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**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON ENVIRONMENT AND
HERITAGE

Reference: Catchment management

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**HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON ENVIRONMENT AND HERITAGE**

Wednesday, 27 October 1999

Members: Mr Causley (*Chair*), Mrs Irwin (*Deputy Chair*), Mr Barresi, Mr Bartlett, Mr Billson, Mrs Gallus, Ms Gerick, Mr Jenkins, Dr Lawrence and Mrs Vale

Members in attendance: Mr Billson, Mr Causley, Mrs Irwin, Mr Jenkins, Mrs Vale

Terms of reference for the inquiry:

To inquire into catchment management, with particular attention to the following matters:

- the development of catchment management in Australia;
- the value of a catchment approach to the management of the environment;
- best practice methods of preventing, halting and reversing environmental degradation in catchments, and achieving environmental sustainability;
- the role of different levels of government, the private sector and the community in the management of catchment areas;
- planning, resourcing, implementation, coordination and cooperation in catchment management; and
- mechanisms for monitoring, evaluating and reporting on catchment management programs, including the use of these reports for state of the environment reporting, and opportunities for review and improvement.

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ELLIOTT, Mr Kenneth Phillip, Senior Legal Counsel, Sydney Catchment Authority	81
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WELLS, Mr Peter, Chairman, Southern Sydney Regional (Catchments) Coordinating Committee, and Chair, Hacking River Catchment Management Committee	66

Committee met at 12.20 p.m.

CHAIR—I open this hearing of the House of Representatives Standing Committee on Environment and Heritage into catchment management. This is the third hearing of the inquiry. The committee conducted inspections and discussions in two regional New South Wales communities yesterday and on the Georges River this morning. The committee intends to conduct similar inspections and public hearings in other states and territories during its inquiry.

At today's public hearing the committee will hear from two catchment coordinating committees and the Sydney Catchment Authority. We were going to hear from Professor John Burton, but unfortunately he is not well. We will also hear from the Local Government and Shires Association of New South Wales. Before proceeding, I advise the witnesses that the committee public hearings are recognised as proceedings of the parliament and warrant the same respect that proceedings in the House of Representatives demand. Witnesses are protected by parliamentary privilege in respect of evidence they give before the committee. Witnesses will not be asked to take an oath or to make an affirmation. However, they are reminded that false evidence given to a parliamentary committee may be regarded as a contempt of the parliament.

The committee prefers that all evidence be given in public. However, should any witnesses at any stage wish to give evidence in private, they may ask to do so and the committee will give consideration to the request.

[12.22 p.m.]

WELLS, Mr Peter, Chairman, Southern Sydney Regional (Catchments) Coordinating Committee, and Chair, Hacking River Catchment Management Committee

HUNTINGDON, Mr Colin, Chairman, Sydney Harbour Regional Catchments Coordinating Committee

Mr Huntingdon—I am the chairman of the Sydney Harbour Regional Catchments Coordinating Committee. The coordinating committee was formed as a result of the NHT requirements to prepare the strategic plan and matters which would ensure that our submissions were made correctly within the government's requirements. Personally, I also chair a catchment management committee for the northern beaches of Sydney. It takes in the area of Pittwater. In essence, the regional coordinating committees that are represented today cover the areas of Botany Bay, Sydney Harbour and Pittwater, each of which are often considered the sump or the end result of so much of the problems that this committee and these proceedings specially address. I am also a member of the New South Wales state assessment panel. I also sit as an alternative representative on the state catchment management coordinating committee. I am a member of other groups, not the least of which is Beachwatch, which is associated with my interests on the northern beaches representing the state committee and TCM. I sit on several estuary management committees from the local government perspective. I am a member of Sydney Waters Customer Council. Notwithstanding those interests, I have a local government background. I have spent 12 years in local government and have been the mayor or, in those days, the shire president of the Sydney northern beaches area of Warringah. My involvement with catchment management is mostly following my initial input through my local government exposure and subsequently the catchment management system with which you, Mr Chairman, are most familiar.

The Sydney Harbour regional committee has seven catchment management committees as part of that region. My colleague Peter Wells, who chairs the Sydney's south region, will identify his areas from his committee's representation. We made our submission on 3 August to this inquiry on the basis of particular and specific views we have. We believe that the National Heritage Trust Program and the results we have been personally involved with have been of great value. Over seven years, we have seen the maturity of community input, which is what we are primarily interested in. Our submission speaks very much about that aspect of our affairs.

As a person long involved with local government and someone who understands what has happened at the local government level, I come specially to report to you that we believe we have very close and active cooperation and support from local government in Sydney. That is exemplified in the number of submissions for funding which we have worked hand in glove over in order to make sure that they are submitted in the proper format.

The urban aspect of our interests is predominant in what we want to make clear to you. It is covered adequately in our submissions. We have some other papers which address a little upgrade on some of that submission, which I ask that you incorporate in the report and take on notice. We know you are aware of the fact that the Sydney area has 2,000 square kilometres and 3.7 million people representing 20 per cent of the population. I am sure the

urban aspects of that are also known to you. We seek to be closely involved with the rural catchment management perspective and models because we are now seeing in the city areas not just the result of a larger number of people more widely polluting but also the effects of salt action and other issues which are particularly a problem in the country areas.

When we talk about Sydney, I do not want to alienate our presentation from the urban situation. We very much appreciate that urban areas exist beyond Sydney. We consider ourselves representative of, and the better for our close liaison and activities with, the rural catchment management committees.

From the perspective of the region, we specifically address areas of our ongoing activity and what happens from here forward. The maturity I mentioned earlier is developing almost daily. We see problems ahead both from the perspective of whatever future funding may be available and the need for continuing a lot of hard years of work and countless hours of free community contribution, which is always given gladly and enthusiastically. A wide variety of people represent those catchment management committees and the region; it extends to the regional perspective. We believe that this gives us the need to impress upon this committee those results.

I am sure that Peter will address the outcomes rather than on-ground works. We hope that your tour this morning showed some of those perspectives and, in particular, what has been done within our two Sydney regions. I welcome any questions from you. I welcome the opportunity to add to any of the information that you desire us to.

CHAIR—Mr Wells, if you would like to make a statement, please do so. The committee is looking at areas of federal government involvement. While we can make recommendations, the states need not necessarily take any notice of us. We are looking at areas where the federal funds are being expended, whether they are being expended efficiently and whether the process that is involved is efficient. We are also looking at whether you see areas of duplication. Could other spheres of government remove their funding when the federal government puts forward some funding? We can report on areas like that. With that in mind, you are welcome to make a statement.

Mr Wells—I will try to direct myself to that. Like Colin, I have a dual role. I chair the Southern Sydney Regional Coordinating Committee and the Hacking River Catchment Management Committee. There are a number of roles that pertain to that. I will not run through them in detail now because of your comment about timing.

The TCM framework is both exciting and frustrating. It is exciting because there is a range of excellent initiatives that would stand up to anyone's scrutiny, be they environmental or economic scrutiny. They represent outstanding value for money and are outstanding in getting results on the ground, or perhaps in the real world. What I see as frustrating is that we are not yet fully harvesting the benefits of a catchment management approach. While I recognise that there are some excellent achievements now, certainly I and others around me have big eyes for noticing that there are a lot of other things that we could be achieving with this framework that we are not yet achieving. I will try to highlight some of them. Do not read into that that I am being unduly critical. I am particularly looking at areas for improvement.

From where we sit, there is a very careful balance with catchment management in not creating an unnecessary fourth tier of government. Obviously, there is no point or benefit in that. We need to properly and fully harvest the coordinating role between the three tiers of government. There would be countless examples you could give of every tier of government where there are clear overlaps. For example, each tier has some sort of Department of Health. To the extent the catchment management framework can address that duplication and get a coordinated set of actions, there will be outstanding value.

You could happily demonstrate an excellent return for dollars spent. I do not think anyone has taken a hard-nosed economic look at this, but I reckon that you would get fantastic returns on whatever is spent on the TCM framework in the NHT program. If you really value it against what it might cost to truly deliver it, it would be a small fortune. One simple example that comes to mind is the Hacking catchment. A number of years ago, we reconstructed parts of the coast walk following the 1994 bushfires. There were \$350,000 worth of grants and \$500,000 in kind. If National Parks had been contracted to do it, I have no doubt that it would have cost several million dollars. If we are clever, excellent benefits of that nature can be harvested through the TCM framework.

Another point I want to highlight is that, again in the Hacking catchment, we have prepared a community contract. Without going into too much detail, there are benefits in achieving coordination and cooperation between the three tiers of government and between the layers within those tiers of government. Perhaps it is a disappointing surprise to some that parts of each layer of government do not talk to each other. TCM is often an excellent nexus to force that issue and make sure that one department is not literally doing something at counter-purposes to another. For example, someone may plant trees one week and someone else can mow over them the next week. It sounds ludicrous, but it happens. There are some excellent partnership arrangements of which the community contract is just one that TCM has been able to focus on and deliver.

The only other thing I would highlight is that, particularly in the urban areas, we have not yet realised the full benefits of TCM. There is often this quite annoying debate about rural versus urban areas and where we should put the dollars. It is almost a non-argument. What I say to my rural colleagues is that we will never really get the full attention and the serious money to address some of those problems until the city based folk have a better understanding of the nature of natural resources. As it stands now, without being unfair, people in the city do not by and large understand that if they put the lawn clippings over the back fence it stuffs up the local creek. They say, 'What is council doing about my creek?', and then happily let the weeds run riot down the back.

What TCM offers—and what I see is the huge potential—is to more seriously connect city folk to the natural environment and to understand man's role in a natural system and a modified system in the city. In the long term, I think the only way we will truly and properly manage Australian ecosystems and bring the proper attention and management for those broad acre issues in the rural areas is when the city folk and the city based decision makers truly understand some of that. What I am beginning to see is that TCM is helping to deliver that, which is quite exciting but very long term. I get frustrated that we are only chipping away at that, but I can see some enormous potential there.

Another thing I will highlight is that we have only just begun to tap into private sector involvement in TCM. I think one could be critical of that: that we should have done that earlier. There remains enormous potential to do that directly through natural heritage trusts, through arrangements with CMCs, but also through engaging the business community in how natural resources are managed. I think there is still too much separation. There is not that close connection between a business that may be producing things that are used in urban areas and some sort of sense of responsibility for their role in how urban areas are managed.

We have also got a range of ideas about the Natural Heritage Trust but I expect you will quiz us on that, so I might leave that for your prompts. Thank you.

CHAIR—Thank you. As I said, we are basically looking at areas where there could be duplication or there is not efficient use of the \$1.5 billion that we are offering across Australia for natural heritage funding. There are a number of groups in these areas—Bushcare groups and Landcare groups. There may not be so many Landcare groups in these areas, but there are other catchment management committees and the Sydney Catchment Authority. How do you relate to those groups?

Mr Wells—In a broad sense, wherever it is working properly and effectively, the catchment management committee should be the coordinating point for all of those groups. For example, if there is a Coastcare group, if a council or councils have Bushcare groups or if there are Landcare activities, you would hope it is being coordinated through the CMCs. Certainly, to my knowledge, the vast majority of that is. I am sure you can find examples where it is not, but I think the benefit is that the catchment management committee can coordinate that to make sure, for example, that Bushcare projects that are coming forward are important and strategic, that you are not spending a lot of money on a pocket of bush which fundamentally has no future—because it is in a freeway reservation or whatever—and that you are prioritising areas that might link important biodiverse areas, that might be part of a corridor or that might be a core rare community area. So the committees are there to understand how those things sit. Perhaps informally and formally, the CMCs have helped to coordinate that.

CHAIR—Do you think we have it coordinated—whether between federal and state governments or departments or between councils—or are there areas that can be improved?

Mr Wells—There are clearly areas where it can be improved. To set the scene for responding to that, in the perfect world the TCM framework would give the right strategies and priorities for where the problems are and what needs to be addressed. In that you might almost have a sense of an investment framework by way of region, catchment or area to understand what is important and what we need to do here. That would then hopefully sit neatly against some sort of list of projects that come forward for funding through NHT or any other scheme, just to give in that context. For example, if you have two tree planting projects in similar areas, how would you tell between them? One might be critical and one might not, but if you do not have that bigger picture, you will not otherwise ascertain that.

Mr Huntingdon—On the question of Landcare groups, I would like to add if I may that we now have a Landcare coordinator operating in the metropolitan area, which is a recent addition. Of the 650 Bushcare groups in the metropolitan area, we now have 110 of those

registered. That does not take into consideration any of the Coastcare, Dunecare and the other groups undertaking similar work. I know that the Bushcare component has always been one that urban areas have been specifically allocated funding for, but that large number of Bushcare groups is significant and pretty much the result of and involved with the work that has been done thus far as a result of the smaller funding that has led into larger groups being formed. It is really moving now in the metropolitan area.

CHAIR—So the programs that we have already funded under the Natural Heritage Trust, are they fitting into an overall plan and do you see that we are getting results?

Mr Huntingdon—The strategic plan that we have and the links with that plan are a critical part of the assessment procedure. It is incredibly successful. The catchment management committees have initiated and maintained the first contact with these groups. They have been encouraged and it is moving to a stage where we are putting on another person to assist the Landcare coordinator just because of the volume of the work. It is having an ongoing effect which we are very happy about.

Mr Wells—The key thing is that perhaps if we are clever about how the Natural Heritage Trust moneys are used, it is to focus on the outcomes a bit more closely, rather than some of the words that are used like ‘on-ground outcomes’ or another phrase is ‘agricultural benefits’ or words of that nature, which is a bit frustrating for us. Often we could achieve excellent results in the real world—if I can use that phrase—which might not fit the narrow definition of on-ground outcomes. To pick a simple example, if we were able to do some sort of education program which magically reduced litter by 50 per cent, you might strictly argue that that is not an on-the-ground outcome because it was education. My Environment Australia colleagues have told me not to highlight that, because we will not get money if you highlight it.

CHAIR—Why not?

Mr Wells—Because strictly it would not be funded. Strictly it is not applicable under the guidelines.

CHAIR—I know. I accept what you are saying and it has been put to us on a couple of occasions. Another matter I am interested in is the process of application. We have had differing views put to us. Yesterday in Parramatta they were quite happy with the projects that they had managed to get up. But this morning Georges River had the opposite opinion and said that they were pretty unhappy. Are there are some problems with the process? Can that be improved? Is it too bureaucratic? What are your opinions on that?

Mr Wells—To use a commonsense approach, I would argue that it seems to me that small projects—and that is often tagged as \$5,000 or less—do not need to be put through all the hoops. That could perhaps more easily be done by way of a devolved grant scheme which is currently being trialled. Maybe there is then some sort of notion of what a middle sized project is, perhaps hypothetically up to something like \$50,000. As a federal government you want to know more accurately where that money is going, who is spending it and why.

With some of the larger program grants of \$100,000 or \$200,000, I would argue that there is not enough scrutiny on some of those. I am from a medical research background and certainly for those large program grants we would have to go through many more hoops. Everyone's CV would be in and it would have to be demonstrated quite clearly where that sits in both the state and federal framework, who benefits and who does not. Firstly, we must understand where a project fits in, to make sure it is strategic and appropriate, and then we must think through how many dollars we are really giving this and what levels of scrutiny we need. By using the one size fits all, there will be unhappy people on both sides of the fence with that.

CHAIR—I have one final question. What support do you get from other tiers of government in kind or in money?

Mr Huntingdon—We are local government and one of the major examples is where we have matched a program which Senator Hill had indicated very keen interest in when he launched a local government initiative Green Web, which identified all of the problem areas. We have found and worked with an enormous number of increased Bushcare allocation as a result of that local government connection. Our indicative allocations from the states were \$210,000 and we were allocated \$630,000. So we have been more than adequately able to support a wider involvement.

Mr Wells—If I can give you a sense of that, the network between ourselves and state and local government often depends on the individuals involved. I often think a mark of some success is when those agencies and organisations begin to approach the CMC saying, 'We cannot solve this. We need to get those guys involved, but they are not helping us. Can you broker some arrangements?' Increasingly that is occurring, which I think is perhaps a bit harder to define, but is an important measure of some success.

Mr Huntingdon—I am just reminded—and I would like this on the record—that the NHT allocation for the Greenlink program was \$300,000. The result of that is in excess of \$1 million for the onground contribution. That is over a period of two years.

Mr BILLSON—I was interested in your assessment of who is monitoring the outcomes on whatever basis you want to measure them, and to what extent we have enough of a handle on that to know that, wherever the funds are coming from, they are being invested wisely and making a demonstrable difference on the ground.

Mr Huntingdon—Can I try answering that first? I believe from the catchment management committee level—certainly on my committee and others that we are involved with—that every project has a community representative to monitor that progress. The applicant, once funded, has to report on a quarterly basis to that specific monitor. The end result, or the final six months review, is whether or not that particular application will be continue to be funded. That is happening.

I know from the state assessment panel's requirements, they were looking at an audit section and a funding branch. It is my view, and certainly our region's view, that an individual community member has to accept the responsibility for physical inspections, an

ongoing review of the budget and a final report before any of the ongoing funding is proceeded with.

Mr BILLSON—I was thinking more on a broad level—not so much at a project by project level—where you might have water quality indicators.

Mr Huntingdon—If they do not address the key result areas from the strategic plan, they do not qualify anyway.

Mr BILLSON—Sure. Having said that, how do you know whether they are and on what basis do you satisfy yourself?

Mr Huntingdon—Personal scrutiny by the regional assessment panel and the members accepting that responsibility.

Mr BILLSON—So there is no formal reporting?

Mr Huntingdon—Yes. The file is maintained and all of that detail is available both for the committees as well as the scrutineers.

Mr BILLSON—On the northern beaches, if you are saying that your goal is to expand the level of coastal vegetation by X per cent for dune stabilisation, biodiversity purposes and the like, you could actually say, ‘Over the period of three years we have made X amount of progress.’

Mr Huntingdon—Absolutely.

Mr BILLSON—Is that the same for you?

Mr Wells—Yes, that is true. Without duplicating what Colin has already said, it is important to use some commonsense guidance again about what is the value of the project, and use that to guide what level of performance monitoring we want in place to make sure we are being clever about not treating a \$5,000 project the same as a \$200,000 one.

The only other thing I had in mind was that with NHT there remains the opportunities to lever out more real results. I am aware that the federal coalition has some philosophical objection to what might be seen as doing state and local government business. I think in this arena it is worth being thoughtful. There is room for the federal government, by way of the regions that have been set up through NHT, to identify what is important and what we really want to see happening here; and then to lean a bit more clearly on the regions, the states and the particular projects and ask what they are demonstrably doing to respond to these objectives that have been identified by regions and state and so on.

Mr BILLSON—I think the goal was to make sure the federal money was in addition to local and state efforts, so that we were actually growing the pot of resources that was available for the task. That is where the sensitivity often comes from. That leads me to the next point: we have heard from other catchment bodies that the ICM approach has in some cases not made any demonstrable difference to natural systems conditions, in other areas it

has slowed the rate of degradation, and in a couple of rare examples it has started to rehabilitate the natural systems. Are your organisations in a position to make those sorts of judgments in a way that would help us and others argue that we are making some inroads but we need to double our effort or increase our resource commitment by X amount to get faster progress in a positive direction?

Mr Wells—I am quite happy that, in the projects in the areas that I am closely familiar with, I can point to things that are different that would not have been there or managed in that way if the CMC did not exist. I am quite happy that there is a very clear benefit from that. To give you a sense of more closely linking outcomes to dollars, I have always been interested in what the Canadian government does. By way of example, they have a much closer link between what they see as environmental performance and budget. If, for instance, one of their state departments is not performing, their budget round next year will be affected as will the salary of their CEO, for example. You get results pretty much no matter what, because there is such a direct linkage. It is important to make sure you have the right performance measures, and then to say to the departments or the regions, 'If you do not deliver against these measures then potentially you will not get your next round of funding or it might be pegged by x per cent.' It is worth the effort to understand what the right performance objectives are to then truly lever out what you can demonstrate are some real outcomes.

Mr Huntingdon—Local input is very much a situation where the employed coordinators are constantly checked on—their measure of personal involvement, personal visitation and personal understanding of what the next year will achieve and whether there are any shortcomings. It has been quite normal to not go ahead with a project if that situation arises—quite normal.

Mr Wells—I would add that it is often very difficult to measure outcomes. To pick a very simple example, to measure outcomes for things like water quality or litter—straightforward issues of urban relevance—is often difficult because you have to change attitudes and behaviour. Just because it is difficult does not mean we should not do it, but we must be aware that measurement of that is often a bit long term and difficult, and the funding arrangements need to recognise that and give some time to allow successes to occur and be recognised.

Mr BILLSON—The thrust of my question was this: at the end of spending \$1½ billion there is a desperate need to get some more, but as with every use of taxpayers' resources we need to argue the case and show that something has changed in a positive way. I take your point about behavioural change perhaps being a precursor to that. I have other questions, but I will hold those off.

Mrs VALE—All of this, especially catchment management, depends on the strength of the volunteer corps, and we have met some very enthusiastic and committed people this morning. Overall, do you find that there is a waning of the volunteer spirit in catchment management support in the local community?

Mr Wells—I know Colin will have thoughts on this, but it is certainly a balance between finding good people who are motivated, clever and strategic and then not burning them out.

We need to make sure that we are not giving them too much work and too many things to do. In reality, people often say to us, 'Sorry, I have family commitments; I do not want to do this for a little while. Can you please leave me alone?' We need to be sensitive to that, and that involves understanding the people involved and giving them the room to be involved in their own way.

Mr Huntingdon—It is very hard to maintain people's motivation when, on three occasions now, their term has been extended by six months to await a political outcome or the resolution of whatever issue might be in front of those people—

CHAIR—Is this because of the state inquiry?

Mr Huntingdon—It certainly is. It is always a problem with those people who can find other things to do with their time. It does not mean that they are not involved with the environment; it means they have to do it with somebody else because of the uncertainty that has existed within this state, and it is a problem.

Mrs IRWIN—How could the community be encouraged to get more interested in the problem?

Mr Huntingdon—I do not like to answer a question with a question, but what is the percentage of people with a genuine interest in the environment compared with the percentage of those with an interest in like issues? I do not think there is any lack of people who want to be involved, it is the fact that they are not seeing sufficient outcomes in their own particular bailiwick that is discouraging. We know that we have a lot of work to do. With a bit of luck we would like to be able to continue.

CHAIR—You mentioned earlier that there was \$300,000 of NHT funding. I suspect that is for the northern beaches.

Mr Huntingdon—Yes it is.

CHAIR—But you got results of about \$800,000 to \$1 million.

Mr Huntingdon—Over \$1 million.

CHAIR—You are saying that there was about \$700,000 worth of in kind support from the community?

Mr Huntingdon—In one catchment management committee area, yes. We are criticised because of the so-called plethora of committees in the urban areas. With the numbers of people who are involved with the enormous numbers of issues in each of those smaller areas, it is going to be a bit of a worry if the regions are then left to look after those smaller areas. I see that as a major problem, appreciating the fact that that may be what is being considered at the moment.

Mrs VALE—Is there any overall networking of all these people who are involved in the different communities?

Mr Huntingdon—Yes. We encourage that. On this coming Friday evening we have networked a group who are involved with a program which was successful in this most recent round. We see that networking of seven separate community groups, a large number of schools and three particular local councils as being of extreme value. This is a means by which we are showing the success of the NHT grant to these people. We are having an informal get-together on Friday evening to celebrate their success, but primarily to enable them to network because the councils' involvement with the groups and with the committee is the key to this project. It will show a result of \$1.2 million effort for these seven groups. This is the networking that I believe is critical. We also try to get together at Christmas time, and we do that collectively via a number of committees to encourage the networking that is necessary just over the hill into the next catchment. That is working extremely well at the moment.

Mrs VALE—One of you mentioned how sometimes, because the programs are so long term, there is an element of discouragement with the people involved. Perhaps with the networking they can see someone who has had a success.

Mr Huntingdon—Absolutely.

Mrs VALE—That would encourage you to keep trying on your own project.

Mr Huntingdon—We never stop networking.

Mrs VALE—That is great.

Mr Wells—Just to home in on how we connect the community and get them involved in projects and areas, the TCM program is relatively youthful in New South Wales, particularly in some of the urban committees. If you were to graph over time the number of people in Bushcare groups you would see that it is growing exponentially. It is a bit scary as to where it might go. Very clearly, if the right framework and arrangements can be put in place, the community is very keen. We have to make sure that we properly harness their work so that it is important and strategic. It is business as usual—make sure we put the right frameworks in place and make sure people can be involved formally in groups and not be working at counter purpose to everyone else.

Mr BILLSON—Do you feel that the idea of having strings attached or thresholds of levels of effort and the sorts of systems that brought about your creation is something that the federal government should be furthering with subsequent funding programs?

Mr Huntingdon—Absolutely.

Mr Wells—My personal view is that there needs to be responsibility with receiving moneys and running projects. So I am not too concerned about that. I think that is proper and appropriate. In the long term, if we are to have this sort of arrangement in place for what might be five, 10 or 20 years, the community needs to be satisfied that it is a soundly run program, that there are good checks and balances and that their tax dollars are going to useful projects. They will think, 'That creek was fixed up through my NHT dollars,' or whatever the link might be in their own mind.

Mr BILLSON—If a block funding grant arrangement, where your organisations would have arguably more flexibility and more agility to allocate the resources, were accompanied by a more rigorous set of, say, process requirements, a checking over of your strategic plans and then a reporting cycle, would that be a better way to go?

Mr Wells—Sure. From where I sit, there is now enough maturity in the framework to say, ‘Here is a lump of money. Here is a set of frameworks and checklists,’ or whatever the right arrangements are. In the groups I am involved in and aware of, I am quite happy that there would not be wastage of funds and that there would be solid reporting back also. On occasions where there were not throughout the country, it would be like any other program. Should there be any mismanagement, that needs to be tagged early. It is perhaps just being clever about the right reporting arrangements and the right structural frameworks. There is no need for the federal government to be closely involved in every \$5,000 project. It is quite unworkable, yet naturally a lot of the projects are of that scale and size. I think it is to identify what generically you want to see happen, and then lean a bit harder on the regions to deliver that back for you.

Mr BILLSON—Would you accept as one of those strings a requirement that state government fully embrace its core business requirements of monitoring, extension support and plan preparation so that that basic land management, natural systems management and supervision infrastructure is locked in and the federal money goes to advancing the cause rather than displacing what should otherwise be funded elsewhere?

Mr Huntingdon—That is a very good question. How could we argue on what one government wants to say about the other?

Mr Wells—This is our pet topic. Two years ago at a regional assessment panel, I wanted to have a little stamp made up that said something like, ‘This is core agency business. We won’t fund it. Don’t apply again. We won’t fund it in the future either.’ I became a little bit more sympathetic to think through what the outcomes we need are and what is strategically important. I guess that allows you to be a little bit less serious about who delivers that and whether that is formally core business or not. Often there are areas of grey. A guiding principle needs to remain about what is important by way of area, whether you think of that as catchment or region, and what needs to be delivered. Then perhaps there might be some more focused discussions with the states about, ‘Maybe some of this is your core business.’ I would argue: do not resist funding projects that nonetheless fit those requirements.

Mr Huntingdon—The community representatives are very closely watching any core funding applications that sneak up. Over last two years, there has been a very active concern about core business.

Mr BILLSON—I would have liked to think the billion and a half from the feds was a full billion and a half extra and available, but I suspect not. I would rather use the term ‘natural systems’. People do not realise that biodiversity is a value because you cannot farm it, harvest it or whatever. We have been told that \$40 billion is about the quantum of the task that faces the nation. We have also heard today that some of the less affluent upstream communities in the Georges catchment have some of the more immediate challenges that impact on outcomes down in the catchment. In Melbourne, every household pays about \$40

to a parks and waterways authority, which is now Parks Victoria, so that the money is collected at that level and then distributed where it is most needed. There is a clear understanding of the benefits there for everybody. I wonder whether you guys have wimped out in some respects in not also going that way, both as an awareness raising exercise and a sharing of the cost of some of the remediation.

Mr Huntingdon—One of the interesting things that I think are happening, particularly in our areas, is the local government's concern about where they are or are not involved. The encouraging thing is that there are so many councils now striking a separate environmental levy to try and keep up. I think that is extremely healthy. Where that is happening, we are delighted and, where the councils then want to talk to the catchment management committee about the priorities of spending and have already included our representatives on their assessment committees, this in effect is assisting just from the initial NHT philosophies.

Mr BILLSON—I agree with you that that is encouraging, but Liverpool is still paying for Liverpool work. I do not know what the headwater municipalities are called to suggest that—

Mr Huntingdon—I am talking about a number of councils. It is about keeping up with the Joneses.

Mr BILLSON—Would you see one council further down the catchment transferring \$1 million to one up the catchment for work?

Mr Huntingdon—Councils are not avoiding that as much as they had. We have a three rivers project which is being worked between three councils as a result of the catchment management committees insisting on having them involved with the program. We now find them working together. We had one council that was dismissed and another crowd reappointed, and they would not talk to one another. But it is all being resolved, and I give the catchment management committee a great deal of the credit in that regard.

Mr BILLSON—With some of the institutional structures that might appear to be unhelpful, the goodwill and the virtue of the ideas getting past—

Mr Huntingdon—It is back to the maturity and the acceptance of the committees that take those few lead-in years that I think are the benefit.

Mr Wells—I have a couple of comments. Some of the Australian environmental problems are enormous and would be enormously expensive to tackle. I would further argue that the community has a somewhat unrealistic expectation that government will fix them. It is well and truly beyond the scope of any government to fix them. The only real chance we have to do that is to involve all of those players—all of the bits of government and the community. TCM clearly offers that. We are not going to find \$40 billion to address our environmental problems. It is not there. What is there is something like Natural Heritage Trust, which is some small fraction of that and can leverage the important changes and multiply those dollars out.

I would look forward to the day when, for example, people are a bit more mindful of their role and their involvement. That is happening; you can see trends that are indicating that. I would also be very keen to see something like a catchment levy or an environmental levy, however it might be framed, with some quite tough and formal reporting against, 'This is what your dollars have provided for this catchment. Here's a list of improvements by financial year.' The community is a little cynical about this because they think this is used to prop up government coffers. If we were clever about arrangements of how that was formalised and monitored independently—perhaps with community representatives on boards and so on—and if there were a link where the community generic person said, 'My tax dollars have been spent on this area in this way,' I think the average person would pretty much tend to accept that.

Mr JENKINS—Do you think your committees would have prioritised the amount of money that you have out of NHT in the same manner as it has landed on the ground, given that it is a submission based system?

Mr Huntingdon—Do you mean in the past?

Mr JENKINS—Yes.

Mr Huntingdon—Yes, I am sure we could.

Mr JENKINS—Is that on the basis of looking at what planning strategies would suggest are the immediate needs and priorities?

Mr Huntingdon—I have one committee. We have reviewed our strategic plan three times and upgraded based on experience and achievements. We have varied the strategies forward as a result of the third review over seven years.

Mr Wells—If it helps, the conceptual framework we use is one of adaptive management where, to use the jargon, there are plan-do cycles. You plan with the best knowledge you have and generate the priorities and the projects. You might learn over time that there are more elements to some of the areas than you thought, and they become a higher priority and there are more strands to identify. Hopefully, over time, you get increasingly clever and sophisticated about where to spend money and why and what is important. But you will reach that point only over time. You need the experience by way of particular projects, the involvement of all the players and so on. There should naturally be a growth in the concept of where the issues lie.

Mr JENKINS—What about the notion that, until we are able to rectify people's negative behaviour, any of the restoration work we are doing has really been wasted and lost?

Mr Wells—This is hard, isn't it? It is a chicken and the egg thing. I would argue that you need to get in at the most efficient or strategic points to try to close that loop. To hark back to my simple littering example, if people are littering, they will complain, 'Why isn't the council fixing up my creek with all the horrible litter here?' There might be clever points at which to break that link so that people are more clearly aware that it is the rubbish blowing out of my bin and that sort of relatively innocent behaviour that leads to the

problem that I wear if I go swimming down at my favourite beach. The catchment management committees need to be crafty about, in each of those scenarios, where we plug in and where the most efficient point is to break that cycle and to change behaviour and attitude.

For example, we have been talking to a green group. I do not think they will be upset if I mention this—the Nature Conservation Council are talking to us about an extension to their Smogbusters project, which is funded through the NHT program. Our initial discussions are along the lines of thinking of the NHT as perhaps providing—rather than works on the ground—changes in the real world. If you can run with that philosophy, we are asking, ‘Could you then address that whole transport and air quality link?’

There must be room to move in terms of the number of people who are hospitalised and otherwise negatively impacted by air pollution in the Sydney greater metropolitan area. With a whole lot of discretionary and unnecessary use of vehicles, by way of simple education and behavioural changes—not regulatory—you could make some excellent impacts on that, and you would have fantastic economic benefits. We would waste less fuel, there would be fewer road traffic accidents and less wear and tear on cars, and public transport would be more viable.

We need to think through, again, where we plug in, not in a big picture or infrastructure approach but in a softer approach. People dislike air pollution; they are aware that it is a problem. They love their cars, and that connection is there. You can still travel around as you wish, but you have all this discretionary use of your vehicle that you do not need to partake in. This is not to ruin anyone’s lifestyle or behaviour but just to get people to think about the connection and to understand what behavioural changes they might make. That is just one example, but we need to think through how we might most efficiently change that nexus and attack the problem.

Mr BILLSON—With the maturity, awareness and experience that has been built up, can you see a time when the state assessment panels will add no value to the exercise?

Mr Wells—I look forward to that.

Mr Huntingdon—What a wonderful concept!

Mr BILLSON—Is the average person in the street aware of the water harvesting objectives of the Sydney Catchment Authority versus the role and value you guys add to the picture?

Mr Wells—That has provided a beautiful example. The whole Sydney water crisis has given people a link between management of the land—whether they might think of that in terms of the appropriate management of sewerage, farm animals or whatever—and ruined drinking water quality. There is a beautiful nexus there; people suddenly begin to understand the link. We have tried to be crafty about saying, ‘Be aware that the way your local area is managed will affect whether you can eat the fish that you might catch in your favourite waterway or safely go swimming at your local beach,’ and so on. Things like that provide a really neat opportunity. We have tried to be clever about that. Over time, as the Sydney

Catchment Authority becomes increasingly active and does a range of works, I hope there will be educational campaigns and a media profile that will benefit our purposes also.

Mr BILLSON—I understand they sell by the gigalitre to the retail water businesses in Sydney. Do you see a time when they might slightly increase their prices and then send some cash your way?

Mr Huntingdon—Hopefully, yes. It has been widely suggested.

Mr Wells—I would hope so.

Mr BILLSON—It has taken us a day and a half to work out who all the players are, but we are getting there.

CHAIR—Thank you very much, gentlemen, for your evidence. If we need to come back to you after our hearings across Australia, we will certainly do that. It has been very interesting.

Mr Huntingdon—Thank you for your time. During the afternoon, you might look at a very short video clip that addresses catchment management, which is hot off the press. We are about to distribute it widely to a huge number of schools. We would like your committee to have looked at it before it reaches that stage.

CHAIR—Thank you. We will.

Proceedings suspended from 1.15 p.m. to 1.49 p.m.

ELLIOTT, Mr Kenneth Phillip, Senior Legal Counsel, Sydney Catchment Authority

JOY, Mr David, General Manager, Catchment Management, Sydney Catchment Authority

LAMBKIN, Mr Kelvin, Catchment Environmental Scientist, Sydney Catchment Authority

CHAIR—Welcome. Would you like to comment on the capacity in which you appear today?

Mr Joy—Briefly, my employment history is that I have worked as a soil conservationist in both country and urban New South Wales for 22 years. For the last 11 years, I have worked for various iterations of the Sydney Catchment Authority in catchment management, more latterly in a managerial role.

Mr Elliott—This afternoon I would like to set out for the benefit of the committee the regulatory environment in which the authority operates and how it seeks to protect the catchment.

Mr Lambkin—I am an environmental scientist by training. I have worked for the Sydney Catchment Authority since its inception on 2 July 1999. My duties are as land use planning manager for the outer and inner catchments.

CHAIR—Thank you. We have received your submission and have had a close look at it, but would you like to make a brief opening statement?

Mr Joy—Yes. I am going to ask Mr Elliott to do that on my behalf.

Mr Elliott—In many ways, the water quality incident of mid-1998 could be reviewed as a repeat of early Australian colonial history, the similarity being that the impact of human activity was on the water source of the population of Sydney. As an outcome of the water quality incident, the committee would be aware that the New South Wales government commissioned Peter McClellan to prepare a report and to make recommendations on the incident so that a similar incident would not occur in the future. One of the outcomes of the McClellan recommendations was the establishment of the Sydney Catchment Authority, which has reportability and accountability to the Minister for the Environment and has statutory responsibilities in relation to the protection of drinking water quality and the management of the health of the catchments.

Drinking water catchments are managed within the Sydney Catchment Authority's area of operations through the classification and identification of land use. These catchment areas are divided into special areas—the inner catchments, the most sensitive areas around the stored waters, and the outer hydrological catchment. This is the area from which the authority obtains the waters which are supplied to the Sydney Water Corporation. The other areas are regulated by legislation and statutory instruments which are enforced through various state government instrumentalities.

A number of government agencies in New South Wales have key responsibilities in the regulation of the activities within catchments. The impacts on catchments are diverse and relate to human activity, agriculture, mining and any number of commercial activities. The main state government agencies which have regulatory responsibility in the catchment include the Department of Urban Affairs and Planning, which has an oversight role in relation to the preparing of legislation and instruments which require local authorities and other instrumentalities to take into account water quality issues in their planning objectives.

The Environment Protection Authority, the EPA, with the assistance of local government is responsible for regulating such matters as sewage discharges and the issuing of pollution control licences. The management of land and water resources is undertaken by the Department of Land and Water Conservation. That agency has responsibility for the protection of rivers and foreshores and native vegetation. Ultimately, the Sydney Catchment Authority will obtain a water abstraction licence from this department. Local councils also play a key role in development within local government areas as the primary agencies responsible for development consent.

Within its own armoury, the Sydney Catchment Authority has a number of regulatory tools which it uses to achieve its statutory objectives. Approximately 90 per cent of the land within the special areas is either owned by the authority or national park. The management is through strategic plans of management which are negotiated between the authority and the National Parks and Wildlife Service. This document sets out the strategic management of the special areas and other administrative matters.

The authority itself has a catchment management regulation which, in relation to special areas, requires approval concerning forestry operations, livestock control and the entry of those lands. The authority also has the benefit of what is called a section 117 direction under the Environmental Planning and Assessment Act, which requires local councils to give consideration to water quality issues and land planning and land management issues when they are making their local environmental plans.

The authority is both an operator of infrastructure and a developmental regulator. It will have concurrence roles in the future under what is known as state environmental planning policy number 58. The concurrence role will ensure that development is assessed on the basis of whether it will have a neutral or beneficial effect on water quality and whether the water banishment systems which are put in place for that particular development have long-term viability.

The authority is especially concerned in relation to the protection of its special areas. As I mentioned previously, these are tracts of land surrounding water storage for the Sydney, Blue Mountains and Illawarra water supply catchments. These special areas are first and foremost barriers which are used to protect water quality. The other parts of the barriers are the stored waters themselves and the water filtration plants. The authority is not able to pass up an opportunity in this forum to raise concerns about the protection of that environment. The authority and its predecessor, Sydney Water, have received applications on a regular basis from utility providers who have the benefit of Commonwealth legislation. Prime examples of this are in the telecommunications area.

While I have outlined the regulatory tools which the authority has available and the responsibility of other government agencies within the catchment, commercial instrumentalities having the benefit of Commonwealth legislation that overrides state government planning powers is of particular concern to the authority. The issue foremost in our minds at the moment is the very fast train. It is often the view of these commercial entities that the special areas represent a utility easement corridor through which they have the right to put their works.

CHAIR—Just on that, are you saying that the proposed work is through the catchment?

Mr Joy—I will respond to that. Yes, a section of the very high speed train route from Sydney to Canberra does in fact traverse these special areas.

CHAIR—Is that the Warragamba Catchment?

Mr Joy—No. This is what is called the Metropolitan Catchment, which is at the top of the Nepean between the area known as Pheasants Nest and Yerrinbool, approximately.

Mr Elliott—The other activities which are having a detrimental impact on the special areas include the clearance of native and natural vegetation for agricultural and forestry purposes. The authority has considerable concerns in relation to mining activities. While mining activities are regulated in part under state government legislation, the argument is often advanced to the authority and to its predecessor, Sydney Water, that particularly mining activities in relation to coal reserves have a benefit for the country and therefore should proceed. Underground coal mining under stored waters is of particular concern to the authority.

In conclusion, I would like to point out that the activities which are pressing on these special areas and, indeed, on the catchment areas of Sydney Water have a combined and cumulative effect which has eroded the impact and the ability of the catchment to act as a filter for water which will enter the stored water. Just as an aside and in finishing my address, in preparing for my presentation today I noted that the first catchment regulation was proclaimed in 1803. One of the penalties contained within that regulation was that, if someone was found on conviction to have put filth into the tank stream, they were liable to have their house knocked down and be fined £5. Today, the regulation under which the authority operates has a maximum penalty for an individual of \$550.

CHAIR—They used to hang them in those days, too.

Mr Elliott—On the remaking of the regulations, I do not think we will go that far. But my point is in relation to community values and the value that the community puts on that resource.

CHAIR—Thank you. My understanding is that your charter is from the dam wall into the catchment. Am I correct in that assumption?

Mr Joy—If I can come at that in the reverse order, it is from the top of the watershed—the hydrologic catchment boundary—down to various points in the engineering works where

the water goes into either one of the privately owned or one of the Sydney Water Corporation owned water filtration plants. The engineers, I am assured, have a flange or some other such device preordained as being the point. We also have responsibility for what we call the major delivery systems below the dams—that is, those two very large pipes that run down from the Warragamba Catchment and the open canal that runs from near Appin and meanders through just to the west of us here and goes into the Prospect Reservoir.

CHAIR—I think you said that Sydney Water would have a licence to take water from the authority's dams, or am I wrong in that?

Mr Elliott—The situation is that the authority is a supplier of bulk water to Sydney Water Corporation. That relationship is managed through a bulk water supply agreement which deals with such matters as the water quality that the authority is required to deliver to Sydney Water.

CHAIR—What about your relationships with national parks, which have quite a large bearing on your catchments, and with local government areas in the upper reaches of your catchments? I know it is early days for your authority, but what are the relationships there?

Mr Joy—There has been joint management, particularly of the Warragamba special area, by Sydney Water and its antecedents and the NPWS for as long as the National Parks and Wildlife Service has been out there. It has perhaps been a less informal, more informal, arrangement. We do have a mixture of land tenure and land classification, as you rightly identified. As a result of the legislation that brought the Sydney Water Corporation into being on 1 January 1995, there was a requirement for the preparation of joint plans of management for these special areas. That planning proceeded and has been embraced by the Sydney Catchment Authority and the NPWS. Within that plan, there is a formal structure as to how we will jointly manage those lands. So we do not view them as our lands and their lands; we view them as tracts of land with a pot of money and a resource of people to manage them.

CHAIR—I understand that Mr McClellan made a few recommendations in his report. One recommendation, I think, was that certain things be done and another was that an audit be undertaken. Have you started those?

Mr Elliott—The legislation under which the authority operates requires that an audit be undertaken of the catchments within five months of the commencement date of the authority. The authority commenced operations on 2 July this year and the catchment audit is due to be completed by 2 December this year. That process is under way at the moment. The legislation also provides that catchment audits have to be undertaken every two years thereafter.

CHAIR—As you said, you have some responsibilities downstream from the dam walls, but further downstream the Hawkesbury River, for instance, has a Hawkesbury Catchment management group and we have a committee here for the Georges River. What do you see as your relationship with those committees and with the Landcare committees and the Rivercare committees—there is a plethora of committees—which are all trying to do some work towards the environmental benefit of the river?

Mr Joy—The Hawkesbury-Nepean Catchment Management Trust based at Windsor recently went through a process of reviewing and remaking its regulation. Part of that process was to review and define its geographic area of responsibility. In consultation with us and many other groups, including the Department of Land and Water Conservation, the trust has agreed that its geographic area of responsibility will come up to and sit just under our dam or weir walls. The purpose of taking this decision is to avoid exactly what you are describing—that is, the risk of duplication or confusion in the community. As a consequence of that decision—and we have already had preliminary meetings with trust members—it is critical that we develop a healthy interface and working relationship with the trust; otherwise, you finish up with essentially two pieces of catchment. Both the trust and the authority have expressed the view that that should not be, and that we should endeavour to see the Hawkesbury-Nepean Catchment as a single entity.

I believe that responds to part of your question. I think there was a second part concerning the catchment management committees generally. Historically, there have been several catchment management committees within ‘the area of catchment above the dams’, as we colloquially describe it. I have been the founding member of several of those committees: for the Cox’s River and the Wollondilly River, as well as the Upper Nepean. At this stage, we are watching the future of those catchment management committees with some interest.

Having been involved in catchment management on behalf of the Sydney Water Board and then the Sydney Water Corporation and now the SCA, I have always endeavoured to have the best level of representation on those committees. I think we have an enviable record for quality, attendance and participation. Until I learn otherwise about the ultimate fate of those committees, I will continue to take that approach. The committees provide both the community and the authority with a very good interface—an opportunity to sit around the table and exchange information—and it is a learning process both ways. So that has been, and at this moment still is, our relationship with those CMCs.

CHAIR—The water downstream does, of course, get affected by these dams. The fact is that you are diverting some 80 per cent of the Nepean out of the valley across into Sydney and this is affecting the river downstream. Your water—some of it anyway—also finishes up in sewage treatment plants, the output of which comes back into the rivers. Where is your conscience in this? Where do you stand on this?

Mr Joy—If I could take that question one step at a time: not being a hydrologist, I am not sure about that 80 per cent figure. If I may, I would put a question mark against whether we do take as much as that. There is no doubt, and we would not blanch or hide from the fact, that when you put a large storage dam across a river it has a major impact—we do extract water and we do have a major influence on the rivers downstream.

One other obligation resting upon the authority—and this has moved across from the Sydney Water Corporation—is to undertake a form of environmental assessment that will ultimately lead to environmental flows or environmental releases. There is an appreciation and a recognition both in the community and in the authority that a small riparian discharge through a dam wall—steady state; year in, year out—is not the answer. At this moment there are some fairly scientifically inclined minds bent around the issue of what constitutes a

natural environment of releases—is it pulsed, how do you pulse it and how do you produce a near to natural riparian discharge? There is an obligation upon us to continue with that. There is a recognition that the environment has a right to some of the water that historically has been considered to be stored for human and industrial consumption.

CHAIR—Do you see some of the Natural Heritage Trust funding, which of course is the federal government program, being spent in your catchment areas? Is there a role for Natural Heritage Trust funds in those catchment areas?

Mr Joy—I will give a preliminary answer and then Kelvin Lambkin may wish to add something. We do see works undertaken under the Natural Heritage Trust funds. In a sense, they appear to be very much community based and often with a relatively small focus. But, undoubtedly, the provision of those funds harvests enormous community energy, and I know that previous speakers have made reference to the multiplier effect or the additional energy/money value that is expended. I would now like to refer to Kelvin. Perhaps he may speak of specific ones.

Mr Lambkin—The Sydney Catchment Authority fully supports the use of NHT funding within the hydrological catchment of the storages of the Warragamba and Shoalhaven dams and the Upper Nepean system for works that will not degrade the water quality but enhance the water quality of those areas and enhance the ecological integrity of those areas. From our point of view, the people who are most involved in this are the catchment management committees. They administer and help the people who are putting their works together—for example, the Landcare groups—and we fully support the work that they do and often advise and provide support as well.

Mrs IRWIN—Mr Elliott, you mentioned a bulk water agreement and water quality. One of the concerns that people in my electorate of Fowler—which Liverpool Council takes in—have raised is: what have been the main changes to water management in the Sydney region following the water quality crisis last year?

Mr Elliott—In relation to that, you would go back to the McClellan inquiry. One of the outcomes of that was the establishment of the authority with those particular responsibilities in relation to water quality and water protection. That organisation has now been established. Through the catchment audit process, we are in the process of having a look, so to speak, to see what is in the cupboard. In relation to that, we will design and implement policies to improve that water quality.

The other issue in relation to the regulatory system is how the catchments are managed. The New South Wales government, through the cabinet office, has established a working group to achieve coordination in relation to regulatory function within the catchments. The outcome of that working group will be a set of regulations which the authority can implement, once again, for the purpose of improving catchment health and water quality. The other regulatory tool which must not be overlooked is in relation to the creation of the environmental planning policy which requires that all development be assessed concerning the impact it has on the ground water and whether that development has a neutral or beneficial effect on the ground water.

Mrs VALE—I have another question, but you just raised something about which I would like to ask a question—that is, the review powers of the authority regarding developments. How has that affected the role of local government in development approval? Exactly how much leverage do you have with your oversight?

Mr Joy—We will both endeavour to answer this, but perhaps to set the stage I will offer a historic perspective. Prior to the formation of the SCA, and certainly prior to the development of SEPP 58, various local councils had included in their local environmental plans—their local planning instruments—a concurrence role for what was the Water Board and Sydney Water; now SCA. There is a long history of our antecedents exercising a concurrence role through local government in that planning process. With the first part of the development of SEPP 58, those various concurrence powers were cancelled. They were multiple, in that they sat in, for arguments sake, Wingecarribee LEP, Wollondilly Shire LEP, Goulburn LEP and Mulwaree Council LEP—all councils above the dams in those catchment areas. The SEPP then created a new singular concurrence role over the entire hydrologic catchment, but staged. So, depending on where you were, the limit or the extent of concurrence was either quite extensive or less extensive.

At the moment, that power rests with the Director-General of the Department of Urban Affairs and Planning, but SEPP 58 is undergoing review and amendment for its ultimate transfer to the Chief Executive of the SCA. So the concurrence role will ultimately be exercised by the SCA, not by the Department of Urban Affairs and Planning. The important thing is that it is not something that has suddenly come in new and has never ever been there before; it is a modification of some of the concurrence powers that were previously conferred upon the Water Board and the Sydney Water Corporation.

Mrs VALE—So you have not actually started to exercise these review powers yet?

Mr Joy—The SCA has not exercised SEPP 58 yet. At this very moment, that role still rests with the Director-General.

Mrs VALE—So it is in the pipeline, so to speak—no pun intended.

Mr Joy—It is certainly the intention for it to come to us. It is a matter of days, if not weeks.

Mrs VALE—The McClellan inquiry recommended on-ground actions to clean up catchments and continued support for community involvement in the catchment protection and management. This is probably a two-part question. One, have any on-ground actions begun? Two, what role do you see you have in supporting the community?

Mr Joy—First and foremost, yes, we have moved into what I would describe as on-ground action. One of the first things I had to do as the manager was to bring people back on board to develop a knowledge network and a rapport with people in the broader community. One important thing to note is that, within those special areas, the SCA and its antecedents have had strong regulatory powers as to what people can and cannot do, particularly on those forested areas.

In the outer catchments, it has always been a negotiating role. It is a question of going out and making people aware, of introducing into their consciousness the fact that they are operating in a water supply catchment. Then we negotiate—I will not quite resort to pleading, but sometimes it gets to that level—to ensure that they understand that their actions can have an adverse effect downstream and negotiate improved management practice or best management practice in their activities in those outer catchment areas where we have not had a traditional regulatory base.

Mrs VALE—So you do not have any sort of regulatory authority—you have to really rely on negotiation and seeking cooperation?

Mr Joy—To a large extent that is the case on a range of activities other than development applications that are captured or require a review and concurrence or otherwise under that SEPP 58. If it is existing land use, then at this moment it is a negotiating role for us. There is yet another planning instrument in draft; that is what is called a regional environmental plan. This was also a recommendation that came out of the McClellan inquiry—that a comprehensive regional environmental plan be prepared.

There is a view afoot—and we have yet to see how this will materialise—that the REP should be developed in such a way that it has a degree of retrospectivity about it. At the moment, the SEPP certainly catches anything that is proposed from its day of inception forward. We have to look at in effect the sins of the past: what are the things that are out there now or that are happening now that are causing an adverse impact on water quality? There is a belief that the REP may provide us with a vehicle to do that. That will also be in conjunction with the catchment audit, as Ken Elliott mentioned earlier. Again, that audit should provide us with, to use Ken's term, an idea of 'what's in the cupboard': what are the problems out there? That will allow us to develop remediation programs and strategies.

Mrs VALE—Would that 'developing remediation programs and strategies' also be part of any sort of support for community groups?

Mr Lambkin—At the moment, the support for community groups in the outer catchment is by representation on the CMCs and various environmental groups in the outer catchments. Also, Sydney Catchment Authority has initiated a funding mechanism for works on the ground within the outer catchments. I think it is approximately \$8,000 a go. That sort of funding will be ongoing within the outer catchment.

Mr Joy—Historically since 1960, there has been a scheme known as the Catchment Protection Scheme which, at its inception, was negotiated between what was then the Metropolitan Water, Sewerage and Drainage Board—so we are going well back in history—and the then Soil Conservation Service of New South Wales. That was a joint scheme where, for each dollar that the MWS&DB contributed, the Soil Conservation Service contributed 50c in cash and 50c in kind. Their in-kind contribution incorporated that fact that they had decentralised offices, professional staff located there and plant and equipment to do remediation work, particularly of the soil conservation nature—gully filling, contour banking, improved pasture, et cetera.

CHAIR—A very good department it was, too—the Soil Conservation Service.

Mr Joy—I speak of my heritage too, I must confess. That program has been through various iterations. It has been looked at, tweaked, tugged, modified and reviewed. It is still in existence, which I think is most important. In fact, I negotiated the sign-off of that to continue it for a least a year into the life of the SCA. Pending the outcome of the catchment audit, we will look again and see whether we have got it focused in the right direction and adequately resourced. I suspect that the audit will give me a lot of guidance in how much money should be put that way and where it should be spent. To give you a dollar figure, currently the Sydney Catchment Authority is putting \$620,000 cash per annum into that program. As I say, that is met on a 50/50 dollar and in-kind combination from what is now the Department of Land and Water Conservation.

Mr BILLSON—Your core business is a harvesting of water function and bulk supply to the retail businesses. As I understand it, you have inherited along with that function some debt from Sydney Water and you have got a dividend to pay. You have no other customers?

Mr Joy—There is no doubt that our major customer, with emphasis on ‘major’, is Sydney Water. However, we do sell bulk water to other organisations, notably Wingecarribee Council for the Moss Vale-Mittagong-Bowral area and Shoalhaven for parts of Kangaroo Valley. We also sell water to National Parks and Wildlife Service for the Fitzroy Falls area, which is to the south of Robertson. We have a range of very small customers where they are what we call direct supply. Within the area from approximately here back towards Appin there are various adjoining property owners who have the right to pump from our canal to take a supply. This is bulk water or untreated water. Certainly we have one big customer, but we do have a range of other customers.

Mr BILLSON—Your statute does not flag downstream river systems as a customer?

Mr Joy—Rather than use the word ‘customer’, it certainly recognises downstream as a stakeholder, and I refer back to my earlier comments about the obligation to look at developing an environmental flow release program.

Mr BILLSON—So, if your organisation was able to increase its harvesting performance and you had increased water available to you, are environmental flows the first customer, or are you able to make use of that additional harvesting outcome in any way you see fit?

Mr Joy—I may need clarification from you about additional harvesting. We have not in any way, shape or form altered the size or the nature of how our dams work. I do not mean to be trite, but we have not altered the catchment. So, whatever Sydney Water previously harvested and stored, that is what we have inherited. I may need clarification on your question, please.

Mr BILLSON—You would know that how you manage the catchment can affect its harvesting coefficient. You would know that therefore different land management practices can produce a different volume of water. That is a variable that is within your control. I am just trying to work out who the beneficiaries are of different management choices that your organisation might make.

Mr Joy—Paradoxically, I think the management choices we would make would probably lead to a reduced yield. At the risk of offending anyone with an engineering bent, engineers sometimes blithely say they would happily concrete over the whole of the catchment and get 100 per cent run-off. Our attempts are to better manage those catchments in terms of maintaining a vegetative cover and avoiding overdevelopment of hard surfaces that are going to cause that increased run-off. If anything, I think our direction is more likely to reduce our yield by reducing the coefficient of run-off.

Mr BILLSON—That is my sense of it as well, with quality as an objective. Therefore, which of your customers will miss out on some water?

Mr Joy—At the risk of entry into the specialty of hydrology—I must put on the record straight away that I am not a hydrologist—the figure quoted earlier of something like an 80 per cent harvest from the Hawkesbury-Nepean system I do not believe is correct. I think our percentage harvest is much lower than that. Therefore, looking at the hydrologic calculations, I do not believe we are likely to run into an issue of not being able to harvest sufficient, even with these improved land management processes.

Mr BILLSON—So in your legislation there is no effort to distinguish a relative priority between your harvesting cum bulk water supply task to the retail businesses and other users, and the river health and natural conditions downstream, which we have been advised is not what it could be because you guys already take too much water out of it. My perception is that that is going to get worse because the demands on you are going to get more, and as you are constituted you have only really got one customer and it is amazing how you take notice of your one customer. I am trying get a sense of how you plan to juggle what to me seems like an unavoidable conflict that is going to get worse as each year goes by.

Mr Joy—There is no doubt that if per capita demand were to be left unchecked then, with the natural growth of Sydney or, if you like, Sydney Water's customer base, increasingly the demand would go up and the draw-off out of that system would increase. Currently the people who are expert in these fields are suggesting that it is at least 30 years out before Sydney will require some form of augmentation of its water supply. That is based on a prediction of current growth rate. That may not be a steady state. It takes into account a degree of success by Sydney Water in managing demand.

Mr BILLSON—The next question is who carries that demand management task. In Victoria, for instance, in the disaggregated Melbourne water, the retail businesses had demand management obligations factored into their operating licences because the more the bulk supplier could sell the happier it was in the model. In your arrangement, do you have a demand management objective to work towards?

Mr Joy—There is not a clear requirement upon us for demand management. Nevertheless, we would take an interest in that because the success of demand management will also have a great effect on our debt structure and borrowings for any future augmentation. So the longer we can extend the effective useful life of the existing structures in terms of capacity to supply, clearly the better for our business. Inherent, though not specific, is a wish to see demand management succeed.

Mr BILLSON—You also have the task of managing the infrastructure, so there is a renewal obligation on your budget to look after the dam infrastructure and the delivery systems. Does that extend to the post dam wall delivery systems, being the rivers, that are left to flow through? Are you in a position to make some of your funds available to assist with that task? For instance, if your stakeholders downstream talk about some extractive industries that are damaging the quality of the water that they have, in your charter are you able to send cash down to help out that exercise the other side of the dam wall?

Mr Joy—I do not believe there is anywhere where there would be an explicit statement or direction with regard to a financial contribution. I do believe that what is sitting there and is fairly clear is in fact the release of appropriate quality water.

Mr BILLSON—But that is it.

Mr Joy—Yes.

Mr BILLSON—What about further upstream, if you have got an intensive piggery or a chicken shed or something like that, or you have got a small community on septic tanks when they are obviously not functioning and you are having surface release which is getting into your water harvesting catchment. Are you able to directly contribute to rectification works in that regard, or are you left to persuade other authorities like the EPA, to say, ‘Jump on those guys. Their septic tank systems are not functioning. Beat them up.’ How does that work?

Mr Joy—In setting out to answer that, if I were to describe perhaps the rural lands and rural activities generally in the broadacre soil erosion sense then, yes, I clearly have that opportunity by way of the previously mentioned Catchment Protection Scheme to encourage the remediation—or, more particularly, the adoption—of better or improved management practises in broadscale agriculture. That can include things like selectively fencing out riparian zones and the provision of alternative watering points.

Mr BILLSON—So you can be a financial partner in those.

Mr Joy—There can be a financial contribution towards those. There is an expectation also, clearly, that the benefiting landowner would be a financial stakeholder. We do not wish to own all of these things dotted around on private lands. If you come more towards an intensive form of agriculture or any other activity more of an industrial nature, whether it be mining or any other activity, then our expectation would be that the people operating that enterprise would meet whatever regulatory requirements were placed upon them, particularly by the Environmental Protection Authority or any other agency. I do not see that we would be seeking to financially contribute to people meeting what is essentially a regulatory requirement under a licence or similar arrangement.

Mr BILLSON—I have two quick final questions. I am not sure who it was—whether it was Kelvin or Ken; it might even have been you, David—who, rightly, said before in terms of environmental flows that the natural environment of perpetual dribble releases might not be the way to go, that there are pulse events and those sorts of things where you weigh up ecological integrity against water quality and volume. Are you planning that same sort of

approach in the catchment itself? For instance, fire is a natural event in those areas and goes to the ecological integrity, but it would be mighty unhelpful for your core business function. How do you manage that choice?

Mr Joy—First and foremost, in terms of fire and perhaps plant and animal pests—feral animals and weeds—if you are talking about the outer catchment, we do not have a regulatory framework out there that would allow us to operate to the level of detail in planning an activity that you were describing. If you come back to those lands that are either in our ownership or NPWS ownership and joint management then—if I can deal with fire firstly—we have in our employ a fire ecologist, as does NPWS, and what we have gone through is a fire risk assessment and then a fire risk management process. Having had the stewardship of those ‘closed catchments’, as we call them, for so many years, one of our great concerns is to make sure that the way we are managing them with regard to managing fire and plant and animal pests is not actually degrading them in the long term. If you look at the history of firefighting, and bushfire fighting particularly, and the response to that across probably all of Australia, perhaps in earlier times—and I stress this is an observation, rather than an inferred criticism—there may well have been tendencies to burn too much bush too often in the name of protecting life and property or the bush itself.

We have recently undertaken some work in the Woronora catchment, just south of Sutherland, past Waterfall. We have actually now established, as a result of scientific review, that the management of fire that we have undertaken in the last 30 to 40 years in that catchment has resulted in generally a neutral effect on the ecological integrity of that bushland. If you had asked me that question five years ago, I could not have given you that advice. But it is interesting that I had always had reservations as to whether we were overdoing it with fuel management burns. But, having reviewed it with the best science available today—bear in mind that it is an emerging science; I will refrain from calling it a ‘black art’; that might be poor humour—I believe that with our approach to fire management in developing a mosaic of burns, rather than burning large blocks and burning them frequently, we have been able to move into a better form of management for the long-term sustainability of those areas.

Mr JENKINS—I just want to follow up on your legal obligation for releases downstream. I am a bit unclear about the processes to decide the quantum, and I am also interested in the question of the dribble versus the pulse event, about how you are going to go about making a decision and what relationship you would have in that decision making process with, say, any relevant CMC.

Mr Joy—Perhaps I might try to answer that in reverse order. By describing it as a ‘pulse event’, I guess the best we are trying to do is mimic nature. That is, particularly in Australia with the extreme variability of our rainfall, our streams do not generally flow at a steady rate; they have freshets and floods, and they also experience drought, where in fact they just cease to flow, which is a point often overlooked by the larger community. In allocating any amount of water, whatever that amount of water may be—and I could not in any way quote you a percentage or a figure there—to the downstream environment, we would seek to release that over an annual period in such a pattern that it in some way mimicked what might happen in a natural situation without the dam being in place. That is our ultimate objective. Could you refresh the second part of your question?

Mr JENKINS—In coming to those decisions, who are you responsible to? If there is a lot of people doing a lot of work in the downstream environment, obviously you would be consulting with them.

Mr Joy—Yes.

Mr JENKINS—But I take it that you have some legal obligation to do something, so at the end of the day it is the authority's decision.

Mr Joy—My expectation—and I believe I am correct here—is that the final agreement, certainly at state government level, would be through the Department of Land and Water Conservation, as the responsible government department for the state's water resource. But you are quite right in terms of the broader consultation. Any planning, any discussion phase, any developmental phase would certainly not be just the SCA and the Department of Land and Water Conservation in isolation from others. My expectation would be—and I do not have the direct responsibility for this, so I guess I am speaking for another party—is that there would be extensive community consultation in the process of coming up with a regime.

CHAIR—We are going to have to cut it off there, unfortunately. We are out of time. We want to have a look at a video. Thank you very much. It is been very informative. If we need more information, we will come back to you.

Mr Joy—Thank you.

[3.16 p.m.]

HALE, Mr David, Senior Policy Officer Water, Local Government and Shires Associations of New South Wales

KIDNIE, Mr Murray, Secretary, Local Government and Shires Associations of New South Wales

VARDON, Mr Chris, President, Shires Association of New South Wales

CHAIR—Welcome. We have received your submission. Would you like to make an opening statement before we ask questions?

Mr Vardon—Thank you, I would, if that is acceptable to you. The main points that are made in this submission are these. Local government supports catchment management initiatives for managing water as a scarce resource. Local government should be represented on all catchment management policy and implementation bodies. Local government supports the setting of realistic water quality and river flow objectives. Local government supports water recycling and demand management. Local government supports transparent cost and reflective water pricing as a basis for establishing subsidy payments and community service obligations.

Local government supports land and water management on a water catchment basis. Local government supports work to reduce phosphorus in waterways and the use of riparian buffer zones to reduce pollution entering waterways. Local government should have legislative power to control land use practices causing stormwater pollution. Local government should have a lead role in all aspects of natural resource management, including total catchment management and native vegetation management.

I would like to make a further comment in respect of that. Many people in local government, particularly in rural New South Wales, which is what I represent as the president of the shires association, believe that local government should have elected accountability for natural resource management, including total catchment management. There is a great suspicion amongst rural people of catchment management committees being made up of bureaucrats and the bureaucracy without elected responsibility to the local community that they seek to serve.

In our submission, we also attached a paper put out by Professor Sproats and his colleague Andrew Kelly entitled ‘The role of local government and natural resource management’. The Sproats-Kelly paper argues for an enhanced role for local government in natural resource management on the grounds that it would reduce the cost of administration and that it would reduce the complexity of regulation through the creation of a single agency dealing with natural resource and environmental management at the local and regional levels. There is a heck of a lot of confusion within rural communities about the complexity of these regulations and about the complexity of committees that seem to be forming over vegetation and catchment et cetera. The Sproats-Kelly paper also argues that it would, by giving local government the role, provide a democratically elected form of community input into these processes.

Local government exists throughout New South Wales as the statutory land use manager. Its existing structures, locations and jurisdictions will allow for economies that would be lost through the establishment of parallel structures to implement natural resource management. Parallel structures would duplicate the structure of local government throughout New South Wales. Many of us believe that it would add yet a fourth tier of government. Indeed, it would duplicate administration costs.

The duplication of the existing land use management structure with a separate natural resource management structure would create two separate management systems throughout the state. This will complicate the seeking of approvals by proponents of development and activity and add cost and time to the approval processes. Integrating natural resource management with existing land use management arrangements will simplify regulation and certainly be simpler to understand and interact with.

Local democratic accountability is the fundamental foundation of community support for the role of local government as the land use manager. Failure to provide for local accountability in a natural resource management framework will divorce decision making from the local community and jeopardise, in my opinion, the achievement of community endorsement, and support for, natural resource management outcomes. The creation of regional structures charged with natural resource management would require the creation of a fourth tier of government if such structures are to have any democratic accountability. That is my opening statement.

CHAIR—Mr Kidnie, do you have anything to say?

Mr Kidnie—We would be happy to take questions.

CHAIR—Mr Vardon, you have certainly raised some issues. First of all, we cannot get involved in the planning issues because they are a state area. You really are the child of the state government. You raise some interesting points, because they get to the facts. We are looking at a best model. We are very interested in the management of catchments. We are looking at the federal government involvement with funds at present and how those funds are being spent, including whether they are being spent efficiently. We are also looking at whether the process is efficient and whether there is duplication among local, state and federal areas and those type of issues. You have certainly raised some points. I note the representation side of it. We were told this morning, for instance, that the catchment area of the Georges River was taken as a local government area. You have a huge area and a very big population base. How could you get on together with the rest of all those councils?

Mr Vardon—That is an interesting point. I come from the Eurobodalla council, which is on the south coast of New South Wales near Batemans Bay, Moruya and Narooma et cetera. I have for a number of years been the chairman of the shires association division known as H Division. That encompasses about 14 councils in the south-east of New South Wales virtually surrounding the ACT. As a group of councils together with the ACT government, we instituted a couple of years ago a regional state of the environment report. As 14 councils, we put in together with the ACT government and did one regional environmental report.

It seems to me that that is a very good model on which we could cooperate. There would be no reason why councils throughout New South Wales, be they metropolitan, urban or rural, could not adopt a regional approach on these matters. It seems to me imperative that it be handled in that way. A very good model was set up by my division of the shires association. It could point the way as to how that could happen.

CHAIR—You certainly went through some powers that you believe local government should have in the areas of planning et cetera and natural resource management. Don't you think that some of the things you are suggesting would frighten the daylight out of the average land-holder? Do you support the hammer and not the carrot?

Mr Vardon—No, not necessarily. People in rural New South Wales are looking for elected accountability—for some way in which regional plans could be put into place and regional committees made up of elected people from individual councils could be held responsible for these matters—after all, water catchment does not always fall naturally within the boundaries of a local government area. People are looking for a commonality of plan, a commonality of purpose and some elected responsibility for the rules and regulations that are put in place. The perception that bureaucrats from Sydney or wherever are running the game without any knowledge of the local conditions and the way in which the local community operates is one which, in my opinion, has been damaging to catchment management.

CHAIR—The way total catchment management has been set up is not to have powers; it is to get out there and try to change attitudes, to try to do things as cheaply and as innovatively as you can to try to encourage or enhance the management of natural areas. Don't you think that is the best and cheapest approach?

Mr Vardon—The cheapest and best approach is the very one that I have indicated to you.

Mr Kidnie—We might be slightly at cross purposes here. We are talking about it to the extent that you need to have a regulatory framework to implement some of these decisions.

CHAIR—You have the planning act.

Mr Kidnie—Yes, but there are additional initiatives of state government in New South Wales, like the native vegetation management legislation, the threatened species conservation legislation and legislation of that nature, where the tendency has been to set up additional structures running in parallel with local government. There is an argument that planning powers of councils really deal with urban issues, that the Environmental Planning and Assessment Act run under the Department of Urban Affairs and Planning is an urban planning framework and that there needs to be some sort of parallel legislation to deal with rural land management. There is some suggestion that this will go down a path different from that involving local government. That is really what we are responding to. If there is going to be regulation of that type, local government should be doing it. It should be one integrated system rather than two systems in parallel.

CHAIR—We were out in central western New South Wales yesterday, and we were told that, even with all the good will in the world, if you have not got any money in your pocket, regulations will not achieve anything.

Mr Kidnie—At the time the native vegetation management initiative legislation was introduced, we argued that there was a number of councils that already had vegetation management as an element of their local environmental plan. We argued that, where appropriate and if the provisions of the councils' LEP satisfied the requirements of the state legislation, the council could be the approving authority. That was rejected by the state so that there was a parallel mechanism.

CHAIR—They are really state issues; I should get back to the terms of reference, I suppose. Are you seeing results from the Natural Heritage Trust funding in your council areas? Are you achieving something? Is the process too complicated? Could it be improved? What are your opinions in those areas?

Mr Kidnie—There has been very little attempt to involve local government in processing applications for approval. Our view would be that some of the money would be well spent supporting the sorts of initiatives that Councillor Vardon indicated by putting money into regional environmental management initiatives by groups of councils.

We have made a suggestion to the state government in relation to catchment management. They are really not identifying a role for local government. It is some of the questions you raised about scale. How can a whole lot of councils cooperate in a catchment management model? What sort of structures should there be? I think we are fairly confident that the model that Councillor Vardon outlined in the south-east is a worthwhile one that could be adapted for a whole range of natural resource management issues. Some funding from NHT would be usefully directed into setting up processes to support pilot models that could then be replicated around the state.

When you were saying that it would scare the pants off a rural community, the other feature of having a democratically elected body which actually oversees the implementation of any regulation is that they have a balanced approach. They take into account the community social objectives and economic objectives, rather than those that are just environmental. There needs to be a balance in those, too. There is a concern in rural communities that under the current initiatives there is a very narrowly focused group that is looking at water quality objectives or at fairly narrow environmental objectives without necessarily balancing those with the wider considerations in the community.

CHAIR—Some of my councils have become as bad as the state and federal parliaments. They are divided politically. Surely, the committees get away from politics. They do not get involved in this political argument and are working for the good of the community.

Mr BILLSON—It seems like that went through to the keeper.

Mr Kidnie—Knowing your part of the world, I do not think it is appropriate for us to comment.

Mrs IRWIN—Mr Vardon might be able to answer this for me. Can you provide some examples of where local governments are successfully working together with community groups on catchment management issues?

Mr Vardon—I think there are a number of those. Within my own council area, for example, the Eurobodalla council successfully argued some four years ago with the then New South Wales local government minister for the opportunity to put an environment levy into our community, which was widely accepted by the community. We now raise certain funds from each of the rateable properties. All of that money is separately taken into account and separately accounted for to our communities. It goes towards a whole host of environmental projects, including projects on total catchment management, Dunecare, Landcare, Rivercare, Streamwatch, et cetera. A number of those have been successful. My council certainly would not be the only one, but it certainly has a very proud record where it could quite easily demonstrate to your committee exactly what it has been doing.

Mrs IRWIN—How many councils would have this environment levy?

Mr Vardon—Very few and, in fact, only in the last six weeks or so have I actually argued as a member of the New South Wales Coastal Council, chaired by Professor Bruce Thom, that this is something that we should take up with the state government and that all councils should be able to do it. The present Minister for Local Government has in fact indicated that he is willing to look at that and has set up a small working party, which includes me and Mr Kidnie, to look at that particular matter. I believe it will become a feature of local government in New South Wales in the near future.

Mr BILLSON—A number of us come to this committee with a background in local government and, I would suggest, are supporters of the industry. But one thing that constantly troubles me is the gap between the potential for local government to play a constructive role in issues like natural systems management and the actual performance on the ground. In the model you outlined earlier there is little impediment to that being implemented, and it has in fact been implemented in some areas. Why is it that the challenge has not been taken up? Is it that natural systems management issues are not top of the political agenda at a municipal level, or are there more pressing things that focus the minds of elected councillors?

Mr Vardon—There are several answers to that. First of all, there have probably been many issues that get in the minds of local councillors. The second thing is that I believe that there has been, within some levels of government anyway, the thought that local government ought not to be included in these areas. I would also say, quite frankly, that local government in the past has been very slow to understand its responsibilities as far as the environment is concerned. I believe that that is rapidly changing. I believe that in fact local government is beginning to realise that it does not have simply responsibility for roads, rates and rubbish; that in fact there are a whole multitude of community projects that they should be involved in, and that, obviously, protecting the environment and the water quality is a very big issue in which it should be involved. To local government's shame, it has not in recent history been involved, but I believe that now they wish to be involved. They understand their responsibilities and, given the opportunity and the resources, could in fact do the job better than the other levels of government could do it.

Mr BILLSON—We were in Gunnedah hearing about the pressures that some smaller regional communities are facing, such as population loss, uncertainty about the future and loss of services. It struck me that natural systems health went to the heart of the vitality of those communities. If you do not have your natural systems in some shape, the productive capacity of those areas falls away and there is no reason for those communities to be there. Yet we were hearing that that was a hard message to put to the communities. I am wondering whether your associations could be an umbrella agency to sell that connection more directly and help promote that idea in local areas, so that we would get more councils and more communities behind a cooperative effort in natural systems management.

Mr Vardon—The short answer is, yes. That, indeed, was exactly what Sproats and Kelly were talking about. My belief is that the Shires Association of New South Wales believes that rural councils are often the economic and social hub of their community and that we in fact have a much wider responsibility to our communities than was previously thought. Indeed, this is another way in which we could ensure the viabilities of our communities.

Mr BILLSON—Is that being followed through, in the sense of having the restructure question flavoured by that understanding you just spoke of?

Mr Vardon—There is an element of that and, like all tiers of government, it takes a bit of time for things to work around. To turn certain ships takes a long time, as you know. I believe that that is rapidly happening and that the next five to eight years will see that local government takes on more and more of a role. It would seem to me that what is being suggested at the moment, by the way in which natural resources is being talked of and talked of being managed, introduces yet another tier of government to our community. I think our communities would be horrified at that. Why would you want to do it when, in fact, local government has the ability and the will to actually take on this resource management?

Mr BILLSON—I have one last question on the same theme. Are you saying that local government collectively has the will and the resources?

CHAIR—He did not mention resources. I was taking particular notice.

Mr Vardon—I was very careful not to mention resources. We have the ability. We have the will. The resources need to be passed on to us. It is an argument that local government continually has, being a creature of the state government. We continually have that. We are constantly being asked to do things without being given the resources. Here is an opportunity where we are well placed to undertake these systems of natural resource management. We are willing to do it; give us the resources and we will prove that we can.

Mr Hale—Improved natural research management in New South Wales will be funded; it is a question of where those funds are going to go and be best spent.

Mr BILLSON—And how they are raised, as I understand it.

Mr Hale—The paper that Councillor Vardon refers to makes arguments about savings just through administration alone through local government.

Mrs VALE—Mr Billson's initial question was about local government initially taking responsibility for rivers and catchment areas or natural systems. Do you think the fact that council boundaries have not exactly corresponded with catchment boundaries and there has always been a thought that there are other councils responsible for the health of their natural systems has in some way impeded the ability of councils to accept responsibility?

Mr Vardon—If you will accept that the same thing happens probably with state boundaries as well, I accept that as an argument. Indeed, I have recently put to the New South Wales minister, given that there are talks of a number of amalgamations of councils within New South Wales, that in fact the boundary commissioners should be talking with people like Professor Thom, who is the chairman of the coastal council, and me with regard to looking at boundaries. The minister has indicated that he wants amalgamations to go ahead and he does not want a boundaries issue to get into it, but one of the things we would like the boundaries commissioners to look at is the very question of where catchments, river systems, estuaries, lakes, lagoons et cetera can often be in the middle of two or maybe even three council areas and maybe there ought to be a wholesale examination of that. But I think that the problem that you mention is one that is very much in evidence at state level as well.

Mrs VALE—I thought it was particularly interesting that you actually had a look at a regional area in Canberra and the surrounding councils. Do you have any suggestions on how councils could be actively encouraged to work together like that?

Mr Vardon—I think the obvious answer to that is to see some funds go towards helping to assist with it. That is number one. Secondly, I believe that as more and more councils become aware of what we have achieved in the H Division area, those councils surrounding the ACT in the south-east, more and more will be encouraged to take that on. It does not take away the sovereignty, if you like, of their particular council area but it is certainly making a more manageable and a more forthright statement about the whole of the environment within that region. Of course, in my own council area, for example, there are four other council areas in which our water catchment falls, so it would seem perfectly normal that you would meet together to try and form a regional plan.

Mrs VALE—I suppose historically when council boundaries were first developed or defined it was natural to actually use a river as one of the boundaries instead of looking at the fact that this particular river is only evidence of exactly what is happening further upstream or in the surrounding areas, in the surrounding watershed area of the particular river.

Mr Vardon—I do not think that 30 years ago many of us were giving a damn about water catchment issues or any of those matters. Most of the community have only caught up with these issues in the last few years.

Mrs VALE—It is a matter of having the flexibility to keep readjusting and redefining.

Mr Vardon—Quite so.

Mr Hale—In some cases adopting a catchment approach to boundaries has disbenefits in relation to social or economic structures. We are concerned that the regional environmental

planning process in New South Wales already allows for a planning process that takes account of the fact that there may be more than one council in a particular catchment and provides for more than one council implementing the same regional environmental plan for their part of the catchment. If that provision under the state planning legislation were properly used, regional environmental planning would be a way of overcoming the mismatch between council boundaries and catchment boundaries.

Mrs VALE—So the regulatory framework is already there, it just has not been used.

Mr Hale—It is already there. The only catchment based regional environmental plan that I am aware of is the Hawkesbury-Nepean one. You may have heard from the Sydney Catchment Authority about their regional environmental planning process, which will be similar. But certainly in the case of the Georges River there is an opportunity.

CHAIR—The Georges River had one too, they told us this morning.

Mr JENKINS—The REP process is a model that still gives local government a cut of the action and at an appropriate level. I am intrigued by the impression that I have got from you that you have notched up the sort of threat that you feel from what has been happening, say, under total catchment management. I get the sense that there were processes available that still meant that local government was, in a way, master of its own destiny to a certain extent.

Mr Kidnie—I think part of our concern stems from a recent review of the catchment management process in New South Wales. The report failed to mention local government. If they are looking at future directions, they are looking at models that do not involve local government.

CHAIR—Is the report available, is it?

Mr Kidnie—As I understand it, no.

Mr Hale—We have certainly reviewed a draft.

CHAIR—I would like to see it.

Mr Kidnie—We will follow it up. We will see where it stands, but we have made representations to government to express our concerns that there needs to be greater recognition of the role of local government.

Mr JENKINS—I accept that the geopolitical boundaries that represent local government boundaries have all sorts of historical reasons, but some of them might now transpire as social and economic reasons. This inquiry is about looking at a certain type of natural resource planning. In particular, we have looked at catchment management, which has fairly defined boundaries by people working out what happens hydrology wise. The Sproats-Kelly paper talks about biodiversity regions. I get the impression that they might be something different to actual catchments. Can anybody expand on that?

Mr Kidnie—One of the things that we had looked at and we have discussed with the Department of Land and Water Conservation is the proliferation of committees. Our feeling was that you would be better dealing with bioregions that might take into account things other than just catchment and that you would really want to have a manageable number so that we do not overburden the participatory processes and the numbers of people who are involved. That was the sort of model that they were developing. There might be one for the Hunter. There might be one for the south-east of the state rather than each river having a catchment system. You would do several together along the coast and west of the range rather than having most of western New South Wales dealing with the Murray-Darling Basin. You would probably divide that into several areas as well. It looked at a number of considerations, not just catchments. That was certainly their intention.

Mr JENKINS—Over the last couple of days, the catchment committees that we have spoken to have seen that they do have a role in matters to do with biodiversity as well. Again, I am not sure that there is necessarily a conflict because we take as the boundary the catchment.

Mr Kidnie—Yes, we are not seeing that there is a conflict between the two, but we were concerned that there does need to be some aggregation of local government areas with councils working together. Using the sort of model that Mr Vardon has outlined, you would probably have 10 or 12 in New South Wales.

CHAIR—So you believe you could coordinate the disparate community groups out there at the present time, like Bushcare, Landcare, Rivercare and Dunecare? Could you coordinate all of those to get that community input?

Mr Kidnie—That is probably more ambitious than what we had in mind but, in terms of the REP-LEP process to integrate them at that sort of level, we would always envisage that there would be a partnership between state, federal and local government and that there would be some broad objectives identified, both at a federal and state level. The REP process, if that is the mechanism or vehicle that is going to be used—which is essentially what Kelly and Sproats were arguing—would have to respond to the objectives that are identified at a state level. Then there would be an implementation of that with LEPS at a council level, but they would be integrated regionally. Then the work of all of those Bushcare, Landcare and Rivercare committees would slot into a broader regulatory framework. It would not just be sporadic; there would be some initiatives where there would be not only a planning regulatory process but some active involvement by community groups in trying to realise the outcomes of those plans that are in a non-statutory sort of way, which I think is the point you were making before when you said you needed some resourcing. There does need to be an overall framework to it.

Mr BILLSON—Would you see the monitoring of performance as something that would rest with local government cooperating amongst itself, or would the states need to resource and support plan preparation, consultation and monitoring over time as part of its core business?

Mr Kidnie—The model that we have in mind is that sort of regional model. Essentially, in New South Wales now, under the 1993 Local Government Act, each council is required to

prepare a state of the environment report. What it actually has to do in terms of environmental management is less clear. What Mr Vardon was saying is that this is the way that the councils in the south-east have responded to that statutory obligation to prepare a state of the environment report. It is a much smarter thing to do on a regional basis in terms of resources and the fact that all of these things are integrated.

In the end, where you draw the boundaries is essentially going to be arbitrary, but by aggregating that level of council you get a better outcome and a higher level of expertise. Through the Australian Local Government Association, we have made various submissions to government that there should be some resourcing of those sorts of regional groups in terms of biodiversity and so on. The level of resourcing would need to be only quite modest. You would be talking about two or three staff and perhaps some money to undertake some initial consultancies for each one of those regions. We have proposed to both the Commonwealth and the state that we have a series of pilots to get that model up and running. As well as doing the reporting, you would want to do some active planning and introduce some management initiatives on the ground and, as we said, try to integrate some of those volunteer efforts.

Mr BILLSON—If you went down that path, and you had that comprehensive local coordinated effort, where does that leave the states? What value do they add to the exercise? Do you have a view on whether you are likely to see the cash that is purportedly going to those tasks now heading your way?

Mr Kidnie—We would be quite happy to enter into direct negotiations with the federal government.

CHAIR—We cannot do that—

Mr Kidnie—Well, you have on other initiatives. We see an active role for the state government to play in New South Wales in policy development, but we would be presenting ourselves as the logical vehicle for implementation of that policy at a local and regional level.

Mr BILLSON—Would you structure finance on the basis of performance?

Mr Kidnie—We have yet to work our way through the resource in question. As Mr Vardon identified, one option is to introduce environmental levies which recognise that there is a general benefit to that community for their ratepayers to contribute to that, which I think is partly true. If the state government had legitimate policy objectives in this area, our argument would be that they should be contributing, as does the Commonwealth. I do not think we have got to the exact make-up of that financial mechanism yet, but we are quite happy to recognise that we need to make a contribution. To the extent that it is a regulatory process, when people were putting in applications, there would be an application fee. The difficulty with that is that the principal amount of work, where the resources are consumed, is in developing the plan, not in assessing the application. On an application fee basis, you cannot really penalise a potential developer. You should not put the onus on them to cover the costs of developing a whole planning infrastructure.

Mr BILLSON—That was the question, the theory being in Victoria that catchment land protection, planning, strategy and monitoring tasks were state funded and, therefore, some of the implementation side of it was drawing from those other beneficiaries you speak of. That was the broad model—and whether that worked or not, there are a whole lot of views on that. We heard of a council yesterday with 1,400 people in it that is struggling to rub some money together. If resources were made available by boosting FAG money, what is the probability of that ever seeing its way into natural systems management?

Mr Kidnie—Is that the local government financial assistance grants?

Mr BILLSON—Yes.

Mr Kidnie—I would have thought that was a fairly indirect method of promoting these sorts of objectives.

Mr BILLSON—So you would support a more direct, tied focused—

Mr Kidnie—What we have been arguing for in the first instance is to financially support a series of pilots both in New South Wales and elsewhere in Australia to work through some of the processes. Having identified the best way of running it to then try to promote that on a more universal application across the rest of the country. We do not at this stage have the one best solution. I think it would be better funded, at least initially, through some specific purpose grants rather than through the general purpose grants mechanism.

Mr BILLSON—So you would probably share my suspicion that if it was not tied like that that many councils would find something else to do with that extra money?

Mr Kidnie—As an organisation that represents councils, I am sure whatever additional funds they got they would allocate most appropriately to suit the needs of their community.

Mr BILLSON—And spend very wisely!

CHAIR—Yes, I can see you are opening up a real constitutional debate here. As there are no other questions, I thank you for appearing today.

Resolved (on motion by **Mrs Vale**):

That, pursuant to the power conferred by section A of standing order 346, this committee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned at 3.59 p.m.