

# CORRECTED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2004–05 budget estimates

Melbourne – 17 June 2004

#### Members

Mr W. R. Baxter	Ms D. L. Green
Ms C. M. Campbell	Mr J. Merlino
Mr R. W. Clark	Mr G. K. Rich-Phillips
Mr L. A. Donnellan	Ms G. D. Romanes
Mr B. Forwood	

Chair: Ms C. M. Campbell  
Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Mr J. Thwaites, Minister for Environment;  
Mr K. Love, deputy secretary, land stewardship and biodiversity;  
Mr A. McDonald, chief finance officer;  
Mr J. Collins, general manager, strategic policy and projects;  
Mr I. Porter, executive director, sustainability strategy, Department of Sustainability and Environment.

**The CHAIR** — Good afternoon everybody and a warm welcome to the Public Accounts and Estimates Committee hearing on the 2004-05 estimates for the environment portfolio. I welcome the Honourable John Thwaites, Minister for Environment, Mr Kevin Love, deputy secretary, land stewardship and biodiversity, Mr Andrew McDonald, chief finance officer, Mr Ian Porter, executive director, and Mr John Collins, general manager, strategic policy and projects, from the Department of Sustainability and Environment, departmental officers and members of the public and media.

In accordance with the guidelines for public hearings I remind members of the public that they cannot participate in the committee proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff can approach the minister's side of the table during the hearings. Members of the media are also requested to observe the guidance for filming or recording proceedings in the Legislative Council committee room. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside will not be protected by parliamentary privilege. All evidence given today is being recorded, and witnesses will be provided with proof versions of the transcript early next week.

**Overheads shown.**

**Mr THWAITES** — I am going to set out the challenges for the environment portfolio. Certainly the environment is very important to Victorians. We want to be a leader in environmental sustainability and we are building the environment into everything that we do. A sustainability framework is in preparation which will be released in draft form later in the year. We have appointed a commissioner for environmental sustainability, who commenced in November last year.

In terms of our key achievements in 2003-04 we reduced the logging levels in the Otways after buying back a licence for 25 per cent of the logging, and there will be a complete phase-out of logging by 2008. Across the state the Our Forests, Our Future program has been implemented and we are able to say we have now reduced logging across the state by some 31 per cent to achieve sustainable levels of logging. The final piece of protection is now in place for marine parks and sanctuaries. Legislation has passed through Parliament and become law this year.

The 5-star ratings on new homes commences from 1 July and that will significantly reduce energy and water use in new homes. The Environment Protection Authority together with industry has entered a number of sustainability covenants which are a good example of a government agency responsible for the environment working with business to achieve sustainable outcomes. We have established a new sustainability fund with funds from the waste levy; there is approximately \$2 million in that.

We have achieved our bushfire recovery program — obviously a very major challenge around the state. In terms of funding in the 2004-05 financial year, the budget contains a major boost for firefighting in Victoria — a \$168 million boost over five years. That is across a range of different programs and covers some of the CFA works as well, if I understand that correctly, Kevin?

**Mr LOVE** — That \$168 million is on top of that.

**Mr THWAITES** — There is also \$4 million for timber salvage harvesting; \$32.4 million over four years for Melbourne's parks and recreational facilities; \$1.4 million for the Yorta Yorta cooperative management agreement; and \$550 000 for Wotjobaluk people's native title claim settlement. If you were to sum up in terms of the budget, the principal additional funding this year was for bushfires. I think all Victorians want to be as well prepared as we can be to prevent bushfires. This does allow for a significant boost to bushfire funding.

**Mr FORWOOD** — Preventive burning as opposed to putting them out afterwards.

**Mr THWAITES** — Exactly. There are other aspects that relate to — —

**The CHAIR** — If you can stick to the overheads, questions later.

**Mr FORWOOD** — I apologise.

**The CHAIR** — Found guilty!

**Mr THWAITES** — I was trying to be a bit interactive.

We are building on a strong record of environmental funding and there are a number of programs that are under way in terms of sustainable forestry; the phase-out of logging in the Otways and additional tourism and recreation facilities for the Otways; new park rangers; the bushfire recovery strategy, which has now largely been completed and which was obviously a major strategy for the government; the Victorian greenhouse strategy; marine national parks and sanctuaries; weed and pest control on public land, which was funded in the prior year's budget — \$24 million for weed and pest control on public and private land; the Gippsland Lakes future directions and action plan; and the long-term zoo strategy.

In terms of looking ahead we are very positive in this portfolio about having a very strong environmentally sustainable framework for Victoria, developing a new forest stewardship management system, preparation of waste strategies, delivering on the greenhouse challenge for energy strategy and additional greenhouse gas emission reduction strategies.

**The CHAIR** — Thank you very much, Minister. You talked about the Victorian greenhouse strategy — that is outlined in budget paper 3 — and it seems to be on track to date, which is heartening. That can be seen by the quality of the output. Can you give us some further explanation in relation to that greenhouse strategy and particularly any impact the federal government announcements will have on the state greenhouse strategy?

**Mr THWAITES** — Climate change is one of the biggest challenges we face as a nation, indeed as a world. Victoria has an important role to play in meeting the challenge of climate change. The latest information from the CSIRO indicates that Victoria will have to cope with increased temperatures as a result of climate change and in fact Victoria will incur greater temperature change than some other parts of the country. The range of temperatures we are talking about would be up to 5 degrees warmer than now by 2070. The CSIRO information also indicates that we are going to have many more very hot days and that means more bushfires. The information from the CSIRO and the analysis by the Murray-Darling Basin Commission would also indicate we will have less inflow into our rivers and reservoirs as a result. There are major challenges.

In this state we believe Australia should be part of the international agreement known as the Kyoto protocol and we are urging the national government to sign that. We also believe there needs to be a national approach to energy efficiency and greenhouse gas reduction. Unfortunately the policies of the federal government are not delivering on those key requirements; they are not delivering on the need for us as a country to join with other countries in a common cause to reduce greenhouse gas emissions. The Victorian government though is pursuing a greenhouse reduction strategy. Under that strategy we are implementing a number of different measures to reduce greenhouse gas emissions. We will be aiming to reduce greenhouse gas emissions by around 5 million tonnes of CO<sub>2</sub> equivalent and the precise amount will depend on the success of a number of those measures.

Already we are seeing those measures beginning to take effect. To give a good example of one of the most important, the EPA licensing system means that they have to license the companies that pollute or produce waste. Under our greenhouse strategy, if a company produces more than a set amount of greenhouse gas emissions, they are required to undertake an energy audit, and if there are any savings with a better than three-year payback in terms of energy savings which reduce greenhouse gases the company is required to undertake them. We are already seeing a number of companies make major energy savings as a result of that and also saving dollars. That is a program that in itself could save millions of tonnes of carbon dioxide. There are other major ones, too, like our 5-star homes which are being implemented now. New homes will reduce their energy use by up to 50 per cent.

**The CHAIR** — Thank you. If you wish to forward the committee any documentation on projects that have been successful, that would be helpful.

**Mr FORWOOD** — Minister, I am following up on the same issue. You would be aware that element three of the *Greenhouse Challenge for Energy* paper required detailed qualitative analysis of the economic, social and environmental impacts of key policy areas, and you got the Allen Consulting Group to do some modelling of a national emissions trading scheme (ETS) and an emissions intensity requirement (EIR), and the findings of that work showed that an EIR equivalent to the New South Wales scheme would increase electricity prices by 27 per cent, and that an ETS equivalent to \$5 per tonne would unambiguously lower GDP consumption and emissions for the duration of the policy shop period. Could you advise the committee what you are doing with the work that has come from Allen and whether or not we can expect to see, in Victoria, either an ETS or an EIR implemented?

**Mr THWAITES** — The Allen Consulting work was done as part of a broad strategy which we announced, the *Greenhouse Challenge for Energy*. That was a strategy where the government has gone out to consult with industry about the best way forward both in terms of energy efficiency, and getting the best value for effort in terms of greenhouse reduction. In doing that we need to take account of the greenhouse savings, but also any cost to business or to the economy. We are doing that now, and that process will continue throughout the year, and the government will make a decision probably towards the end of the year on that outcome.

There will be a number of inputs into it — the Allen Consulting work, the work that the department does, the work that the Department of Infrastructure does through the Minister for Energy Industries, and, of course, the direct discussions we have with business and industry and the community. So at this stage the government has not made any decision in this area; all it has done is say we should go out and have a consultation process. I should say that that process is a joint process with the Minister for Energy Industries, Theo Theophanous, so he and I are the joint ministers. I have had numerous meetings with industry myself, and we will work through what the best possible outcome is.

The options are there on the table, but I should say that we have indicated that we are not proceeding just on the basis of what Victoria does; it needs to be a multi-state approach. We need to work in together with other states, so where you raise the issue of the New South Wales benchmark scheme, we have said that does not suit Victoria so that is not the appropriate scheme for Victoria, and any scheme we have will need to work in with other states and we are not proceeding on a single state basis.

**Mr MERLINO** — Minister, on page 209 of budget paper 3 I note that the government expects to be on track in relation to the establishment of a continuous Otway national park, from Anglesea to Cape Otway. Can you outline the process from here, in terms of establishing this new growth park?

**Mr THWAITES** — The Otway national park is a very exciting policy plan. The Victorian Environmental Assessment Council draft report was released on 26 May, and there is a 60-day public submission period that finishes up on 26 July. After that there will be a final report of VEAC on 3 September. That report will then be considered by government and the government will make a decision. The draft recommendations have been produced and we have released them; essentially they show a vastly expanded national park that reaches right throughout that whole area from Anglesea down through the Otways. This will be quite a superb destination for Victorians, interstate visitors and overseas visitors.

Together with the recommendations for the park we are also implementing changes to the Otways that will enhance the area, and that includes the phasing out of logging, but also the improvement of the Otway walks and the tourist attractions in that area. That means funds for the walks into the waterfalls, which are quite magnificent, as I am sure committee members will know if they have been down there — —

**Mr DONNELLAN** — Yes, we have lost a minister there before!

**Mr THWAITES** — No, not there, and I think at the time she was a shadow minister anyway.

**Mr FORWOOD** — Do you think if she had been the minister she wouldn't have got lost?

**Mr THWAITES** — The shadow ministers in the upper house also seem to be wandering around lost, completely unaware of where they are! That will be a magnificent park and a real jewel for Victoria.

**The CHAIR** — In terms of key performance indicators and performance measures, how does the department assist the number of people who are enjoying the walks? Part of the beauty of walking that area is that hopefully you do not see too many other people, so is the key performance indicator more people using it or preservation of it?

**Mr THWAITES** — You have put your finger on one of the most difficult issues in park management.

**The CHAIR** — So which way do you go?

**Mr THWAITES** — What you have to do is get the right balance. My general view would be to encourage more rather than less. I see parks as being parks for people and so you try to have as many people visiting the parks as is sustainable, both in terms of the environment of the park itself and the interest of the people who visit the parks. But you get to a certain level and it becomes too many and you have probably seen the reports

in recent days of the Tasmanian walks where they are now talking about limiting the number of people who are able to take some of those walks. As you know it has been done in places like Wilsons Promontory where you limit the number of campers or visitors, and in the United States, where there are much greater populations, they also have limits on how many people can go into certain places.

**The CHAIR** — Thank you, that is helpful.

**Mr CLARK** — My question relates to the overall level of funding for DSE, and within that, the funding for the particular programs within your specific responsibilities. If you look at the annual financial report for the State of Victoria for 2002-03 at page 63, it reports — —

**Mr THWAITES** — I do not have that in front of me.

**Mr CLARK** — You may want to take the large part of this question on notice, but that report shows that the total DSE expenditure for 2002-03 was \$1224.9 million, and that compares with the statement of finances, budget paper 4, for 2004-05, which you will have, at page 33 which shows budgeted expenditure for 2004-05 of \$890.3 million. So on the face of it there has been a significant fall in 2004-05 compared with expenditure in 2002-03. The 2002-03 expenditure might allow about \$100 million extra cost for the firefighting and possibly \$50 million for Seal Rocks, but even allowing for that there seems to be a sizeable fall in the budget allocation for DSE. When you look at your own program areas the funding for the total catchment and water output group is budgeted at \$190.6 million for 2004-05 whereas the budget for 2002-03 was 247.8 million. There also seems to have been a fall in the allocation over the same period for the sustainability and greenhouse policy. Can you, either now or on notice, provide an explanation for that, and particularly as to whether or not funding has been cut for your department overall and particularly in the specific output groups I mentioned?

**Mr THWAITES** — The answer is that it has not been cut. I would need to see the 2003 figures, but you need to understand the major changes in departmental structure through that period, which included bringing agriculture into the Department of Primary Industries. So I am not sure that you are comparing the same departments; you are comparing deferent things.

In relation to the budget that you have referred to, which I think is not 2003-04 but 2004-05, there is no cut. The difference is the comparison between expected actual expenditure in 2003-04 and the budget in the budget papers, and the expected expenditure includes a very large carryover from 2002-03 expenditure that was not expended in 2002-03 but was expended in 2003-04, a much larger carryover than is expected to be spent in 2004-05. In relation to catchment and water, that is the explanation for the difference that you have referred to.

**Mr CLARK** — But that is not — —

**Mr THWAITES** — You have asked me if there has been a cut and I have said no, and I am explaining why those figure are as they are.

**Mr CLARK** — I think you misunderstand my question, because I was referring to figures for 2002-03, not as you assumed for budget 2003-04.

**Mr THWAITES** — As I said, during 2002-03 there was the election and then there was the change in departments, and agriculture and primary industries were taken out of that and put into a separate department. In relation to catchment and water you have referred, as I understand it, to a reduction in expenditure that you have claimed between 2003-04 and 2004-05.

**Mr CLARK** — That is not correct. I do not know if your staff has budget paper 3 of 2003-04. If you look at pages 314 and 317 you will see the target figure for 2002-03 in respect of sustainable catchment management and water management and supply, and those two figures combined total \$247.8 million.

**Mr THWAITES** — Which two figures combined?

**Mr CLARK** — \$109.7 million and \$138.1 million.

**Mr THWAITES** — I am sorry, which ones?

**Mr CLARK** — Page 314, the target for 2002–03 is \$109.7 million; and then on page 317 the target for 2002–03 is \$138.1 million. They total \$247.8 million, whereas I understand the budget this year for the two combined is \$190.6 million.

**Mr THWAITES** — For 2003–04 or 2004–05?

**Mr CLARK** — For 2004–05.

**Mr THWAITES** — Yes, I was answering your question. The 2004–05 is exactly what I was referring to: the difference is in carryovers and the amount that is carried over. That goes up and down every year, depending largely upon when we get paid by the commonwealth government for funding under the National Action Plan for Salinity and the National Heritage Trust. It tends to pay us not when the money is targeted to be spent or due but when it suits its budgetary rounds. Often it pays just before the end of the financial year, so it pays late June in a financial year the funding that was allocated for that particular year. We do not then spend it until the next year.

The other thing that affects the catchment and water is some \$43 million of difference in carryover largely related to the Snowy joint government enterprise, which is exactly the same thing as when there was money set aside for this, but it could not be spent because the Snowy JGE had not been established and because the commonwealth government was threatening to tax it — so you had money expected to be spent but not spent and carried over. That will not occur this year, so the 2004-05 budget does not include that large carryover because we have now spent it. I can assure you that we are not cutting the budget; we are having to manage the carryover which varies, depending on when the commonwealth government makes its payments.

**Ms GREEN** — In your presentation you referred to Commissioner Esplin's recommendations from the Victorian bushfire inquiry that there be an increased focus on fuel reduction burning. Could you outline to the committee how the \$168 million is to be allocated over the five years and in particular the implementation of a year-round approach to management of fire across public land?

**Mr THWAITES** — As I indicated, one of the key objectives for the government is to improve fire management and particularly bushfire prevention. The government has committed substantial extra funds, some \$168 million, to achieve this. Partly that is to go towards a new model of firefighting which will see a 12-month approach rather than the approach that was previously adopted of focusing on just the summer period. We will be employing additional staff in the department who will be available 12 months of the year to fight fires during the summer season and to prevent fires during the spring, winter and autumn periods, particularly the autumn period for fuel reduction burning. In terms of our achievements in that regard, up to 16 June this year some 423 burns have been completed covering a planned area of 91 273 hectares. That is 90 per cent of the Department of Sustainability and Environment's output target, which is certainly a major increase on fuel reduction burning in the past few years.

We are totally limited by the weather, but if you go out into the field now I think people will tell you there is every possible effort being made to commence fuel reduction burns. We are getting criticism now from the other side that we are burning too much — not from the other side of politics; I am saying that generally we have had good support across the parties. I think Mr Stoney in the upper house put out a press release supporting what we were doing at the time we were being criticised, which was of real assistance because there is a community debate here and there is probably a common bipartisan view on the solution.

**The CHAIR** — Have you any further information on what performance indicators have been developed to measure the effectiveness of implementing the recommendations of Mr Esplin?

**Mr THWAITES** — Yes. At the moment we have a system for fuel reduction burning that is based around regions, so we have a regional target, but we break that down into risk areas — so high-risk areas that tend to be near towns and places of habitation and then lower risk areas which are further away. I think there are five different zones.

**The CHAIR** — You may wish to take that on notice because the committee is very interested in the recommendations, their implementation and the performance indicators for you, so we will be following that up.

**Mr THWAITES** — Okay. I can indicate that we are implementing that and the policy that we have introduced has been completely in sync with the recommendations of the Esplin inquiry, which recommended a 12-month approach to fires.

**Mr RICH-PHILLIPS** — I would like to ask you about management plans for national and state parks. As I understand the requirements of the National Parks Act, the amendments that were made with the box ironbark legislation were that the requirement was put in place that management plans had to be produced within 12 months of that legislation being assented to, and those plans had to be tabled in Parliament.

I have a list of parks for which I understand the management plans have not yet been — although the 12 months has elapsed — presented to the Parliament. They are Mitchell River, Wilsons Promontory, Chiltern-Mount Pilot, Terrick Terrick, Greater Bendigo, Heathcote-Graytown, St Arnaud Range and half a dozen state parks as well. Could you please tell the committee — —

**Mr THWAITES** — Was that in terms of the legislation? My understanding of that legislation is that it related to the box-ironbark parks, but not to all parks.

**Mr RICH-PHILLIPS** — No, these specific parks. There is a requirement that 12 months after the legislation the plans would be tabled in Parliament. I am wondering what the progress is on preparation of the plans required under that legislation. Why have they not yet been presented, when will they be presented, and what resources is the department putting into the preparation of those management plans for the national parks and the state parks that require them?

**Mr THWAITES** — That is why I raised the question. My understanding of the legislation is that it related to the box-ironbark national parks, and you have raised a whole lot of other parks.

**Mr RICH-PHILLIPS** — I understand that these particular ones are specified.

**Mr THWAITES** — My understanding is that the legislation related to the box-ironbark parks and that we will implement the legislation and produce those plans by the end of June.

**Mr RICH-PHILLIPS** — But those plans were required, as I understand it, last October. Twelve months after the legislation was enacted they were supposed to be presented to Parliament.

**Mr THWAITES** — As I said, my understanding was that that related to the box-ironbark parks, but the parks you have referred to are other parks.

**Mr RICH-PHILLIPS** — Sorry? Are you saying that the box-ironbark requirements have been met in terms of tabling in Parliament?

**Mr THWAITES** — I will chase that up. Your question did not relate to box-ironbark parks; it related to other parks. I will chase up the issue in relation to the box-ironbark parks and those other parks. I will clarify that.

**The CHAIR** — You will take it on notice. Good. Thank you.

**Mr THWAITES** — I would like to make one qualification. Some figures were read out by Mr Forwood in relation to that report which, as I understand it, was not the final, quality-assured report. That must be an earlier draft or something. It is not a big — —

**Mr FORWOOD** — It does not have ‘draft’ anywhere on it.

**Mr THWAITES** — We can chase that up, but it is not a big issue. There was some question about the precise nature of those figures.

**Ms ROMANES** — One of the major outputs is ‘Public land and sustainable forest management services’, which is outlined on pages 210 and 211 of budget paper 3. Can you inform the committee of what progress has been made on the independent audits of forestry operations on public land and what involvement the Environment Protection Agency has in these audits?

**Mr THWAITES** — The EPA has completed and published the first environmental audit of forestry operations on public land. That does give a reference point that the department and the community can use in judging forest operations on public land. That audit provides information on areas that need concern, and also gives an indication of areas that are going well. We are committed to conducting those environmental audits of public land and forestry operations. We believe that will improve our forest stewardship.

**Mr BAXTER** — My apologies for my lateness.

**Mr THWAITES** — Nice of you to come!

**Mr BAXTER** — I had a very enjoyable lunch discussing the wool industry. One of the consequences of the bushfires and the drought in the north-east and in East Gippsland was the increased incidence of wild dogs coming down into the farming country. Some extra doggers were taken on using the bushfire funds, and I understand they are about to finish up. Bearing in mind the animal welfare issues that are involved and the ample evidence that dog attacks are substantially ahead of what might be called 'normal' and that there is a very large meeting scheduled at Tallangatta tonight, which I am unable to attend because I am here to discuss this issue, what has been the rationale for not extending the term of appointment of those extra doggers who were taken on straight after the fires, bearing in mind that the problem they were put on to address still exists?

**Mr THWAITES** — There are a few issues. First I am pleased to be able to tell you that additional resources of some \$300 000 are being provided to the wild dog management groups to help carry out their wild dog management plans next year. That will include things like baiting and improved communication and planning to increase community participation.

The second point I would make is that, as I think you indicated and as has been reported on concerning the statements by some people, the funding for extra positions after the bushfires was for a fixed-term period, and that was part of the bushfire recovery package. That was always publicly understood. It is not like we are cutting back on some program. It was always understood that that was part of the bushfire recovery package.

The third point I would make is that this government has very significantly increased the funding for wild dog management since it came to power and continues to have a much higher level of funding than is in place when your party was in government.

**Mr BAXTER** — The problem seems to have grown exponentially since the bushfires.

**Mr THWAITES** — The problem is there is a fair deal of hypocrisy when you have the Liberal Party and The Nationals running around saying that there are cuts to wild dog management when in fact there are very substantial increases in expenditure.

**Mr BAXTER** — Tell that to a farmer whose sheep's guts have been torn out.

**Mr THWAITES** — Our response is that there are very substantial increases in funding compared to when you were government. The problems may well have been caused by the lack of doggers under your government, which we have fixed. As a government we have put extra money into this, to have more doggers there. In terms of actual doggers, the number of doggers in the last year of your government was 13.6, and it is now 18 doggers, so there is a substantial increase in the number of doggers who are there.

**Mr BAXTER** — It is the problem we have right at this moment that my constituents are interested in addressing. They are not interested in argy-bargy about politics.

**Mr THWAITES** — It is not argy-bargy about politics. It is an increase. What you do if you have a problem is you increase resources, and we have done that well beyond — —

**Mr BAXTER** — But you are cutting them back now.

**Mr THWAITES** — No, we are not cutting them back. As I said, when you were in government there were 13.6 and now we have 18 doggers out there, so we have put more doggers in than The Nationals or the Liberal Party. You are quite right — —

**Mr BAXTER** — You — —

**Mr THWAITES** — Hang on! I thought you had your — —

How many questions do you get?

**The CHAIR** — Okay.



**Mr THWAITES** — He keeps interfering. You have got to stop him from interfering.

**Mr FORWOOD** — You are killing us over this side of the table — —

**Mr THWAITES** — He keeps interrupting.

**The CHAIR** — You can keep talking.

**Mr THWAITES** — I am not going to talk if he keeps interrupting.

**The CHAIR** — You have the opportunity — —

**Mr FORWOOD** — Either push the microphone away — —

**The CHAIR** — You have the opportunities.

**Mr THWAITES** — So The Nationals and the Liberal Party are not in a position to complain when what the Bracks government has done is substantially increase resources for this area.

**Mr BAXTER** — One supplementary, Chair. How many doggers will there be after 30 June?

**Mr THWAITES** — There will be 18, which is substantially more than when you were in government.

**Mr FORWOOD** — Push the microphone away.

**The CHAIR** — We had difficulty this morning with mikes and they have turned them up.

**Mr THWAITES** — Can I ask, Chair, that you intervene if your members start interrupting my responses.

**Mr FORWOOD** — Don't be so close! Just sit there and talk.

**The CHAIR** — The minister has made his point.

**Mr DONNELLAN** — Minister, can you outline the progress in achieving the Our Forests, Our Future agenda? In particular can you inform the committee on the progress of the sustainable forestry legislation and the establishment of VicForests, including what actions have been taken in establishing a work force for VicForests and the DSE stewardship function?

**Mr THWAITES** — Thanks for that question. Our Forests, Our Future is one of the very substantial policies that our government is implementing. VicForests was established in October 2003; it is managed by a board of directors and a chief executive officer has been appointed. VicForests and the Department of Sustainability and Environment have been working closely to establish a work force for VicForests and they are filling jobs throughout the organisation. As you would be aware, the Parliament has recently passed the sustainable timber bill and under that legislation VicForests will be taking over the existing licences that have previously been the responsibility of the Department of Sustainability and Environment.

VicForests will also be commencing to enter new contracts with millers, ensuring that we get the best commercial development of our native timber. The role of the Department of Sustainability and Environment is now changing to forest stewardship and I am pleased that the department is now, I think, working well on that and working well on preparing for a different role.

**Mr FORWOOD** — Thank you, Minister. You would be aware that Hazelwood Power produced just over one-fifth of the state's base load of 1600 megawatts and that its coal runs out in 2009. The company is currently undertaking an environment effects statement process to expand the west field so that it can continue in operation until 2030. I wonder if you could advise the committee of where we are up to in the approvals process for that project, and when you think it is likely that a final decision will be made on that?

**Mr THWAITES** — That is really a matter that you should direct to the Minister for Energy Industries. He is responsible for that. But I would just point out that your question is based on an incorrect assumption that their coal is running out by 2009. That is not in fact correct. They have substantial reserves of coal. What they are seeking to do is to access another area of coal elsewhere in that vicinity, but I think the statement you make is

incorrect. They have in fact coal for many years beyond that, but they would prefer to access another area of coal and they are seeking to do that. You would have to ask the Minister for Energy Industries for more on that.

**The CHAIR** — We can do that. Thank you. In relation to the 2004 economic statement *Cutting Red Tape in Development Approvals* the initiative focused mainly on improving the approvals process for dwellings and not on lessening delays faced by the industry in complying with environmental standards.

**Mr THWAITES** — Sorry, where was that?

**The CHAIR** — Or gaining environmental permits. What I am particularly interested in is what specific action the Environment Protection Authority will undertake in 2004–05 to streamline the planning process for industry, and what funds are allocated to the EPA in the current budget to reduce red tape for industry?

**Mr THWAITES** — The EPA, I think, is doing a very good job in working within industry to streamline its regulatory processes. The sustainability covenants are a good example of that. The neighbourhood environment improvement plans are another example of where the EPA is implementing a regulatory structure which reduces red tape and produces positive outcomes. The leadership there of Mick Bourke has been marked by a close relationship with the EPA and industry, but one that is also cognisant of the need for the EPA to be entirely independent and in certain cases to be a fearless regulator. It is worth acknowledging to the committee the role played by Mick Bourke's predecessor, Dr Brian Robinson, at the EPA, and also in reducing the possibility that the EPA becomes characterised as a particularly bureaucratic body. I do not think our EPA has that reputation. If you go out into the community or into industry there is generally an understanding that they are doing a tough job well.

**The CHAIR** — Perhaps if the EPA could provide us with information in relation to the specifics of the question, as to what action has been specifically taken to cut down delays that were occurring previously in complying with environmental standards, and the funds allocated to ensure that occurred, that would be really helpful.

**Mr THWAITES** — Yes, I am happy to provide more, but as I said it is partly by doing things like sustainability covenants and neighbourhood environment improvement plans that you have that cooperative approach that cuts down on red tape.

**Mr CLARK** — Minister, could I refer you to this year's budget paper 3 about service delivery on pages 47 and 48 relating to Labor's financial statement 2002 asset investments. I refer you in particular to the expenditure on the Victorian Water Trust. You will see that while there is an aggregate line of expenditure for that trust specified, no breakdown is provided as to how it is to be allocated over the various projects listed — namely, country towns water supply and sewerage programs; Murray River (Sunraysia-Mildura) — upgrading irrigation systems; Gippsland Lakes and Macalister River — upgrading irrigation systems; Werribee Plains; Goulburn and Broken rivers — upgrading irrigation systems. Can you tell the committee why there was no breakdown provided in the budget papers and are you able to provide us either now or on notice with the breakdown figures and an outline of the status of each of those projects?

**Mr THWAITES** — I guess there are a few questions there, but, firstly, there is no requirement in the budget papers that there be a breakdown for particular projects. It is not as I understand it a requirement — —

**Mr CLARK** — Providing advice to the public.

**Mr THWAITES** — Go on. I said that there is no requirement and I was going to proceed to say that the decision-making process is one where the government makes decisions, but it is on the advice of the Victorian Water Trust which is headed up by Professor Peter Cullen and has members including Barry Steggall on it. That trust receives applications and suggestions, then it gives us advice and we make decisions. The reason we do not put everything down in the budget is that, of course, it goes through that process and you cannot say at the beginning of the year what is necessarily going to be approved.

**Mr CLARK** — If the trust has identified these projects it does not seem to depend on its making recommendations unless it is also making recommendations to the allocation of funding over time to the projects that have been approved.

**Mr THWAITES** — What happens is that there can be some direct applications or recommendations. Sometimes the trust itself of its own motion goes and investigates a matter and puts up a recommendation to

government, but the particular projects are decided through the course of a year so it is not possible at the beginning of the year to itemise every project that is going to be approved. Having said that, I should say that in *Labor's Financial Statement 2002* prior to 2002 election we did set out the broad categories of expenditure for the Victorian Water Trust. Off the top of my head it was something like \$20 million for Sunraysia, \$60 million for the Goulburn, there was money also for the Gippsland Lakes and the Macalister system. We will be honouring all of our commitments in *Labor's Financial Statement 2002* in terms of that expenditure.

**Ms ROMANES** — Minister, in your presentation you referred to an increase of \$32.4 million estimated over four years for Melbourne's parks and recreational facilities. I assume that to represent roughly the increase in the metropolitan parks levy and the indexation of that levy from this time on. Can you tell the committee how that funding will be allocated and whether it will provide an opportunity to escalate the implementation of the off-road bicycle network?

**Mr THWAITES** — I will answer the last part first. It will provide extra funds for the bicycle network and we want to encourage, and are encouraging, councils and other groups to put forward proposals. Parks Victoria will work with them to implement more and better bike paths around Melbourne. I should say the parks' charges does not only go to Parks Victoria; funds out of that also go to Zoos Victoria, the Royal Botanic Gardens and the Shrine of Remembrance. The modest increase in the parks charge will mean some modest extra amount for the Royal Botanic Gardens, the shrine and the zoos, as well as to Parks Victoria.

Some other specific initiatives in terms of Parks Victoria, it will deliver stage 2 of the Brighton Bay bike trail. It will assist in the upgrade of the Collins First Settlement area down on the peninsula, and it will help in terms of priority weed and pest infestations in some of those Melbourne parks.

**The CHAIR** — By way of supplementary, would the minister or the department make available the initiatives which have been undertaken over the past 12 months and if you have any planned for the next? If you could provide that to the committee, that would be helpful.

**Mr RICH-PHILLIPS** — I would also like to ask about environment management programs in parks — vermin control, weed control et cetera. How are funds allocated to parks for those programs? On what basis is funding allocated? Given events in the past 12 months with bushfires and so on, were any funds previously allocated for environmental management such as vermin and weed control diverted to bushfire activities or was that all new funds?

**Mr THWAITES** — In relation to the latter part of the question, we have previously announced that there has been some diversion of effort as a result of the bushfires. That is appropriate. The bushfires were a terrible event for Victoria and it is appropriate that as a government we put extra effort into that. A whole range of companies, government agencies and others are now recovering from that and during that recovery period extra effort and resources went into that. In terms of weeds, for example, we moved resources that were being spent in some parts of the state. There were extra funds we were going to spend in some parts of the state and we then spent those funds and expended those resources in the fire-affected areas. That was for a good reason: after the fires there was a real risk of the spread of weeds and there was an opportunity to prevent that if we got in early. That is why we took that action. We were quite public about it at the time. In addition we gave extra funds on top of that for bushfire recovery including catchment management and weed destruction. We have always said it was appropriate to put the resources into those fire areas. In relation to the decision making, it is a government decision. We are responsible for these actions and we take them.

**Mr RICH-PHILLIPS** — Would you take on notice — I assume you do not have this with you — to provide the committee with a break-up of where the funds were diverted from, which parks and what particular allocations were diverted into bushfire activities?

**Mr THWAITES** — We may be able to provide some information. It was not necessarily a question of just taking money from one place and putting it into another. As a government we had committed extra funds for weed management and we were intending them to be spent in some parts of the state, but during the fire recovery period we put them into those areas.

**Mr MERLINO** — One of the quality performance measures under the public land and sustainable forest management services output is 'Improved stewardship of the state forest estate'. This has a target of 10 per cent in

2003–04 and also in 2004–05. Would you be able to explain to the committee what this measure means and how it is calculated?

**Mr THWAITES** — I am happy to do that. We will be commencing a number of projects to improve that stewardship. There are seven projects. These are the Southern Ark project in East Gippsland, which is all about fox control in more than 1 million hectares in East Gippsland; recovery projects associated with the Alpine fires; the implementation of the good neighbour program — that is the private-public land interface; establishment of tourism and recreational facilities in the state forest in the Otway Ranges; redevelopment of the facilities at Toorong Falls, including the viewing platform and the walking track; establishment of the Gippsland Lakes discovery trail; and continuation of the restoration of native vegetation on former plantation land in the Delatite adjacent to the Eildon Reservoir. We have basically implemented seven projects aimed at improving that forest stewardship. I suppose the question partly relates to quantifying that. It is difficult. It is a qualitative improvement and it is a bit hard to identify the quantities in terms of 10 per cent or whatever.

**The CHAIR** — We have time for one more on this if anyone wants one.

**Mr FORWOOD** — Can you just clarify something you said before? This is the environment effects statement for Hazelwood. On the back it says, ‘Submissions to Diana Michetti, Department of Sustainability and Environment’. I thought in your response you said this was Minister Theophanous’s responsibility. I am a bit keen to understand where the responsibilities for these sorts of projects lie.

**Mr THWAITES** — That is an EES and it is a Department of Sustainability and Environment responsibility. It is actually the Minister for Planning who does EESs, not myself.

**Mr FORWOOD** — I should have asked her yesterday.

**Mr THWAITES** — But that was not the thrust of your question as I understood it. The EES is a different thing — that is just whether it needs an EES or not and the oversight of the EES. I understood your question was really about the situation in terms of the negotiations and discussions between government and Hazelwood and the Minister for Energy Industries is responsible for that because he is the minister responsible for determining whether they should have a permit to mine this extra coal. That is a different issue you were asking me about than the EES.

**Mr FORWOOD** — I am just trying to get it clear because a number of the statutory approvals they need, as I understand it, include water approvals, Environment Protection Authority approvals et cetera, but you are saying that is all being managed out of energy by Mr Theophanous.

**Mr THWAITES** — No.

**The CHAIR** — Perhaps if you could simplify it — what would fall under your responsibility?

**Mr THWAITES** — The basic question is they want to mine a whole lot of extra coal. In order to get permission for that, that is the Minister for Energy Industries. If they do that and if they do go ahead with that, there will be a range of environmental and planning issues which are considered in the environment effects statement and that is the responsibility of the Minister for Planning. In terms of my direct responsibilities, I do not have responsibility for the environment effects statement process, so what I am suggesting is it is probably a matter for the Minister for Energy Industries to deal with the relationship between government and Hazelwood on what they are actually proposing.

**Mr FORWOOD** — I will ask him next week.

**Mr THWAITES** — The only other part is the EPA works approval, and although I am the minister responsible for the EPA it is really a matter for the EPA to determine as an independent statutory agency whether that should be given. It does that without my telling it what to do obviously.

There is one extra point of clarification. I did question that \$168 million — the total does include the Country Fire Authority money. I was right and I got the wrong advice.

**The CHAIR** — On that point I thank the Minister for Environment. We will now transfer over to water.

**Witnesses withdrew.**