

Division 48: Environment, \$37 669 000 -

Hon Ken Travers, Deputy Chairman.

Hon Ljiljanna Ravlich, Minister for Education and Training representing the Minister for the Environment.

Mr K. Taylor, Acting Director General.

Mr R. Atkins, Director, Environmental Management.

Mr J. Sutton, Acting Director, Natural Resource Management.

Mr P. Parolo, Manager, Finance and Administration.

Mr R. Sippe, Director, Policy and Sustainability.

The DEPUTY CHAIRMAN: On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I welcome you to today's hearing. This hearing is being held in public although there is discretion available to the committee to hear evidence in private either of its own motion or at the witnesses' request. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. 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.

Members are asked to sit towards the front of the chamber over to my left where practicable so that witnesses will not have to turn their head to the back of the chamber when answering questions. 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 ask 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.

At this time, I would 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?

The Witnesses: Yes.

The DEPUTY CHAIRMAN: Are there any questions?

Hon NIGEL HALLETT: I thank you all for being here this morning. The second dot point on page 818 states -

Work continued on the rejuvenation of approximately five million hectares of former pastoral lease areas ahead of their conversion into conservation reserves to bring the State closer to its targets for a comprehensive, adequate and representative reserve system.

What activities were carried out as part of this rejuvenation activity?

The DEPUTY CHAIRMAN: Members, we do not have a quorum. However, now that Hon Anthony Fels has entered the chamber, we have a quorum. I give the call to the minister.

Hon LJILJANNA RAVLICH: Mr Chairman, we might have a technical problem because we were told that we would need to deal only with division 48, Environment. I think the honourable member has asked a question about Department of Conservation and Land Management, which is found in another division.

Hon NIGEL HALLETT: I shall therefore ask a question that relates to the Environment division. I refer to page 850 and to service 2, "Regulation of Discharges to the Environment". I note that the number of full-time equivalent staff in 2005-06 of 110 has increased to 184 in 2006-07. Will the minister please provide details about where the 74 additional staff will be allocated and what projects they will work on?

[11.40 am]

Hon LJILJANNA RAVLICH: I might ask Mr Atkins to comment on that increase.

Mr R. Atkins: I cannot give details of how many FTEs have gone to which projects, but there has been an increase in licensing officers, particularly those deployed to the regions, and assessment officers for assessing part V licence conditions and works approvals for major state development projects. I will have to take the detail of the question on notice and provide it at a later time.

[*Supplementary Information No B1.*]

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Hon NIGEL HALLETT: I refer to air quality management plans and air quality monitoring, which is mentioned on page 849. Under “Key Efficiency Indicators” the average cost per monitoring station is expected to fall from the 2005-06 estimate of \$466 667 to the 2006-07 target of \$414 059. Can the minister explain that?

Hon LJILJANNA RAVLICH: I will ask Mr John Sutton to comment on air quality issues.

Mr J. Sutton: The answer is that we have been upgrading the infrastructure in our monitoring stations and as a result they are becoming more cost-effective through a reduction in the labour required to maintain and calibrate instruments.

Hon LJILJANNA RAVLICH: I add that the variation between 2004-05 actual and 2005-06 budget mainly relates to the number of air monitoring stations and funds expended during the year. The number of stations in operation in 2004-05 was 12; it is now 15.

Hon NIGEL HALLETT: I refer to the financial statements on page 859 and the cost of services expenses. Can the minister please explain why employee benefits expenses is forecast to rise from an estimated actual in 2005-06 of \$20.867 million to \$24.32 million for 2006-07, a target increase of \$3.453 million over the previous year?

Hon LJILJANNA RAVLICH: That is a very good question. I will ask Mr Peter Parolo, the manager of finance, to answer.

Mr P. Parolo: I draw attention to the forward estimates building in an increase for salary increases, which will automatically increase employee benefits. I also draw attention to note (d), which refers to the full-time equivalents actual into the out years. There is an estimated increase in staff from 347 to 369 and 419. That will also increase the actual employee benefits expenses.

Hon LJILJANNA RAVLICH: My reading of this file would certainly lead me to the conclusion that, apart from the increase in the FTEs, much of it is about improving the regulatory functions of the work that is done by the agency. I am sure all members will agree that it is one thing to have legislation and policy for the environment, but that it really is important that legislation and policy implementation are regulated because people sometimes do not do the right thing.

Hon NIGEL HALLETT: I refer to waste management recycling fund grants under “Details of Controlled Grants and Subsidies” on page 862. Can the minister please advise the forecast total amount of funds received by the fund for 2006-07?

Hon LJILJANNA RAVLICH: The member is referring to the greenhouse initiatives, which figure is not reflected in the financials in 2004-05 and 2005-06, and as a consequence we see a drop from \$6.138 million to \$3.321 million. I will ask Mr Taylor to add to that.

Mr K. Taylor: Since the budget papers were prepared, the government has announced a decision to increase the waste management levy, which will result in additional income in 2006-07 that is not included in the budget at the moment. That should also lead to additional grants from the waste management recycling levy.

Hon PAUL LLEWELLYN: I have read page 19 of the *Budget Overview*, which the minister may not have in front of her, and my first question is about some people who are missing in action in the Department of the Premier and Cabinet. I refer to the sustainability policy unit. Where have the people who were part of that unit been located within the Department of Environment, if they have been, and how much money has been allocated to carry out the functions of the sustainability policy unit? I have a series of other questions. Should I put them all to the minister now?

[11.50 am]

Hon LJILJANNA RAVLICH: It would be so much easier if we could get a reference point to the question.

Hon PAUL LLEWELLYN: I refer to the sustainability unit referred to at page 19 of the *Budget Overview*. Sadly, we do not know where that unit has gone.

Hon LJILJANNA RAVLICH: I will ask Mr Taylor to comment on that.

Hon PAUL LLEWELLYN: I want to know where the unit is; how much funding it has; what its continuing role is; how many full-time equivalent staff have been allocated to the unit; and when the unit will commence the implementation of programs.

Mr K. Taylor: I will provide a brief response and ask Mr Sippe, our director of policy and sustainability, to comment. The government made a decision to transfer both the greenhouse policy unit and the sustainability policy unit from the Department of the Premier and Cabinet to the Department of Environment in April; that has occurred. The officers are now located in our department and working in a renamed policy and sustainability division. I will ask Rob Sippe, the director of that division, to comment on the resources that were transferred to us.

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Mr R. Sippe: The sustainability policy unit currently comprises four officers: one is on secondment from the Department of the Premier and Cabinet, one is on secondment from the Department of Water and two are permanent FTEs. Both those FTE positions are filled. The function was transferred to the department but after the budget papers were prepared; therefore, the figures do not show up in division 48. For the exact budget allocation, we would need to provide supplementary information, but it is in the order of about \$389 000. That supports the salaries of the officers and the functioning of the sustainability round table. The implementation of the actions in the sustainability strategy is the responsibility of the host agencies and agencies that put those actions on the table; therefore, there is no central funding through the sustainability unit for those actions.

Hon LJILJANNA RAVLICH: Obviously a range of functions has been transferred as part of this process. During the process of creating the new department of environment and conservation, consideration will need to be given to transferring those functions that may continue to be undertaken within the new policy division of the department. The government has also announced an increase of \$2.125 million in the allocation of resources for implementation of the greenhouse policy, which includes an additional \$125 000 in 2005-06 and an additional \$500 000 over the coming four years. Those resources will be directed to the priority areas for action, including initiatives such as further implementation of the WA Greenhouse Strategy and an economic analysis and design of greenhouse gas reduction measures, including national measures such as the proposed national emissions trading scheme. Those resources will be used also to enhance greenhouse gas reduction measures and to support renewable energy and low-emission technologies, including the development of policies and strategies to assist communities to better understand the impact of climate change and adapt to unavoidable climate changes.

Hon PAUL LLEWELLYN: The minister has raced ahead of me! I want some clarification of the \$389 000 that the minister referred to for the sustainability policy unit, as that relates to my question. Is that an increase or decrease on previous allocations for the sustainability policy unit, not the greenhouse unit? I have not come to the greenhouse unit yet.

Mr K. Taylor: The level of funding for sustainability has been maintained, so that the funding in the Department of the Premier and Cabinet has been transferred to the Department of Environment. There has been an increase in funding for the greenhouse policy unit.

Hon PAUL LLEWELLYN: I move now to the greenhouse coordination unit and I refer to "Major Policy Decisions" on page 846. I asked how many full-time equivalents had been allocated to the unit and the minister gave a run-down of the general principle. The minister may not be able to answer this in this context, but how many of those people were previously involved with the greenhouse unit? In other words, my sense is that the sustainability policy unit and the greenhouse unit have been split up and some corporate intelligence and history have been lost. I am interested in drilling down into that as well.

Hon LJILJANNA RAVLICH: The member probably wants an assurance that there has been additional funding rather than a net cost in the quantum.

Hon PAUL LLEWELLYN: Yes, in the first instance.

Hon LJILJANNA RAVLICH: Mr Taylor might like to comment on that.

Mr K. Taylor: We are seeking to recruit some new people to the greenhouse unit. The additional funding that has been provided will enable us to establish a permanent level 9 senior officer in charge of the unit, which is a very senior position in government, and a level 8 officer with an economics background to look particularly at carbon trading; we also have officers at level 7, level 5 and level 3. There has therefore been some turnover of staff in the past 18 months during the period of transition from the Department of the Premier and Cabinet. People are acting in some of those positions at the moment to ensure that we continue the work. However, we will be recruiting, as I said, two new senior people into those positions, which will be a key to us going forward.

Hon PAUL LLEWELLYN: The question I asked was whether anybody has transferred from the old policy greenhouse unit directly into the new greenhouse unit. Where is the corporate intelligence?

Mr K. Taylor: I will ask Rob Sippe to comment.

Mr R. Sippe: Of those officers who were working in the Department of the Premier and Cabinet in this unit, subsequent to our move across to the Department of Environment, one officer has taken leave on secondment for six months to work elsewhere and we are in the process of replacing that person. We have some very good candidates in mind to take up those functions.

Hon PAUL LLEWELLYN: So nobody from the old policy unit transferred?

Mr K. Taylor: That unit worked in cooperation with a number of people across government. In particular, a senior person in the Department of the Premier and Cabinet, who has been involved with greenhouse, is still in

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the Department of the Premier and Cabinet and is continuing to oversee and coordinate that unit, so there is continuity there. People in the Office of Energy are also involved in greenhouse; so there is continuity across government, but we have some recruiting to do within our particular area.

Hon PAUL LLEWELLYN: I refer now to the “Major Initiatives For 2006-07” on page 849 of budget paper No 2, and the air quality management plan and air quality monitoring. How much has been allocated to the implementation of the major air quality investigations at Alcoa’s Wagerup alumina refinery and what form will the implementation of that monitoring program take?

Hon LJILJANNA RAVLICH: The Environmental Protection Authority has identified a number of challenges associated with Alcoa’s proposed expansion at Wagerup. The department has been working with the company to address some of those concerns and they have developed a suite of investigations to be undertaken over the next 12 months. The planning for field investigation initiatives, which will be coordinated with Alcoa over the coming winter, is at an advanced stage. I will get some more detail on that. However, the Department of Environment will implement a program comprising meteorological and air quality studies, which will complement previous and proposed investigations by the company. As I understand it, approximately \$1.25 million has been allocated in the state budget to support those activities.

[12 noon]

Mr J. Sutton: The work is quite advanced. The department has been liaising very closely with Alcoa for many months in trying to progress the work that the company has already undertaken. In addition, the department, independent of the company, will be undertaking a range of quite detailed meteorological and air chemistry studies to address issues that the EPA identified in its recent assessment work, and to follow up on issues identified by CSIRO.

Mr K. Taylor: The department’s air quality branch has been extremely innovative in its approach to looking at the air quality at Wagerup. The department has, of its own volition, introduced some new state-of-the-art techniques to study the air quality at Wagerup, including special canisters that members of the community can release to take samples of the air during the periods of concern to them. New technology has also been developed with CSIRO to enable monitoring of air quality over very short time frames; that is, over two to three minutes. The department has put a considerable amount of intellectual effort into this matter over the past year or so to come up with some state-of-the-art monitoring of the air quality at Wagerup. That has been, I think, significant, and has been appreciated by the community.

Hon PAUL LLEWELLYN: I thought the monitoring program was a community initiative, not a departmental initiative. Has it been co-funded?

Mr J. Sutton: A community group in Wagerup, of its own initiative, has chosen to follow a particular pathway for monitoring. Running parallel with that, the department has organised, and is about to run, workshops with the local community to undertake monitoring using a similar, but certainly not identical, technology. We have been communicating with these groups. We are working on a protocol to ensure that the chemistry and quality assurance processes are put in place, and that the available information that is generated is transparent and will be publicly available.

Hon GIZ WATSON: I have a question that I asked earlier and that is on notice, but I wonder whether I can pursue that again and seek an answer. It appears from page 847 of the *Budget Statements* that the total cost of services in 2006-07 will be approximately \$5 million less than the actual expenditure in 2005-06. However, with the adjustments, the total appropriations for 2006-07 are more than \$9 million greater than was the case in 2005-06. What will that mean in practice for the department? Will it mean that it will have more - or less - to spend on environmental programs in the coming financial year?

Hon LJILJANNA RAVLICH: I will ask Mr Taylor to comment. I think part of the answer was given earlier when reference was made to the levy.

Mr K. Taylor: There are two reasons for that. The first is that the 2005-06 total cost of services has been boosted by the expenditure in service 5, “Policies and Strategies to Reduce and Recycle Waste”, which was up from about \$6.5 million to \$11.6 million in that year, because funds that had been held in the waste management recycling fund and that had been allocated to projects had not been drawn down at that stage. That resulted in a significant boost in the actual expenditure in 2005-06 for that service. Putting that aside, in addition to the \$49 million total cost of services that is shown in the 2006-07 budget, there are further funds that have been deferred for contaminated sites but have not been included in service 3. Also, as the minister has indicated, the government recently announced a decision to increase the waste management levy. That will increase the funding for that by about \$6 million. Therefore, the total cost of services for 2006-07 will be significantly

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greater than \$49 million. It will also be greater than the \$54 million in 2005-06. I am sorry if that was a long answer, but we are satisfied that we will have significantly increased funding this year above that of last year.

Hon GIZ WATSON: When you say “significantly”, can you put an approximate figure on that?

Mr K. Taylor: The fact is that appropriations have gone up in the order of \$10 million, so we are satisfied that we have had a real growth in budget this year. The contaminated sites program is coming into place. Additional money is coming in for the clean-up of some of the state’s significant orphan sites; for native vegetation protection; for air quality monitoring; and for management. Therefore, across most programs, additional funding is coming in.

Hon NIGEL HALLETT: I refer to page 851, service 3, “Regulation of Contaminated Sites”. The reason that is given for the significant variation in the total cost of service is as follows -

Variation mainly due to deferral of contaminated sites projects, including the remediation of the Bellevue Waste Control site.

Why have the contaminated sites projects been deferred? When does the minister expect the remediation of the Bellevue waste control site to be completed?

Hon LJILJANNA RAVLICH: I will ask Mr Atkins to answer.

Mr R. Atkins: The major portion of the funds that were allocated to Bellevue is for the actual remediation. However, prior to the remediation, some extensive site investigation work needs to be done to characterise the contamination that is on the site; in other words, the full range of contaminants and their chemical characteristics, how much of each of those chemicals is on the site, and where they are located in the soil profile. The profile at Bellevue is quite complex, because a long list of volatile chemicals were involved in the fire, and the residues of those chemicals went into the ground. Therefore, the site investigation works are quite extensive and are taking quite a long time. That work will be finished by the end of this calendar year. Once the planned remediation works have been accepted by the community reference group at Bellevue, that program will go to the EPA for assessment. Depending on whether there is a full formal assessment by the EPA - that is a choice the EPA makes - we anticipate going to tender for the actual remediation works later next calendar year; so, it will be later in 2007.

Hon BARBARA SCOTT: I refer to page 855, the fourth dot point under “Major Initiatives For 2006-07”, which reads -

Complete the strategic assessment of the Kwinana Industrial Area (IP 14).

What are the plans for that assessment? What funds have been allocated for that assessment? Will that embrace an assessment of the salt that will be going into Cockburn Sound from the desalination plant?

Hon LJILJANNA RAVLICH: I ask Mr Taylor to respond.

Mr K. Taylor: The Kwinana industrial area land - the IP 14 land - is obviously key land owned by government for industry expansion at Kwinana. There is not a lot of such land left. LandCorp has sought to have a strategic assessment carried out of that area to identify in particular those parts of the site that would be constrained from development due to the environmental significance of either the bush or the wetlands on the site.

LandCorp is preparing a strategic environmental assessment report, which I think is almost completed, and will be released for probably 10 weeks for public comment. I expect that to occur in the second part of this year, and then the Environmental Protection Authority will report to government on the parts of the site that it considers should be constrained from development and protected for conservation because of environmental values. It will not examine the desalination plant or the discharge from the desalination plant.

[12.10 pm]

Hon BARBARA SCOTT: Has funding been allocated to make an assessment of the desalination plant?

Mr K. Taylor: Yes. The Water Corporation has requested a review of some of the conditions that relate to the existing approval for the desalination plant. The EPA is undertaking that assessment and will report probably within the next few months. It is examining criteria that should apply to the discharge of the saline effluent, in particular dissolved oxygen levels, which would need to be maintained as part of the discharge of the saline effluent because it will be the critical parameter to be met in Cockburn Sound. The EPA will report on that within the next few months.

Hon NIGEL HALLETT: I refer to the key efficiency indicators under service 3, “Regulation of Contaminated Sites” on page 852. Why has the average cost for remediating state sites plummeted from \$5.696 million in

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2005-06 to just over \$755 280 for 2006-07? The minister advised that the very high average cost for 2005-06 relates to a specific site. What was cost of the individual contaminated site remediation projects in 2005-06?

Mr K. Taylor: The average estimated cost for 2005-06 was prepared about March. At that stage, about \$4.1 million was set aside as part of what is called the contaminated sites management fund, which is specifically set aside for dealing with what we call orphan sites for which the government is responsible for cleaning up. We had assumed that that money would be spent this year; so those funds were allocated as a significant cost this year. However, the contaminated sites legislation has not been proclaimed yet; therefore, those funds have been carried forward to next year. The true cost per site in 2005-06 will be much less than that figure in the estimated column for 2005-06.

Hon NIGEL HALLETT: Will the amount of approximately \$1.79 million be carried over, or will it be the estimated amount of \$755 000?

Mr K. Taylor: We will need to review the final cost by 2005-06 and publish it as part of our annual report. I do not have that revised estimate here today.

Mr R. Atkins: At this stage our estimate of anticipated costs of state sites in 2006-07 is about \$4 million. That represents the amount of money being carried over in the contaminated site funds from 2005-06 to 2006-07.

Hon NIGEL HALLETT: Correct me if I am wrong, but approximately \$1.79 million is being carried over.

The DEPUTY CHAIRMAN: I think this question should go on notice. I think Hon Nigel Hallett wants a more detailed breakdown of how the money will be spent.

[Supplementary Information No B2.]

Hon PAUL LLEWELLYN: I refer to the sixth dot point under “Major Initiatives For 2006-07” on page 851. It refers to completing the development of the Western Australian greenhouse gas inventory. Who will carry out the inventory; what process will be used; when will the inventory be completed; what action will be taken to complete the inventory; and will the economic impacts of the greenhouse gas emissions be incorporated into that inventory to some extent?

Hon LJILJANNA RAVLICH: I would love to provide the answer but I will ask Mr Rob Atkins to provide it.

Mr R. Atkins: We will need to provide more details by way of supplementary information. The department is developing the greenhouse gas inventory in accordance with the provisions set out in the Greenhouse Strategy. The strategy is setting the framework for the inventory. At this stage the department aims to operate the inventory using the same team that operates the national pollutant inventory. They will be separate inventories but operated by the same team using the same expertise. We will take on notice the other matters the member raised.

[Supplementary Information No B3.]

The DEPUTY CHAIRMAN: Members can submit further written questions. I thank the minister and her officers for their attendance and support this morning. We will adjourn for five minutes and come back for the next session.

Meeting suspended from 12.16 to 12.20 pm