) |
|-----------------------------------|---|--------------------------------|
| Land Stewardship and Biodiversity | Public Land and Sustainable Forest Management services (a) | 155.7 |
| Planning and Land Services | Sustainable Cities, Regions and Heritage Conservation | 33.2 |
| | Land Information | 101.1 |
| Sub total | | 134.3 |
| Sustainable Policy and Programs | Urban and Regional Strategies and Programs | 10.5 |
| Total (b) | | 300.5 |

Notes: (a) This output is the joint responsibility of the Minister for Environment and Minister for Planning

(b) Data include the output Public Land and Sustainable Forest Management Services which is jointly the responsibility of the Minister for Environment

Sources: Budget Paper No. 3, 2004-05 Service Delivery, pp.210, 213–215

13.7.3 Performance measures

The Committee notes that there are 53 performance measures for the Planning portfolio in the 2004-05 Budget, covering quantity (23), quality (13), timeliness (13) and cost (4).⁸⁷ There are 11 new performance measures; 26 have been discontinued.⁸⁸ Six of the new measures relate to changes in the planning system arising from initiatives associated with: *Better Decisions Faster: Improving the planning system in Victoria -The way forward*.⁸⁹

Seventeen of the discontinued performance measures were in the former Sustainable cities and programs output group.⁹⁰ Most of these discontinued measures relate to the now completed, *Pride of Place* initiative or pilots and other stages of projects that are expected to be concluded in 2003-04.

The Committee was informed that the department has attempted to identify and develop appropriate benchmarks for use in measuring performance and improving

⁸⁷ Budget Paper No. 3, 2004-05 Service Delivery, pp.210–217 and Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, p.3

⁸⁸ Based on comparison of 2003-04 Budget Papers with the 2004-05 Budget Papers

⁸⁹ Department of Sustainability and Environment, Discussion Paper, *Better Decisions Faster: Improving the planning system in Victoria, The way forward*, April 2004

⁹⁰ Based on comparison of 2003-04 Budget Papers with the 2004-05 Budget Papers

outcomes. With respect to the Planning portfolio, the main activities of the department in this regard were:⁹¹

- *Transit cities* - establishing baseline data for 13 transit cities to enable comparisons over time on the performance of the centres;
- National Heritage Chairs and Officials Forum - participating in national benchmarking surveys;
- *Better Decisions Faster* registers - developing a monitoring package including benchmarks so councils can provide regular activity reports to the Minister for Planning;
- Land Victoria - benchmarking a range of products, services and costs against other states;
- Survey services - implementing recommendations of a review of the survey and spatial information which includes some comparisons of survey and spatial activities in other Australian jurisdictions; and
- Victorian Geospatial Information Strategy - implementing the strategy which was developed according to the principles of the US Federal Geographic Data Committee.

13.7.4 Key issues affecting the portfolio

The department's response to the Committee's *2004-05 Budget Estimates questionnaire* and the estimates hearing identified several issues that will affect the portfolio and its the budget estimates for 2004-05.

(a) Better Decisions Faster

Better Decisions Faster is an initiative to streamline and improve the planning process in Victoria. It aims to:⁹²

- reduce timelines on decision-making;
- improve the quality of planning permit applications when they are submitted;
- strengthen enforcement to deter planning scheme or planning permit breaches; and
- enhance the strategic justification for planning scheme amendments earlier in the process.

⁹¹ Department of Sustainability and Environment response to the Committee's 2004-05 Budget Estimates questionnaire, pp.21–22

⁹² Department of Sustainability and Environment, 2004-05 Victorian Budget Fact Sheet, *Better Decisions Faster*, May 2004

The 2004-05 Budget allocates \$3.1 million in funding to implement *Better Decisions Faster*. These funds will be spent on the following initiatives:⁹³

- reporting regular permit activity and process auditing (\$1.95 million over three years);
- ensuring pre-lodgement certification in all councils (\$350,000 over three years);
- reducing referral requirements (\$150,000 over three years); and
- respond to pressure on the Planning List by providing additional funding for the Victorian Civil and Administrative Tribunal (\$600,000 for 2004-05).

The Committee notes the ambitious target in the April Economic Statement that:⁹⁴

As a result of the Better Decisions Faster package, the time taken for planning decisions to be made will be cut by up to 50 per cent...

The Committee is aware of the major role of local government in coordinating the planning process. Therefore, most of the time savings achieved in improving the planning system will need to be the result of actions by local councils. To demonstrate progress towards these efficiency gains, the Committee believes that the department should work in consultation with local government to develop performance indicators to measure the progress of the implementation of *Better Decisions Faster*, including the average change in time taken for planning decisions to be made.

Accordingly, the Committee recommends that:

Recommendation 143:

The Department of Sustainability and Environment:

- (a) work in consultation with local government to develop performance indicators to measure the progress of the implementation of *Better Decisions Faster*, including the average time taken for planning decisions; and**
- (b) publish these indicators in the department's annual report.**

⁹³ *ibid.*

⁹⁴ Government of Victoria, *Victoria: Leading the way*, Economic Statement, April 2004, p.27

(b) Victorian Online Titles System

The Victorian Online Titles System (VOTS) replaced the manual paper-based titles system in December 2001. The VOTS computer system holds a complete record of property holdings in Victoria and includes electronic images of more than three million titles.⁹⁵

The 2004-05 Budget allocated \$28.5 million over four years to VOTS to meet ongoing IT management costs.⁹⁶

The Committee was advised by the Minister of the following benefits of VOTS:⁹⁷

- access to titles information is fully automated. Customers across Victoria can directly access the millions of titles and other documents remotely via the internet;
- continued high level land registration services for Victorian property transactions to ensure ongoing confidence in the land and property economy; and
- registration of most property transactions in 24 hours and immediate registration of those lodged over-the-counter. This compares with up to three weeks for processing prior to the introduction of VOTS.

The Committee notes the advantages to customers of VOTS compared with the former paper based system. In particular, the fact that VOTS provides the necessary technical platform to deliver an ‘Australia first’ electronic conveyancing system, scheduled for completion in 2005, is a very worthwhile initiative for Victoria.⁹⁸

The department informed the Committee of three indicators to measure the performance of the system; namely:

- VOTS IT system availability;
- number of land dealings registered; and
- number of title searches supplied.

Given the importance of VOTS to the property transfer system, the Committee believes the department should initially monitor very closely the performance of VOTS to ensure that the advantages of an electronic system are realised by customers.

⁹⁵ Department of Sustainability and Environment, 2004-05 Victorian Budget Fact Sheet, *Victorian Online Titles System Fact Sheet*, May 2004

⁹⁶ Budget Paper No. 3, *2004-05 Service Delivery*, p.299

⁹⁷ Minister for Planning’s response to the Committee’s follow-up questions, pp.4-5

⁹⁸ Department of Sustainability and Environment, 2004-05 Victorian Budget Fact Sheet, *Victorian Online Titles System Fact Sheet*, May 2004

In this regard, major clients of the system could be surveyed by the department as to whether VOTS is working satisfactorily.

Accordingly, the Committee recommends that:

Recommendation 144: **The Department of Sustainability and Environment closely monitor the performance of the Victorian Online Titles System, for example through client satisfaction surveys, to ensure that the advantages of the electronic system are realised.**

(c) *Implementation of Melbourne 2030 Strategy*

Melbourne 2030 Planning for Sustainable Growth a 30 year plan to manage growth and change across metropolitan Melbourne and the surrounding region, was released in October 2002. In 2004-05, the department allocated \$4.6 million to continue the delivery of Melbourne 2030. In addition, the 2004-05 Budget includes a range of infrastructure projects which supports the delivery of Melbourne 2030. These include:⁹⁹

- \$3.1 million for *Better Decisions Faster*;
- \$3 million for *Transit Cities* implementation and capital works;
- \$15.2 million for *Transit Cities* infrastructure in Dandenong;
- \$15.6 million for public transport safety;
- \$163.6 million over four years for outer metropolitan roads; and
- \$32.4 million (estimated) over four years for Melbourne's metropolitan network of parks, gardens, trails, waterways, bays and other significant recreation and conservation assets.

In response to an enquiry from the Committee about the implementation costs of Melbourne 2030, the Minister advised that an assessment of the costs was discussed in documents submitted to Cabinet during the preparation of the strategy. Accordingly, the implementations costs are Cabinet-in-Confidence and not available to the Committee.¹⁰⁰

The Committee notes that the Minister did not provide an explanation as to why disclosure would be harmful to the commercial or other interests of the state or why it would be contrary to the public interest.

⁹⁹ Minister for Planning's response to the Committee's follow-up questions, p.1

¹⁰⁰ *ibid.*

It is necessary to ensure that public funds are expended for the purposes for which they are appropriated.

Accordingly, the Committee recommends that:

Recommendation 145: **The Government, when considering the withholding of information on the grounds of Cabinet-in-Confidence, should observe the general principle that information should be made public unless there is a justifiable reason not to do so.**

(d) Melbourne 2030 - activity centres

Melbourne 2030 Planning for Sustainable Growth included a list of over 100 designated activity centres.¹⁰¹ There are three types of activity centres:¹⁰²

- principal activity centre (there are 25 centres chosen for their size and location);
- major activity centre (about 80 centres which have similar characteristics to principal activity centres but serve smaller catchments); and
- specialised activity centre (10 such centres, including major university campuses and Melbourne airport).

The Committee was informed that these designations were based on an analysis of existing centres against the criteria for activity centres listed in *Melbourne 2030*. Submissions on *Melbourne 2030* were accepted until February 2003.¹⁰³

Following an assessment of almost 1,500 submissions, the *Response to Submissions* report was released in November 2003. Submissions focused largely on the need for better planning system tools, State Government leadership, and managing the impacts of development in and around activity centres.¹⁰⁴ Some submitters requested changes to the list of activity centres.¹⁰⁵

The Minister for Planning advised the Committee that individual submissions would not be made public due to privacy considerations:¹⁰⁶

¹⁰¹ Department of Sustainability and Environment, *Melbourne 2030 Planning for Sustainable Growth*, p.51

¹⁰² *ibid.*, pp.46–49

¹⁰³ Minister for Planning's response to the Committee's follow-up questions, pp.1–2

¹⁰⁴ Department of Sustainability and Environment, *Melbourne 2030 Response to submissions*, November 2003, p.vi

¹⁰⁵ Minister for Planning's response to the Committee's follow-up questions, pp.1–2

¹⁰⁶ Hon. M. Delahunty, MP, Minister for Planning, transcript of evidence, 16 June 2004, p.4

... under privacy laws we are not able to provide individual submissions to be made public. However, if those individual submitters would like to make their submissions public, they are quite free to do so. We have listed on the web site the full list of the organisations which made detailed submissions on Melbourne 2030.

The Committee is aware that the department's response to submissions on Melbourne 2030 notes that individuals who made submissions cannot be named due to the *Information Privacy Act 2000*.¹⁰⁷

However, the Committee understands that the *Information Privacy Act 2000* allows for individual submissions to be made public provided that at or before the time the information is collected, the individual is made aware of various factors.¹⁰⁸

The Committee notes that the public submission process in relation to Melbourne 2030 was structured in a way that did not allow submissions to be made public. The Committee believes that, in the future, every effort should be made to maximise the amount of information available to the public while still protecting privacy considerations, including compliance with the *Information Privacy Act 2000*. The administration of the system for making information public should be as simple as possible.

Accordingly, the Committee recommends that:

Recommendation 146: **The Department of Sustainability and Environment structure the public submissions process to allow maximum information to be made public while taking account of privacy considerations, including compliance with the *Information Privacy Act 2000*, and ensure the administration of the system is as simple as possible.**

The Committee was informed that a letter was sent to municipal councils in December 2003 outlining the specific changes to the list of centres in Melbourne 2030 as a result of the analysis submissions.

The Minister for Planning advised the Committee that \$5.6 million was made available to metropolitan councils to assist in implementing Melbourne 2030.¹⁰⁹ This funding comprises a base grant of \$100,000 (available to all metropolitan councils)

¹⁰⁷ Department of Sustainability and Environment, *Melbourne 2030 Response to submissions*, November 2003, p.2

¹⁰⁸ *Information Privacy Act 2000*, pp.72–72

¹⁰⁹ *ibid.*, p.3

and a share in a total of \$2.5 million for specific projects relating to Melbourne 2030.¹¹⁰

The Committee was provided with a list of the specific projects and notes that they mainly related to plans to guide future use and sustainable development in activity centres and green wedge and development of local urban design guidelines.¹¹¹

The implementation of Melbourne 2030 is intended to include consultation with local government, including offers of partial reimbursement for the costs incurred.

The Committee notes that the purpose of the following initiatives is to provide practical assistance to local government in preparing structure plans:

- release of a *Practice Note* on structure planning for activity centres in December 2003;¹¹²
- the development of Activity Centre Design Guidelines to guide strategic planning for activity centres and the development of local planning policies and controls (due for release later in 2004);¹¹³ and
- development of integrated performance criteria for activity centres to assess the performance of each centre and provide a benchmark for determining the direction and magnitude of changes required to improve the network of centres (timeline unspecified).¹¹⁴

The Committee is pleased that practical assistance is available to planning authorities in preparing plans for activity centres. The Committee believes that performance indicators to establish benchmarks and measure the performance of activity centres are essential and encourages the department to develop these as soon as possible.

Accordingly, the Committee recommends that:

Recommendation 147: The Department of Sustainability and Environment, as soon as practicable, develop and report performance indicators to establish benchmarks and measure the performance of Melbourne 2030 Activity Centres.

¹¹⁰ Minister for Planning's response to the Committee's follow-up questions, question 1

¹¹¹ *ibid.*, Attachment 1

¹¹² Department of Sustainability and Environment, General Practice Note, *Structural Planning for Activity Centres*, December 2003 (accessed from www.dse.vic.gov.au/melbourne2030/structureplanning)

¹¹³ Department of Sustainability and Environment, *Melbourne 2030 Response to submissions*, November 2003, p.vii

¹¹⁴ *ibid.*

