

Chairman; Hon Derrick Tomlinson; Hon Graham Giffard; Hon Ljiljana Ravlich; Hon Peter Foss; Hon Jim Scott; Hon Barry House; Hon Dee Margetts; Hon Barbara Scott; Hon Louise Pratt; Hon Ed Dermer; Hon Adele Farina; Hon Kim Chance; Hon Dr Chrissy Sharp

Division 50: Planning and Infrastructure, \$410 625 000 -
Division 54: Western Australian Planning Commission, \$84 617 000 -

Hon George Cash, Chairman.

Hon Graham Giffard, Parliamentary Secretary to the Minister for Planning and Infrastructure.

Mr P. Frewer, Acting Director General, Department for Planning and Infrastructure.

Mr A. Hubbard, Executive Director, Regional and Policy Coordination, Department for Planning and Infrastructure.

Mr P. Melbin, Executive Director, Corporate Management, Department for Planning and Infrastructure.

Mr W. Ielati, Assistant Director, Financial Services, Department for Planning and Infrastructure.

Mr M. Burgess, Acting Director Transperth, Department for Planning and Infrastructure.

Mr R. Farrell, Policy Officer, Office of Minister for Planning and Infrastructure.

The CHAIRMAN: On behalf of the Legislative Council Estimates Committee, I welcome you to today's hearing. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The Committee values that assistance.

It will greatly assist Hansard if, when referring to the *Budget Statements* volumes or the consolidated fund estimates, members give the page number, item, program, amount, and so on in preface to their questions. If supplementary information is to be provided, I seek the Parliamentary Secretary's cooperation in ensuring that it is delivered to the Committee's clerk within five working days of receipt of the questions. An example of the required Hansard style for the documents has been provided to the Parliamentary Secretary's advisers.

I remind those members of the public in attendance that only accredited media representatives may take notes. However, full Hansard transcripts will be available to the public within a week of the close of these hearings.

The Committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. At this time, I ask each of the witnesses whether they have read, understood and completed the Information for Witnesses form. Do all the witnesses fully understand the meaning and effect of the provisions of that document?

WITNESSES: Yes.

Hon DERRICK TOMLINSON: Before we proceed, how many of the parliamentary secretary's advisers are public officers of the department, and how many are term-of-government appointees of the minister?

Hon G.T. GIFFARD: There are five public officers and Mr Farrell is from the minister's office. He is a term-of-government officer.

Hon DERRICK TOMLINSON: Is it usual that a ministerial adviser sit in on the hearings in this way?

The CHAIRMAN: Ministerial advisers have been present for hearings held by the previous Government and the Government before that. In the past, they have not necessarily sat in the Chamber. However, I see no problem with their sitting in the Chamber. They are there to provide assistance or attendance upon the minister. I assume that it is more convenient for the parliamentary secretary to have access to the officer in the Chamber rather than from behind the Bar of the House, which is not closed during these sessions.

[4.30 pm]

Hon DERRICK TOMLINSON: Significant issues and trends on page 815 state that legislative amendments will be necessary to implement the new arrangements for the Department for Planning and Infrastructure. In previous hearings I have observed an unwillingness to answer questions which may infringe upon different sections of the department. For example, the transport department will say that a certain matter belongs to the railways, the railways will say that it belongs to the planning department and the planning department will say that it belongs to somebody else. I understand that the compartmentalised structure of the administration is historical. However, there is clearly a need for an overlap or a direction of authority in this system. What will be the line of authority in the department when the legislation is introduced? When will we see that legislation, and when will that line of authority come into being?

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Mr FREWER: The Department for Planning and Infrastructure is an amalgamation of the Department of Transport and the Ministry for Planning. Both agencies had various pieces of legislation to support their activities. In order for the department to become operational in its new form as the Department for Planning and Infrastructure, a number of administrative issues have to be dealt with, including reforming issues such as the membership of the Western Australian Planning Commission, which is prescribed under the Act. That had to be reviewed. There is also an initiative to create a Western Australian transit authority, and that legislation is currently being drafted. We also have to look at the implications for the Office of Road Safety with regard to its relationship with the old Department of Transport and the new Department for Planning and Infrastructure. The idea is to have a central department for planning and infrastructure in the portfolio that will be responsible for policy and planning, and a series of service delivery agencies that will consist of instrumentalities such as the port authorities, the redevelopment authorities, LandCorp, Main Roads, and Western Australia Government Railways so that the policy and planning of those areas will be picked up by the department. A funding relationship will also be developed in that time so that the services that are provided by the old portfolio are split between policy and planning relationships through the DPI, and the service delivery aspect will be handled through the other service authorities.

Hon DERRICK TOMLINSON: There is a need for that sort of cohesion in the organisational structure since there are so many overlapping responsibilities in planning, transport and land use. I accept the argument, and I thank Mr Frewer for his explanation. However, after the minister, where will ultimate responsibility lie? Will ultimate responsibility lie with the head of the unit that Mr Frewer called policy and planning?

Mr FREWER: The Department for Planning and Infrastructure will be headed by a director general, who has yet to be appointed. That director general will be in charge of the policy and planning areas and a range of infrastructure delivery and portfolio service areas that will come under that area of jurisdiction. The relationship between the department and its service delivery agencies is still evolving. The service agencies have their own legislation and a range of other issues with which they must deal. We are currently going through a corporate planning process to determine how those relationships can be defined.

Hon DERRICK TOMLINSON: In that case, where we now have a Commissioner of Main Roads and a commissioner of Railways, under the new structure will they be service sectors - or whatever they will be called - of the new planning department?

Mr FREWER: They will remain separate entities.

Hon DERRICK TOMLINSON: If they remain separate entities, what will be the direct line of authority? Will the head of the department of planning and policy be superior in authority to the Commissioner of Main Roads or the Commissioner of Railways - if they are the titles - or will they be of equal status? If they have an equal status, where and how will authority be devolved in that system?

Mr FREWER: They will remain separate authorities with their own chief executive officer or an equivalent - such as the Commissioner of Main Roads and the Commissioner of Railways - as employing authorities. However, the allocation of priorities for their projects will be dealt with by the Department for Planning and Infrastructure, which will set out the broad framework within which they will work, and it will put in place the operational issues.

Hon LJILJANNA RAVLICH: Dot point four on page 831 of the *Budget Statements* deals with the procurement of a SmartCard ticketing system, which will be followed by the trialling and implementation of the new system. What was the success of the TravelSmart demonstration in South Perth, and what is the value to the community in expanding this program?

Mr BURGESS: The TravelSmart scheme was very successful over a confined municipal area of South Perth. It was successful in promoting public transport, cycling and pedestrian activity as alternative forms of transport. Public transport success was well measured after the trial, and the growth in public transport was in the order of 20 per cent. The success rate is not measured on that trial alone, as additional survey work that has been completed in other areas of metropolitan Perth suggests that the exact same levels of success could be achieved in other areas, and that is a pointer to the areas in which the trial should be implemented.

Hon PETER FOSS: With respect to the new southern railway, I am curious to know what effect a railway constructed on a riverfront will have on passenger numbers. Obviously one of the things taken into account is the ability to draw passengers from the surrounding district, and not many passengers will be drawn from the Swan River. What will be the loss in passenger numbers by virtue of the fact that the railway will pass along the river? It was also mentioned that the shorter route - I think it is 12 minutes shorter - would compensate for that.

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What is the predicted increase, taking into account this shorter route, and exactly how much shorter is it? What is the authority for the two answers?

Mr FREWER: The calculations on the potential patronage on the direct route through the freeway indicates that there would be a preliminary benefit of about 5 000 extra passengers each day. That is based on two facts: firstly, the line will go through an area that has a higher population density than the Kenwick route, which would have gone through Thomsons Lake; and, secondly, the population densities in areas like South Perth are relatively high. The increased accessibility of the railway line would have also led to those calculations being in place. The authority for that is a report that was released yesterday by the minister. The report looks at the preliminary assessment of the routes, and it is now available.

Hon PETER FOSS: Firstly, I understood that one of the benefits of the Kenwick route was that it would lead to development along the line, thereby increasing the initial number of passengers over the years as the development followed the railway. Secondly, where will the passengers get on the train in South Perth? Where is the department planning to put the stations? Where will the department find the land for these stations, given that the area of public land along the front of South Perth is somewhat filled by a freeway at the moment? The cost of obtaining the land through compulsory acquisition might be a little expensive - I do not refer only to the stations, but also to parking areas and other things that allow people to get on a train.

[4.40 pm]

Hon G.T. GIFFARD: Does the question relate to the South Perth station, or the stations along the line?

Hon PETER FOSS: There are two questions, one following from the other. The first relates to the Kenwick route, and asks about the degree to which there would be an increase in passenger traffic, due to the siting of the railway, which would lead to development. The second question asked how the people in the area in which the Government predicted there would be more passenger traffic will actually get on to the train, in view of the difficulties of infrastructure for railways, parking and interchanges on the foreshore.

Mr FREWER: The first part of the question related to the access on the Kenwick route. It is envisaged at the moment that a spur will go into Thornlie, and perhaps to Nicholson Road.

Hon PETER FOSS: I think the witness missed the point. I was asking whether it was intended that in the future there would be an increase in passenger traffic. The population of South Perth is fairly static. Was it not believed that the Kenwick route would lead to increased development in that area; that is, whatever the figure might be at the beginning, it would not continue into future, as there would be more people along the Kenwick route in the future?

Mr FREWER: The comment I made earlier about being able to pick up people in South Perth related to a potential transfer station that would be built at Canning Bridge. The matter of stations north of there, between central Perth and Canning Bridge, will be determined in the preparation of the master plan. In an area of such high population density, that sort of issue needs to be resolved through the master planning process, to examine the options available in that area. The member is right in saying that the area is constrained, but that is not to say that there are no opportunities for stations in that area, and a committee will be looking at that over the next few months.

Hon PETER FOSS: I still do not have an answer to the question I asked in relation to Kenwick. Did the planning relating to the Kenwick route not only take into account the immediate passenger numbers, but also the fact that the construction of the route would lead to further development of housing along the way, which would lead to even greater numbers in the future? In other words, was it not a strategic railway line? What is the comparison of numbers between that route, which is capable of development, and the South Perth route, which is probably fully developed?

Mr FREWER: I can only refer to the figures that I have seen and the report on the preliminary evaluation, and as I answered earlier, the indications are that 5 000 extra people a day would use the direct route, as opposed to the Kenwick route.

Hon PETER FOSS: So you do not know the future projections?

Mr FREWER: I can obtain the figures.

The CHAIRMAN: Mr Frewer has indicated he will provide some additional information to Hon Peter Foss on that issue.

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Hon J.A. SCOTT: Has the proposed sale of the land at the Apace site in North Fremantle been included in the budget projections? Why does the valuation of the Apace site, carried out by the property section of the Department for Planning and Infrastructure, include 1 105 square metres of the Vlamingh parklands river foreshore in lot 13, and a further 620 square metres of foreshore reserve in lot 15? Is the department intending to develop and sell areas of Vlamingh parklands and/or the foreshore reserve for development purposes, or does the valuation incorrectly include 1 725 square metres of unavailable land?

Mr MELBIN: There are a number of elements to that question. To answer the first part, the budget papers presented by the Planning Commission do not include any allowance for revenue from the sale the Apace site. The second and third parts related in some detail to matters of the valuation, and they go to a level of detail that is not held here.

The CHAIRMAN: The parliamentary secretary will take that part of the question on notice.

Mr MELBIN: The third part asked if the land was to be developed -

Hon J.A. SCOTT: The third part asked if the valuation appeared to take in parts of Vlamingh parklands and the river foreshore. Was the department intending to sell and develop parts of the parkland and the foreshore reserve?

Mr MELBIN: No.

Hon BARRY HOUSE: Prior to the state election and the subsequent change in government, there was considerable comment about the Leeuwin-Naturaliste statement of planning policy, and reviews of Smiths Beach and Gracetown in particular. I can see nothing in the documents to indicate what is happening there. Can the parliamentary secretary or his advisers enlighten me?

Mr FREWER: The area of Smiths Beach has been very contentious with regard to development proposals. One of the issues that was put forward was the need to address those components of the statement of planning policy that covered Smiths Beach. At the moment, the proponents and the Planning Commission are working together, along with the action group, to try to find a form of words that would properly define the nature and extent of development in that area. At the same time, the developer has withdrawn his initial proposal and there is an agreement to advertise the methodologies that would be used for things like visual resource analysis, which is one of the major issues of concern in the community. We anticipate getting together a form of words in the near future to enable all the parties to have a say, and then it will be advertised and go through a process defined by section 5A of the Town Planning and Development Act, which relates to the preparation of statements of planning policy.

A preliminary report on Gracetown looked at expansion potential, but because of a lack of resources within the department at present, that has not been taken to the next phase. One of the proposals within the initial statement of planning policy was to look at the expansion of areas such as Gracetown, and to use funds that could be generated from that to buy up areas suitable for inclusion in the national park, and rounding off the town site. The town site boundary of Gracetown is very extensive, and includes areas that could or should be incorporated as part of the national park. At the moment it really is a concept. It is supported by a report, but it has not formally gone to the next stage, which will look at the feasibility.

Hon BARRY HOUSE: Just to clarify it completely in my mind, is the Leeuwin-Naturaliste statement of planning policy being reviewed in relation to Gracetown?

Mr FREWER: It is not being reviewed in relation to Gracetown, but it is in relation to Smiths Beach.

Hon DEE MARGETTS: My first question deals with either works in progress or completed works, and relates to the financial assistance provided to local coast managers for coast protection works, so it could relate to page 835 of the *Budget Statements*. The State has had an agreement in place for over 20 years, under which the Government contributes 75 per cent of the costs of the nourishment of the beach around the Esperance town site, because it was associated with the construction of the Esperance port breakwater. The community has been advised that, because of budget cuts, this funding is not available. It is not for new works; it has been associated with a 20-year agreement. Could the parliamentary secretary give the reasons a 20-year agreement providing funds for a beach eroded by a breakwater should suddenly cease? How is the community supposed to come up with the extra funds?

[4.50 pm]

Mr HUBBARD: I confirm that the department, as the former Department of Transport, provided financial assistance for coastal protection works to local authorities. In particular, it provided funds for annual sand

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renourishment of Esperance beaches. I also confirm that no funds have been made available for that in the 2001-02 budget. In order to meet the Government's budget targets, the department had to review its expenditure across its entire range of activities, and this was one activity it was not able to fund within its allocation.

Hon DEE MARGETTS: I ask a supplementary question: is Esperance the only shire that has been affected in this way? How on earth does the department believe that damage caused by a state government-funded breakwater can suddenly be fully funded by a local shire? There is clear scientific evidence on this matter and an agreement has been in place for 20 years. What is the rationale behind leaving a local shire to pick up the tab for these works?

Hon G.T. GIFFARD: I ask to take the second part of the member's question on notice. Mr Hubbard can answer the first part of the question.

Mr HUBBARD: No funds are available, across all local authorities, for this program. The Esperance situation is not unique.

Hon DEE MARGETTS: How many authorities are similarly affected?

Mr HUBBARD: That question would have to be taken on notice.

The CHAIRMAN: Hon Dee Margetts has a follow-up question.

Hon DEE MARGETTS: Thank you for that opportunity, Mr Chairman. I refer to the third dot point under the major achievements for 2001-02 on page 821 of the *Budget Statements*, which states -

The Gingin Coast Structure Plan made substantial progress towards draft options being advertised for public comment.

Many constituents have asked me about the progress of the structure plan. Will this process come to fruition? My constituents believed that it was initiated by the previous Government, because of the proposal for Breton Bay. They want to know whether it will be changed, because Breton Bay is no longer on the books. Can you clarify that Breton Bay will not go ahead as a heavy industrial area? Where do the road plans and the proposal for heavy duty powerlines fit into that, because none of those matters was in the Gingin coastal plan structure, on which my constituents were asked to comment. There is concern about what is or is not involved in the coastal plan structure. They want to know where the heck this process is going, if anywhere.

Mr FREWER: The Gingin coast structure plan was prepared in consultation with the community and with input from a range of parties. One of the key issues it addressed was the nature and form of land use in the Gingin coastal area, including the option for a heavy industrial estate at Breton Bay. Policies changed with the change of Government earlier this year. It was made clear that Breton Bay might need to be re-examined in the context of how the Government saw that area proceeding. The decision on how to proceed with the plan has not yet been made because of the complexity of cross-portfolio issues and the need to involve a range of interests.

Hon DEE MARGETTS: I ask a supplementary question: do you not know whether the structure plan consultation process will go anywhere?

Mr FREWER: We will discuss with the minister how she wants the plan handled. That still must be completed because of the nature of the portfolio interests.

Hon DEE MARGETTS: When will the community be given further information that will perhaps address some of the concerns I mentioned?

Mr FREWER: That will occur once the minister has had an opportunity to consider it and has made a decision about how the Government wants to implement the policy.

Hon B.M. SCOTT: I refer to the altered plan for the south metropolitan rail link and in particular to the bypass or direct route - whichever way people want to consider it - around Rockingham. The planning department had supported the route through Rockingham to connect the rail and the city centre. That was supported by demographics, population nodes and other matters. Was a proper process or modelling used to justify the new route, which will bypass Rockingham? Rockingham is the largest city outside Perth in Western Australia, and the largest city between Perth and Adelaide. Was modelling used and presented to the Government to justify this decision? Did the Department for Planning and Infrastructure have a part to play in that?

Mr FREWER: The extensive consultation process involved the examination of options for the rail link through Rockingham. As there have been changes to the complete project, there was a need to consider cost savings through the whole network. One of the issues examined in trying to provide a balance between community accessibility, improvements to the network function and financial limits was the option to locate the major

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Rockingham station just east of the city centre. That option is being considered in more detail through the master planning process. A separate committee has been established to examine linkages between the local area and that station. The work is ongoing and the outcome will be put forward in the master plan, which will be advertised early next year.

Hon B.M. SCOTT: The planning department has a good reputation for using scientific indicators to determine matters such as this. Did the department use modelling to determine how many people in Rockingham would use the rail system if it ran along the land route?

Mr FREWER: Refined modelling will be part of the master planning process.

Hon LOUISE PRATT: A policy concerning maritime freight services to the Kimberley was announced prior to the election. I could not find any reference to that policy in the budget documents. I thought it might be contained in the listing for passenger and freight services on page 843 of the *Budget Statements*. Can you provide more information on that?

Mr HUBBARD: The shipping service to the north west and the Kimberley, which replaced the government-owned state shipping service, is funded in the budget under the output for passenger and freight services. The shipping service, which is a subsidised freight service, is funded in that part of the budget. The Government's election commitment was to trial a second ship, as there seemed to be an opportunity for a more extensive range of services. It is intended that a new round of operators will be invited to tender for that service when the contract with the current operator expires next year. They will be invited to tender on the basis of providing two ships, rather than one. The department and the Government will then be in a position to consider whether that is the best way to proceed.

[5.00 pm]

Hon DERRICK TOMLINSON: One of the major policy decisions on page 816 is the establishment of the Armadale planning authority. I understand that the Minister for Planning and Infrastructure intends to introduce the necessary legislation into the other place before Christmas. The budget estimate for that authority is \$750 000 for the current financial year and \$250 000 for the next financial year. There is nothing further in the forward estimates. This will be the fourth such planning authority, but it will operate differently from the other three. The East Perth Redevelopment Authority had the benefit of a substantial injection of federal funds through the Building Better Cities program, which provided the infrastructure, and the aggregation of a large amount of public residential land close to the city, so government had a return on its investment. Similarly, the Subiaco Redevelopment Authority enjoyed the benefit of the aggregation of a large number of government properties close to the Subiaco commercial precinct and the railway, and government had a return on its investment. The Midland Redevelopment Authority had access to 74 hectares of aggregated railway land in the Midland railway workshops precinct. According to the Department of Land Administration, that land has negative value and is encumbered by hazardous waste sites that must be remediated. It also contains substantial heritage buildings that will be expensive to rehabilitate and difficult to lease. It is uncertain whether government will get a return on that investment. Government has not invested a great deal there anyway; it has been borrowings. However, the land in Armadale is disaggregated around various parts of the city. The authority's area will comprise small pockets of land that do not have the advantage of being attractive residential land. Therefore, the returns will not be as attractive or as rapid as in East Perth and Subiaco, nor will there be an infusion of federal funds, as in the case of the Subiaco authority. There are no forward estimates for the Armadale authority after 2002. Is it anticipated that only \$1 million will be provided for the Armadale planning authority, and is that money intended only for setting up the infrastructure?

Mr FREWER: The legislation to establish the Armadale redevelopment authority was introduced into the other place yesterday.

Hon DERRICK TOMLINSON: That is before Christmas, as I predicted.

Mr FREWER: Right. My prediction was also correct. The forward estimates indicate the set-up cost of the Armadale redevelopment authority. It is different from the administrative structure of other redevelopment authorities in that the work will be administered by LandCorp rather than by a separate corporate service and chief executive officer. That is in line with the machinery of government recommendations. The member mentioned the amounts of \$750 000 and \$250 000. They reflect the cost of the set-up of the authority and the preparation of a master plan for the area, which will lead to an estimation of the nature and extent of the further investment required to rejuvenate the area. One of the prime areas that needs to be addressed is that surrounding the Armadale railway station, which is an extensive landholding. It will be a major focal point of some of the activity. The area for which the authority will be responsible will cover the core of Armadale and a couple of

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outlying areas with capacity for redevelopment and reinvestment. A coordination authority for that area will assist with future investment. Although the extent of that investment remains to be seen, it will have a positive effect on the area.

Hon DERRICK TOMLINSON: I am confident it will have a positive effect on the area. I support the department in that. Do I infer correctly that government is anticipating future investment in the development of that infrastructure and, if so, does it anticipate a return on that investment in the long term? The budget papers show an allocation to the East Perth Redevelopment Authority of \$6 million for the Northbridge precinct, and an anticipated return of \$6 million from the sale of assets. It is a cost-neutral project. Is government anticipating the need for investment in the Armadale precinct and a return on that investment so that in the long term it is a cost-neutral project?

Mr FREWER: The allocation of future funding will rely on the outcome of the master plan, so it is difficult to indicate now the nature and extent of a return from that area. As I said earlier, there will be a positive impact on it. In many ways the issue relates to not only financial or physical returns from the infrastructure, but also the intangibles that result from giving the community more confidence and promoting a different sort of development that will lead, hopefully, to spin offs such as more private investment in the area. The Government's involvement will be seen as a catalyst to promote further private investment.

Hon DERRICK TOMLINSON: These budget papers outline the tangibles not the intangibles.

Mr FREWER: That is right.

Hon E.R.J. DERMER: Earlier my colleague Hon Ljiljana Ravlich referred to the Travel Smart program. I was pleased to hear about the success of the trial in South Perth. I have scoured the budget papers for the funding for this financial year and the forward estimates, but I was unsuccessful.

Mr BURGESS: Some information is included on page 831 of the *Budget Statements*. Essentially, the allocation for a three-year program is \$10.6 million. I believe that the funding for the immediate financial year is approximately \$2.4 million.

Hon E.R.J. DERMER: I found information on page 831 but not the figures. I understand that the original trial was based on the municipal area of South Perth and the take up will therefore be based in many ways on which municipalities seek to become involved in the program. I am interested in the number of municipalities that have shown an interest in the program and what allocation will be made to meet ongoing interest.

Mr BURGESS: The methodology of Travel Smart involves municipal areas. The department has been involved in joint funding with some local governments. An offer was made to local governments some time ago to cofund either full-time or part-time Travel Smart officers. That level of input at a local government level will assist in refining and focusing the program. It will ensure that in all its decisions local government is focused on a good Travel Smart outcome and on supporting green modes of transport whether it be cycling, pedestrian activity or public transport.

We aim to keep local government heavily involved. That is part of the reason that the promotion of Travel Smart is directed towards municipal areas. The scheme has been promoted beyond South Perth. It seeks a degree of joint funding from local government. Demand from local government has been excessive so it will be necessary to prioritise the areas that will provide the greatest benefit to the collective community. That will be the methodology for identifying the batting order of the local governments. It will be a matter of assessing the areas that will provide the greatest benefit to the overall community as a result of a change in their current pattern of travel.

[5.10 pm]

Hon E.R.J. DERMER: I turn to page 833, major achievements for 2000-01. The second dot point refers to the Perth urban rail development project, which from my reading of this includes the south west metropolitan railway to Rockingham and Mandurah. I am wondering why the Government is currently pursuing the completion of the Kwinana Freeway bus lane between the Narrows Bridge and Canning Highway given that the south west metropolitan railway, as I understand it, will eventually occupy the same area. Will the minister explain to me the logic of doing that at this stage?

Mr BURGESS: The bus way project has not been ceased. A decision was made to continue the work on stage 1 of what was the previous bus way project on the basis of the benefits it would provide. It will be open and available to bus traffic early next year. Without pre-empting the master plan, initial indications are that that bus way will be in operation and effective and serving the people of the southern suburbs at least until mid 2004.

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For some couple of years we will see the benefit of that bus way as a bi-directional bus way. It is fair to say that in the master planning process consideration is being given to the option or the possibility of maintaining a component of that bus way, at least perhaps one lane. The people in the immediate suburbs south of Perth - for example in the area surrounding Canning Highway - would then still have the option of a bus priority lane into the city rather than being compelled to transfer to a train system when they have in real terms a relatively short journey on their bus ahead of them.

Hon E.R.J. DERMER: There is the obvious utility up to 2004, and then the potential for that work to be integrated into the master plan in the years beyond?

Mr BURGESS: That is correct.

Hon E.R.J. DERMER: Further to the south west metropolitan railway plan, what is the current intention for the Mandurah bus station?

Mr BURGESS: Work has commenced on that bus station in the form of some site clearance. There has been a delay in the project due to a study that has been under way in that area involving a number of stakeholders, including the local government. Basically a precinct study is being completed around the area of the train-bus interchange of the future. The bus station is sited in the bus-train interchange location, and it is anticipated that that precinct plan work will be completed soon. I cannot give a specific date as to when works will be under way on the bus station, but it is certainly anticipated to be very soon.

Hon BARRY HOUSE: My question relates to page 843 and it concerns school bus subsidies for regional transport. If we take a line through the figures from 1999 to the budget estimates for 2001-02, there is a real actual decline from \$53.9 million to \$46.7 million before it starts to creep up again in the next three years towards \$50 million. That is a significant decline for those school bus services in regional areas. How will that be achieved? Will it be achieved by delaying payments to school bus operators, as they are claiming is happening, or by cutting services and making country kids walk to school?

Mr HUBBARD: No payments to contractors will be delayed, nor will there be any reduction in services. Those figures indicate an apparent decline because of the reallocation of expenditure in the Department for Planning and Infrastructure. In the previous year, all school bus services, including those operating in the metropolitan region, were funded from the regional transport program. The decline reflects the fact that about \$4 million has been transferred to the metropolitan division - which is within the Department of Transport - so that those contracts can be administered by Transperth. It is an apparent decline reflecting that some of the funds have been reallocated, consistent with the reallocation of management responsibilities. The logic behind it was that services in the metropolitan area, particularly those on the fringes, could be integrated over time with Transperth services as they expand. It was thought to be more sensible to have those contracts managed by the same area of the department that was responsible for other services in the metropolitan area.

The Minister for Planning and Infrastructure made a statement along the lines that I have just outlined following questions in the lower House. Funding for school bus services has not been reduced, there has been no change in the policies relating to entitlements to school bus services and there will be no delays or withholding of contractor payments.

Hon BARRY HOUSE: The logical extension of that argument is that the metropolitan fringe areas now serviced by Transperth will be affected. Is it anticipated that the school bus services provided in those areas will be phased out over the next few years?

Mr HUBBARD: It is not something that we can predict accurately. In addition, any changes would be fairly slow. Inevitably, as the built up area expands and Transperth services are extended, some of the existing services will no longer be required. However, that process will be slow. Some rapidly growing fringe areas might be affected, but others might not be affected for many years.

Hon LJILJANNA RAVLICH: I refer to the funding of high and wide-load corridors referred to on page 834. Why is the Government spending \$14.5 million on high and wide-load corridors?

Mr HUBBARD: The budget allocation for that project is justified on the basis of supporting the movement of fabricated metal products manufactured at Jervoise Bay that are of such dimensions that they cannot be transported along normal roads. This project is being undertaken to assist with the movement of fabricated metal products from that area. Obviously that will be a benefit to both the producers and the users of the products. Often the users are involved in the mining industry; so, these large structures must be moved from the production site to the site at which they are to be used.

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[5.20 pm]

Hon PETER FOSS: Am I correct in assuming that the department is contemplating the construction of railway stations between the Narrows Bridge and Canning Bridge, or is it assumed that there will be no opportunity to board trains in that area? If the department is contemplating railway stations, whose job is it to try to locate suitable land that might be considered as part of the master plan? Has the department conducted preliminary searches to determine whether any publicly owned land is available? If there is no publicly owned land, and given the department's experience of resumptions of land for this type of purpose, has the department any idea what the resumptions might cost? Has the department identified the amount of land needed for railway stations and parking? If the department is not proposing to put any railway stations between the Canning and Narrows Bridges, how will the large numbers of people referred to in the South Perth district get onto the train?

Mr FREWER: The issue of the station locations will be resolved through the master planning process, in which a range of social, economic and environmental criteria and land tenure issues will be developed. Currently the issue is open for evaluation as part of that process.

Hon PETER FOSS: I have a supplementary question. Is the department intending to locate a railway station between the bridges? Was this decision made without knowing whether railway stations could be located there?

Mr FREWER: The evaluation of future sites for stations will be carried out as part of the master planning process. At this time we have an open mind. The range of criteria that I mentioned earlier, including train operations, must be examined.

Hon ADELE FARINA: Dot point one of the major initiatives on page 829 relates to the formation of a six-man oil response team to act in the event of an oil spill incident under the control of the Department for Planning and Infrastructure. Given that the average cost per person prepared to respond to an environmental incident has been reduced by 55 per cent of the previous year's figure, how will this be achieved?

Mr HUBBARD: The change in the figures reflects the fact that the number of people who have been trained to respond to oil spills has increased, so that the pool of people who are now available to respond to an oil spill situation has increased. Underlying the figures, in fact, is an enhanced capacity on the part of the department to employ resources in the event of an oil spill.

Hon DERRICK TOMLINSON: My questions relate to the output measures listed at pages 818, 821 and 823. In each of the tables of output measures there appears to be, in quantity, quality and timeliness, declining expectations between the 1999-2000 actual outputs and the target outputs for 2001-02 in the order of 100 per cent to 70 per cent. I am sure there is no intention to have a 30 per cent lower measure of outputs. I am sure there is a satisfactory explanation. What is it?

Mr FREWER: Could the member explain further?

Hon DERRICK TOMLINSON: The table at page 819 shows a line item under "Quality". It reads -

Extent to which WAPC committees are satisfied with the quality of land use planning advice for Metropolitan Perth.

The 1999-2000 actual is 90 per cent and the 2001-02 target is 70 per cent. It suggests lower expectations. I am sure the department and the minister do not have lowered expectations. Please explain what the figures mean.

Mr FREWER: The figure of 70 per cent sets a benchmark against which the other figures can be measured. The actual for 1999-2000 is 90 per cent, and for 2000-01 is 96 per cent. The figure of 70 per cent is a benchmark against which the other figures of satisfaction rating are compared.

Hon DERRICK TOMLINSON: If a rate of 90 per cent as an actual can be achieved, why is there a benchmark two years later of 70 per cent? Should not the benchmark be what has already been achieved? It reads as though expectations are being lowered.

Mr FREWER: In measuring performance over time it is important to have a constant benchmark so increases and decreases can be measured. The figure of 70 per cent merely sets a standard that can measure increases in performance.

Hon ADELE FARINA: I refer to the major initiatives for 2001-02 at page 825 of the *Budget Statements*. Dot points 16 and 17 relate to the Peel region scheme and the Bunbury region scheme. Will the parliamentary secretary provide details of the current status of those regional schemes?

Mr FREWER: The Peel region scheme has gone through an extensive consultation period. The report has been completed to the extent of having public submissions and hearings. It has been forwarded to the Minister for the

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Environment for an assessment of the final environmental issues associated with the scheme. The completion of the assessment is imminent. It will be sent back to the Western Australian Planning Commission and the minister for approval. It is anticipated that the Peel region scheme will be placed before Parliament in the middle of next year, perhaps by July or August.

The Bunbury region scheme was advertised earlier this year. Extensive consultations were held and many submissions were received. The environmental and planning aspects are being assessed. It is anticipated that the scheme will be presented to the south west region planning committee in December and to the WAPC in early 2002. It will be referred to the Environmental Protection Authority. The scheme should be ready for tabling in Parliament by the spring session of next year.

[5.30 pm]

Hon PETER FOSS: Mr Frewer, have you spoken in public consultations about the possibility of two stations in the area between Canning Bridge and the Narrows Bridge. What effect would two stations have on the proposed savings in travelling time of 12 minutes from Mandurah to Perth? It has been touted that the new route would save 12 minutes of travelling time. What would be the effect of that increased travelling time on the calculations of the number of passengers who will use that route? It has been suggested that the reduced travelling time will cause a commensurate increase in the number of passengers.

Mr FREWER: Those proposals require modelling, and we will take that question on notice.

Hon E.R.J. DERMER: I refer to the major achievements on page 826, which reports the integrated transport plans at various locations throughout metropolitan Perth to reduce costs and improve land use. I would be grateful for further information as to what is entailed in the plans and the progress to date that has been achieved in each of the areas where they have been applied so far. I would also like information about further applications of this planning system.

Mr HUBBARD: The integrated transport plans are developed by a planning unit within the department. It is intended to develop 10 such plans during the budget year in addition to the completion of the integrated transport plan for the Fremantle and Cottesloe corridors, West Vincent and Kewdale. Plans will be completed for central Stirling, the east corridor, the Perth to Guildford corridor, the inner south-east and south-west coastal corridor, Joondalup and the City of Swan. Each of these plans studies a discrete area of the metropolitan region. The planning process considers all transport modes, infrastructure and services and projected land use. It is an attempt to provide a set of arrangements for transport that would best meet the interests of that region and assist in meeting the metropolitan transport strategy goals to reduce car travel and increase public transport use.

Hon DERRICK TOMLINSON: I refer to the third last dot point of the major metropolitan planning initiatives for 2001-02 on page 820. It states that the review of state industrial buffer statement of planning policy No 4 will be completed. Is that built on the 1993 industrial buffer statement released by the Environmental Planning Authority, or is it a separate planning statement?

Mr FREWER: The review is based on the statement of planning policy, which was released by the WAPC in 1995 or 1996. It was built into the statement of planning policy as a review mechanism. The committee that is reviewing that policy had its first meeting yesterday.

Hon DERRICK TOMLINSON: Is it separate from the previously published EPA statement?

Mr FREWER: The EPA statement is a set of guidelines that relate to separation or buffer distances from particular uses. The statement of planning policy is about the way in which mechanisms could be applied, how those distances could be applied and under what circumstances.

[5.40 pm]

Forest Products Commission, \$1 886 000 -

Hon George Cash, Chairman.

Hon Kim Chance, Minister for Agriculture, Forestry and Fisheries.

Dr P. Biggs, General Manager, Forest Products Commission.

Mr G. Downes, Divisional Manager, Corporate Services, Forest Products Commission.

Mr K. Low, Policy Adviser, Minister for Agriculture, Forestry and Fisheries.

Extract from Hansard
[COUNCIL - Thursday, 18 October 2001]
p750b-765a

Chairman; Hon Derrick Tomlinson; Hon Graham Giffard; Hon Ljiljana Ravlich; Hon Peter Foss; Hon Jim Scott; Hon Barry House; Hon Dee Margetts; Hon Barbara Scott; Hon Louise Pratt; Hon Ed Dermer; Hon Adele Farina; Hon Kim Chance; Hon Dr Chrissy Sharp

The CHAIRMAN: On behalf of the Legislative Council Estimates Committee, I welcome you to today's hearing. Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia. The Committee values that assistance.

It will greatly assist Hansard if when referring to the *Budget Statements* volumes or the consolidated fund estimates, members give the page number, item, program, amount, and so on in preface to their questions. If supplementary information is to be provided, I seek your cooperation in ensuring that it is delivered to the Committee's clerk within five working days of receipt of the questions. An example of the required Hansard style for the documents has been provided to your advisers.

May I remind those members of the public in attendance that only accredited media representatives may take notes. However, full Hansard transcripts will be available to the public within a week of the close of these hearings.

The Committee reminds agency representatives to respond to questions in a succinct manner and to limit the extent of personal observations. At this time, I ask each of the witnesses whether they have read, understood and completed the Information for Witnesses form.

WITNESSES: Yes.

The CHAIRMAN: Do all the witnesses fully understand the meaning and effect of the provisions of that document?

WITNESSES: Yes.

Hon PETER FOSS: The minister probably knows that one of my major concerns is the amount of forest resource, particularly jarrah, available to both large and small mills in the south west. My concern is that a number of things the Government has done, which it was not necessarily obliged to do as part of its election promises, have had an adverse effect on the south west community. The two matters in which I am particularly interested are the inclusion of regenerated forest in national parks - I realise that at this stage it is only proposed, but it seems to have the same effect whether it is proposed or in existence - and the one per cent moratorium. There may be some overlap in the areas of the blocks that are concerned. I have here a list of what I understand to be the regenerated forest that has been included in national parks. I would like to know whether my list of the blocks is correct.

Hon KIM CHANCE: Certainly.

Hon PETER FOSS: It has been indicated to me that that represents 12 000 hectares of regenerated forest. What is the amount of timber that could be developed from that forest per year, on a sustainable basis, if it were made available for logging?

Hon KIM CHANCE: While we are considering that list, I will deal with the generality of the two questions the member asked and then the specifics relating to that list. Certainly, some regenerated forest is within the boundaries of areas that are proposed for inclusion in national parks. One with which I am personally familiar is Greater Beedelup, where there is a significant area of new and up to about 20-year-old regenerated forest. It was an issue that we considered jointly, and was one that ultimately I felt was a reasonable inclusion within Greater Beedelup, because the boundaries of the national park would not have made sense had that regenerated area not been included.

However, it was always, and remains, my view that in the formation of the boundaries of national parks, it is necessary to give proper consideration to the shape of those parks and the sense that they will make; that there is room for some trading on the boundaries to ensure that the shape of the national parks makes sense and that they are reasonably economical to take care of; and that there will be occasions on which areas of regenerated forest may well be included within the national park, even though that might not even be sought by the proponents of the national park. For example, the regenerated area runs through the centre of Greater Beedelup - I think the member would be familiar with the broad shape of Greater Beedelup. It would make a nonsense of the park not to include that regenerated area in the park, even though it may have no significant value to the park itself. However, I hope that we will have a degree of trading on the boundaries to ensure that they make sense for everybody.

It was always clear, from a reading of the Government's policy on that matter, that one per cent of old-growth forest would be made available to allow the Government to honour its commitments to meet the contractual demands in the period to the end of 2003. So far, that one per cent has not been required. We are now ready to respond to the specific questions on regenerated forests in national parks.

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[5.50 pm]

Dr BIGGS: Without the benefit of maps, I will use my judgment. It appears that all the listed blocks would contain forest that was not old-growth but of various degrees of regeneration. Although I do not have the figure for the sustained yield for this list, if it is in excess of 12 000 hectares, it could involve quantities of about 10 000 cubic metres of jarrah sawlog and a lesser amount of karri sawlog each year. Depending on the age of the regeneration, that may not have a large impact on the short-term sustained yield, but it would have an effect on the long-term sustained yield.

Hon PETER FOSS: Could I have the answers to that question on notice? In other words, what blocks are contained in the proposals, what area of land is involved, and what is the sustainable yield? I have asked the Department of Conservation and Land Management the same question, and I hope somebody can give me an answer.

Hon KIM CHANCE: We will undertake to attempt to provide an answer to the member. The Committee needs to be aware that there are two impediments that could prevent the Forest Products Commission from supplying that information. First, we would rely on assistance from another agency to obtain that information - the Department of Conservation and Land Management. That information may or may not be available from CALM and we are not in a position to know that. The second caveat, in my view, is that the boundaries of those parks are yet to be finally determined. Any information would only be indicative - it would indicate the state of the proposed national parks as they stand and could not be regarded as a final answer. We undertake to use our best efforts to provide that information. However, I do not think we would be able to do that within the normal five-day period.

Hon PETER FOSS: If I get the answer from either the minister or CALM, I will be happy.

The CHAIRMAN: The minister has given the Committee an undertaking to provide that information if possible.

Hon PETER FOSS: I refer to the minister's answer to a previous question in which he said that there is no need to rely on the one per cent to satisfy contracts.

Hon KIM CHANCE: We have not so far.

Hon PETER FOSS: That is a somewhat simplistic approach, because current contracts can be supplied by drawing down on reserves of regenerated forest, which would otherwise be available in the next forest plan. That is going into overdraft, if I can put it that way. The contracts can be supplied by using future resources. Is that not somewhat simplistic? The minister spoke about trading on the boundaries. Part of that might be to trade the regenerated forest for reserves in that one per cent. On that point, I long to see the URS Forestry report. Both sides of the House are extremely interested in receiving a copy of that report. I know the minister has had it for some time because he has read from it in the House. It would be handy if members could see a copy of that report.

Hon KIM CHANCE: For the benefit of those members who are not familiar with the URS Forestry report, the Government commissioned a report from URS Forestry on the values of the moratorium blocks; that is, the Wellington blocks and Palmer, Leach and Helms. I acknowledge that the first part of the question is based on a cogent argument. It would be correct in the event that contract holders were cutting to their full contract levels. They are not doing that. We would have had a real difficulty that would have probably forced us into the one per cent area had the contract holders been calling upon their full requirements. In the event that they have not, the situation has not arisen. I read the draft of the URS Forestry report some time ago. Like Hon Christine Sharp, I wait with bated breath for the final release of that report. Regrettably, the final version is not in my hands.

Hon ADELE FARINA: One of the works in progress on page 297 is the forest enhancement program. What are the objectives and the benefits of the forest enhancement program?

Hon KIM CHANCE: I will have to bounce that question across to either Dr Biggs or Mr Downes, because it involves a question of some balance.

Dr BIGGS: The forest enhancement program is primarily a work and employment strategy that formed part of the Regional Forest Agreement. It addresses a number of objectives, including social, silviculture and fire protection outcomes. It was to employ displaced timber workers on a short-term basis on forest silvicultural works, which would also assist in increasing the growth rate of regenerated forests. That is to be achieved by thinning over-stocked jarrah regrowth stands and releasing the crop trees from competition. There are also some elements in providing aesthetic enhancement of regrowth stands, such as those around the town of Collie. Fire

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protection objectives are also achieved by employing displaced timber workers as seasonal firefighters in the Department of Conservation and Land Management.

Hon ADELE FARINA: Could Dr Biggs detail the areas in which the forest enhancement program is operating?

Dr BIGGS: I do not have the area statements, but I can indicate that the works are planned through a range of forest regions from Mundaring, Jarrahdale, Dwellingup and Collie to Pemberton-Manjimup. Out of the \$500 000 expenditure on the program, \$50 000 is tentatively allocated in the Mundaring area and \$150 000 in each of the other three regions.

Hon ADELE FARINA: What specific employment benefits does the forest enhancement program offer?

[6.00 pm]

Dr BIGGS: Specifically, it would provide short-term employment, while other long-term employment opportunities are being pursued and created in the south west. The program was first brought into operation when the Whittakers Greenbushes mill closed, and several of the workers from Greenbushes were employed in the Department of Conservation and Land Management for a period of months. That allowed those workers and their families to maintain their livelihoods until the new operations at the Greenbushes mill were able to be created. That is the type of operation that would be expected on a needs basis during the year.

Hon BARRY HOUSE: Following the regional forest agreement process a buy-out was put in place for the small timber mills. Which timber mills have already exited the industry through that scheme, which have current applications in place, and which are left that might qualify? I understand roughly about a dozen might qualify.

Hon KIM CHANCE: I checked with Dr Biggs to see whether there was a scheme prior to the business exit scheme that we are working on now.

Hon BARRY HOUSE: I am not sure of the terminology, so the minister may be right.

Hon KIM CHANCE: The business exit scheme is currently in operation. The Forest Products Commission is now analysing requests for proposals. The situation will be clarified once that process has been completed. We probably can give the member some indicative figures, but as we are in the middle of a cycle the figures are incomplete and do not indicate the final position. Perhaps Dr Biggs can give the member some indicative figures. Those figures do exist.

Dr BIGGS: That program is being administered by the Department of Industry and Technology, and we could seek that information from that department.

The CHAIRMAN: The minister has undertaken to provide that information in due course.

Hon CHRISTINE SHARP: I want to follow the line of questioning of Hon Adele Farina on the \$500 000 allocated for the forest enhancement program, and ask the minister for more detail. Dr Biggs said that silviculture would take place in jarrah regrowth stands. Is he referring to pole stands or much younger regeneration? I am also keen to know whether he is concerned that either the younger dense regeneration or the pole stands are at significant risk of drought death if there is not improved rainfall during the summer season. Lastly, a commitment in the Australian Labor Party's old-growth forest election policy was that 35 people would be employed in forest thinning. Surely this figure does not cover that commitment, and how is the commission addressing that commitment?

Hon KIM CHANCE: The areas referred to as pole stands are thinned commercially. A judgment is made about the thinning of pole stands when they achieve a certain pole diameter. The poles are among the highest priced timber that comes out of the forest. Those trees that are ultimately destined for Western Power demand high prices. The thinning of younger trees is pre-commercial. That is done simply to allow the forest to develop as it should develop, but in a shorter time frame. I do not know whether Dr Biggs wants to add to that, as the question sought some indication of the proportion.

Hon CHRISTINE SHARP: Is the program aimed at one or several categories of jarrah regrowth?

Dr BIGGS: In general, the program will be aimed at pre-commercial stands. The absence of a market for that type of material prevents a normal commercial operation.

I can also answer the member's question regarding drought death. Although drought in the current climatic condition is a concern, jarrah is not as affected because of its deep root system and access to ground water. We are not seeing the signs of drought stress that we might see in plantation species.

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Hon CHRISTINE SHARP: Reference was made to pre-commercial stands. What age are those stands? Is that post-Bradshaw or pre-mid 1980s regeneration?

Dr BIGGS: The program is aimed at the older pre-commercial stands rather than the very young stands. I imagine that would include the 30 to 50-year-old stands rather than the 15-year-old stands.

Hon CHRISTINE SHARP: I also asked about the commitment to employ 35 people in forest thinning. How will the commission meet this commitment? Is this partly covered by the forest enhancement program? Clearly, \$500 000 will not provide for the employment of 35 people.

Hon KIM CHANCE: That money will fund 25, not 35, positions. I acknowledge that the Labor Party policy commits to 35; however, we require only 25 people. It is an end-of-term commitment. I am not sure whether we will need 35, but that is the long-term plan.

Hon CHRISTINE SHARP: Is that funded by this program?

Hon KIM CHANCE: That is correct.

Hon CHRISTINE SHARP: You alluded to the work done by the Whittakers Ltd employees who were stood down at the beginning of this program. Much of that work took place in recreation sites. Given that this program is smaller than the original commitment, will most of the work be silvicultural, which is important, or will it concentrate on recreation sites?

Hon KIM CHANCE: The people employed in a similar role in earlier schemes carried out work on behalf of the Department of Conservation and Land Management, which had a much broader charter than does the Forest Products Commission. This work will be carried out exclusively for and on behalf of the Forest Products Commission and, therefore, it will be entirely silvicultural. It is a reasonable question.

[6.10 pm]

Hon PETER FOSS: We have often spoken in this Chamber of the minimum quantities of jarrah necessary to allow reasonable survival for the industry. Hon Kim Chance and I have agreed on 180 000 cubic metres of jarrah, although I think the industry would like to see 190 000 cubic metres. All the minister has been able to offer is 140 000 cubic metres and an indication that he will look somewhere else. From what I have heard it does not look as though he will find anything else. Can the minister realistically tell the millers and the other people in the timber industry that more than 140 000 cubic metres will be available? If so, how much will it be and when will it be available? Assuming he does not believe more than 140 000 cubic metres will be available, what impact will that have on the industry? Has the minister been able to calculate what combination of mills must go out of business, as they undoubtedly will? I have not referred to karri but the same situation will arise with karri. The figures the minister mentioned necessarily mean that large numbers of people will go out of business. Has the minister calculated how many mills will be affected, including the mills that handle combinations of both karri and jarrah?

Hon KIM CHANCE: At this stage 140 000 cubic metres as an indicative figure of available jarrah in the long term is correct, although we cannot be certain of that until completion of the forest management plan.

Hon PETER FOSS: Does that mean it may decrease, increase or stay at 140 000 cubic metres?

Hon KIM CHANCE: It could, but according to our best estimate 140 000 cubic metres is the core figure. I am very careful to use the term "core figure" because as we have also said in this Chamber the indicative figure of 140 000 cubic metres is exclusive of three factors: firstly, what yield may come out of the moratorium process once we have examined the URS Forestry report; secondly, step-downs, which could yield significant amounts as long as a conclusion to the process is reached as early as possible - I will go into that in more detail when I take up Hon Peter Foss's invitation to comment on karri; and, thirdly, the reserve boundaries.

Hon Peter Foss asked me to speculate on the outcome, and it must be noted that I am only speculating. The estimated amount is about 175 000 cubic metres of jarrah at the end of that process. However, 140 000 cubic metres is an equilibrium estimate for what I think will emerge as a sustainable yield from the amount of state forest that is available. That is exclusive of the issue of the boundaries and the moratorium areas.

It is more important for us to resolve the issue of karri in large part than the issue of jarrah. The volumes of karri that would be available fall much more substantially than the volumes of jarrah pro rata to their contract volume. The effect of that is that the step-down benefit is significantly higher simply because of the suddenness of the reduction in available volume. For example, if a resolution were reached by the end of this calendar year, after taking account of his step-down, a miller who may be awarded an agreement for a contract at 30 000 cubic

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metres of karri would be able to cut through to 2014 closer to 45 000 cubic metres of karri. That would be possible because the step-down reward, if I can call it that, would be around 50 per cent due to the sudden impact of the total reduction in volumes. The rewards for the step down are considerable. The impact in jarrah, of course, is far less significant. However, it is still important, and the difference between 140 000 cubic metres and 170 000 cubic metres is substantially made up from step-down reward.

Hon PETER FOSS: I also asked the minister if he had made any estimates of what he thought would be the resultant size of the industry after this. Presumably he has done some strategic planning on what he thinks will be the case. What sort of industry does the minister see as to number of mills, large mills, small mills and how many people exiting?

Hon KIM CHANCE: I thought I had answered that question, although the member may have added a bit to it. The answer I gave was that it is my own view that that figure will come out at something like 170 000 to 175 000.

Hon PETER FOSS: The minister is talking about quantity; I am talking about people.

Hon KIM CHANCE: I referred to 140 000 cubic metres as equilibrium. At 140 000 it is the Government's view that the allowance that we made for the \$123 million assistance packages actually balance out. Any number smaller than that would put the budget under stress; any number greater than that would take stress off the budget. From that I think we can deduce that at 140 000 or above, the operations around Dean Mill - that is, Dean Mill and the Manjimup production centre - would have a viable future. That is essentially the first result of moving away from that 140 000 equilibrium figure. Once we go below about 110 000 cubic metres actual, not indicative, there is very little point in maintaining the industry at all; it starts to run out of critical mass at about that point.

Hon E.R.J. DERMER: On page 297, under "Works in Progress", we have an estimated expenditure of \$1.3 million for the maritime pine extension. My recollection is that this program has been in place for some time. I would be grateful for further information as to the nature and the progress of this program.

Hon KIM CHANCE: Again we have government members asking really difficult questions. I might draft a set of questions for them next year. There are two forms of answer to this. One relates to the internal workings of the commission; the other is a somewhat political answer. I will ask Dr Biggs to go through the answer to that question in its administrative sense and then I will provide the more political slant.

[6.20 pm]

Dr BIGGS: The figures in the budget papers refer to a plantation program that was previously approved under the earlier Government and was completed in the winter season that we have just finished.

The Forest Products Commission has made a submission to the Government to continue the program over the next few years as part of a strategy to stimulate further external investment by timber investors, greenhouse gas emitters, salinity funds and the like. It is designed to develop the required scale of plantation in the agricultural zone that will create both regional employment and environmental benefits. That proposal is still before the Government and Treasury. For that reason, it is not shown in these papers.

Hon KIM CHANCE: The other part of the question relates to the State's negotiations with the Commonwealth Government on the national action plan on salinity and water quality. It is one of the Commonwealth's requirements that States participate on a dollar-for-dollar basis, using only new money. The difficulty for the State ironically arises from the fact that, with great credit to the former Government, the State has been proactive in salinity and water quality issues, particularly since 1996. Expenditure in that area increased from about \$15 million prior to 1996 to almost \$40 million by 1999-2000. Had the national action plan on salinity and water quality been introduced in 1996, we would have had no difficulty matching that money. We are not the only State in this position; Victoria is facing the same problem. The Commonwealth is stating that, having found about \$40 million a year, the State must now find another \$22 million, which it will match.

The answer is political because the State is now somewhat unwilling to commit money in the budget for that purpose. This is a purpose that will be traded off against commonwealth new money, because, as soon as it appears in the budget, it becomes old money.

Hon E.R.J. DERMER: I am interested in the employment implications of the program for those currently employed and particularly with regard to the minister's advice about negotiations with the Commonwealth Government. What might the outcomes be?

Chairman; Hon Derrick Tomlinson; Hon Graham Giffard; Hon Ljiljana Ravlich; Hon Peter Foss; Hon Jim Scott; Hon Barry House; Hon Dee Margetts; Hon Barbara Scott; Hon Louise Pratt; Hon Ed Dermer; Hon Adele Farina; Hon Kim Chance; Hon Dr Chrissy Sharp

Hon KIM CHANCE: The negotiations about the national action plan have been going on for some time, although they have stalled while the Commonwealth Government is in caretaker mode. I am not the only minister involved in this; obviously my colleague the Minister for the Environment has a very keen interest. Negotiations have been proceeding at both ministerial and officer levels, especially of late, with rather more dispatch than is apparent on the surface. I was encouraged when I attended the first meeting of the Natural Resource Management Ministerial Council and had discussions with Senator Robert Hill and Warren Truss and their people. They appeared keen to get the issue resolved. Ultimately that was not possible. However, Senator Hill in particular appeared to acknowledge the difficulties that Western Australia has, having recently put up the new money and then basically been penalised for it. Obviously, it is an issue that I am discussing with my federal colleagues in the Australian Labor Party. Only today I discussed the matter with the federal shadow minister for Agriculture, Fisheries and Forestry. I do not know whether the federal Opposition will be a lot easier to deal with than the coalition; however, it understands at least where we are coming from.

Hon E.R.J. DERMER: I have a supplementary question.

The CHAIRMAN: Order! We are running out of time. Hon Barry House and Hon Christine Sharp want to ask questions and that will take as long as it has to. If the Committee is happy, we will reach Hon Ed Dermer later, but we are battling for time now.

Hon BARRY HOUSE: My question is brief. What role is the Forest Products Commission playing in the process of determining the site and other factors of the plantation timber chip mill in the Donnybrook area? In particular, what are the minister's and the commission's views of the site?

Hon KIM CHANCE: I do not believe the commission plays any role.

Hon BARRY HOUSE: Is the commission not even asked for advice?

Hon KIM CHANCE: It may be asked for advice on logistics. I shall ask Dr Biggs to deal with that part of the question. Bearing in mind that it is a private enterprise operation, the commission is most certainly not central to the policy decisions about the siting. The Minister for Planning and Infrastructure is the key minister in the matter. However, the commission's involvement, to the extent it has existed, has been simply to provide some technical advice about whether some sites may be more suitable than others. Dr Biggs confirms that as the situation.

Hon PETER FOSS: Whom did you advise?

Hon KIM CHANCE: We are concerned only that the chip mill be built and that the delays in building be minimised.

Hon CHRISTINE SHARP: Does the minister consider adequate the revenue to the State under the Wood Processing (WESFI) Agreement Act from the resource of *Pinus radiata* at \$12.90 a cubic metre? Does the minister intend renegotiating the revenue?

Hon KIM CHANCE: What a wonderful question, Mr Chairman, to ask a minister whether the revenue is adequate! No, it is not adequate. However, I will defer to Dr Biggs the matter of whether it is all that we can commercially realise.

Dr BIGGS: The rate referred to was purely for the industrial wood from the plantations. The sawlog resource, obviously, has a higher rate of stumpage and the total revenue to the Forest Products Commission is a result of both of those resources. The Forest Products Commission and other agencies are pursuing vigorously the opportunity for a laminated veneer lumber plant, which would also source higher value logs from the *Pinus pinaster* resource to the north of Perth. That would add to the revenue stream and, as a result, the total of high-value logs and those residue logs would be sufficient to manage the pine resource and provide a profit component for further investment or return to the Treasury. Mechanisms exist in the Act for price variations; however, we must be aware that Western Australian industries compete with similar industries in New Zealand, the eastern States of Australia and South America to access markets in Japan. We must take into account the viability of our Western Australian industries as part of our pricing structure.

[6.30 pm]

Hon CHRISTINE SHARP: Is the minister aware that the resource we are referring to is called industrial grade - but that is questionable because the specifications are fairly rigorous for the Wesfi plant? The plant requires a very high quality industrial grade product. Is the minister aware that the resource was identified as having a minimum value of \$17 a cubic metre in 1993?

Extract from Hansard
[COUNCIL - Thursday, 18 October 2001]
p750b-765a

Chairman; Hon Derrick Tomlinson; Hon Graham Giffard; Hon Ljiljana Ravlich; Hon Peter Foss; Hon Jim Scott; Hon Barry House; Hon Dee Margetts; Hon Barbara Scott; Hon Louise Pratt; Hon Ed Dermer; Hon Adele Farina; Hon Kim Chance; Hon Dr Chrissy Sharp

Hon KIM CHANCE: I am not aware of that. If it were worth a minimum of \$17 a cubic metre in 1993, one cannot automatically project that it is now worth more than \$12 a cubic metre. The softwood industry is an intensely competitive industry and it would be a grave mistake to assume that prices for products like this go up automatically. As a primary producer for 26 years, I am very aware that commodity prices fall as well as rise.

Hon CHRISTINE SHARP: In the context of the collapse in the domestic sawlog market due to the policy decisions we referred to earlier, it would suggest that a lot of the resource could provide far higher returns to the State.

Dr BIGGS: I refer again to the schedule of sawlog stumpages. The resource that will replace the native forests sawn timber will come from pine sawlogs. The levels of stumpages are much higher than we have talked about. The larger logs could command as much as \$60 a cubic metre. I am speaking from memory, as I do not have the schedule in front of me. The commission will work with the pine industry to ensure that maximum use is made of pine timber in replacing structural grades in the housing market.

Hon KIM CHANCE: Hon Christine Sharp is clearly not satisfied with the thrust of the answer. We have provided all we can in the context of this Committee. I invite her to discuss the matter with us at the conclusion of these proceedings so we may be able to satisfy her concerns.

The CHAIRMAN: Hon Peter Foss and Hon Ed Dermer have indicated that they have questions. If they guarantee they will be brief and get brief answers, I will allow them to be asked.

Hon PETER FOSS: I have some questions about exit package proposals. People are interested to know how much money will flow out for the rest of this financial year. From the assessment of the proposals and the rate at which they are being handled, can I have some idea of the rate at which the money will go into the community? What will happen to people who have made submissions that are not accepted? If they are not accepted, will the cost of the unsuccessful submission be included in the exit package? What is the average cost of the submissions?

Hon KIM CHANCE: I will try to give the member some preliminary answers, although I may take the questions on notice. We anticipate that the process will effectively conclude in three months. There may be people left on the margin that we have to deal with, but the vast majority of cases can be dealt with from a period beginning in three months time. The shutter will come down then on the request for proposals. There is a lot of support for that. People are sick of the process as far as it has gone. That would mean that a substantial amount of the business exit money would be paid in the current financial year.

Hon PETER FOSS: Will the cost of unsuccessful submissions be included?

Hon KIM CHANCE: Perhaps the larger part of that question will have to be taken on notice. At this stage, in order to minimise those costs, the Forests Products Commission is going through a process of conducting a brief analysis of the core elements of the proposition that the proponent may bring to it. The commission would then be able to give advice to the proponent on whether it would be pointless to spend a large amount of money to put together a proposition or whether it would encourage the proponent to go ahead and do just that, and indicate to the proponent what form their proposition should take so that it would have the maximum chance of success. It would be a bit game of me to suggest how much that would cost, but I would not be surprised if a proposition of that nature cost in the order of \$4 000 or \$5 000.

Hon E.R.J. DERMER: The further matters that I wish to raise about the maritime pine program would take longer than we have available for this evening's hearings. Therefore, I will raise it with the minister at a later time.

The CHAIRMAN: I thank Dr Biggs, Mr Gary Downes and Mr Keith Low for their attendance and assistance before the committee. I also thank Mr Paul Grant, Ms Sarah Galbraith and Lisa Hanna for their assistance as well as the other officers who have provided assistance during this week's hearing.

Committee adjourned at 6.36 pm