

**SUBCOMMITTEE OF THE STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

INQUIRY INTO PUBLIC SECTOR EXPENDITURE

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 1 APRIL 2009**

SESSION THREE

Members

**Hon Sue Ellery (Chair)
Hon Brian Ellis
Hon Jon Ford**

Hon Ken Travers (Participating Member)

Hearing commenced at 11.00 am**MCNAMARA, MR KEIRAN****Director General, Department of Environment and Conservation, sworn and examined:****BYRNE, DR JOHN****Chief Finance Officer, Department of Environment and Conservation, sworn and examined:**

The CHAIR: On behalf of the committee I welcome you to the meeting. Before we begin I must ask you to take either the oath or affirmation.

[Witnesses took the oath or affirmation.]

The CHAIR: You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

The Witnesses: Yes.

The CHAIR: These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record and please be aware of the microphones and try to talk into them. Ensure that you do not cover them with papers or make noise near them. Please try to speak in turn. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised. It should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

I will introduce my colleagues. This is Brian Ellis and this is Jon Ford. We invite you, if you would like, to make an opening statement to us, otherwise we have some questions for you.

Mr McNamara: Thank you, Chair. I will make a very brief opening statement. Dr John Byrne is profoundly deaf and therefore has a typing and transcription service to enable him to read and respond to questions. My opening remark will consist only of saying to you that the Department of Environment and Conservation will meet the three per cent efficiency dividend requirement of the government. We are proceeding down that path and will meet it. I will leave it to you to ask questions now.

The CHAIR: Thank you. We understand that the three per cent efficiency dividend for your agency is made up of \$4 million by 30 June this year, then \$7.7 million the following year, \$7.7 million the year after that and \$7.7 million the year after that. Can you confirm that those numbers are correct?

Mr McNamara: I can confirm that they are correct in round figures. The amount rises in 2012-13 to \$8.2 million.

The CHAIR: Thank you. Can you list for us the efficiency savings that you are making operational now in order to meet your 30 June target?

Mr McNamara: I can do that, but I would like to outline some principles that we have adopted in targeting those savings first. We have adopted six fundamental principles to guide the way the department's executive has targeted the savings. Those are to maintain delivery of our statutory

functions; maintain service delivery in regions, as much as possible; maintain our areas of risk management, such as environmental regulation, bushfires and park visitor safety; maintain the delivery of approvals processes; maintain core functions of biodiversity, conservation and land management, as much as possible; and drive efficiency and simplicity in internal processes. They are the guiding principles that we have adopted, and we have identified 15 specific areas of savings to meet the target for the 2008-09 financial year. We have required each of the line areas to seek to achieve those savings realising, of course, that sometimes the transition to a new budget level requires some time and staff adjustments and so on. We will maintain, or use some central capacity, such as the interest that the department earns, to smooth that transition. Nevertheless, we have allocated the full \$3.9 million across the 15 target areas, which I can go through and list.

The CHAIR: Can you tell me again the sixth principle? You responded faster than I can write.

Mr McNamara: To drive efficiency and simplicity in internal processes.

The CHAIR: That sounds very nice. What does it actually mean?

Mr McNamara: I will illustrate it with an example. We make, as a department, extensive submissions to the EPA on a regular basis in terms of assessments of projects. I believe that there are times when people who are preparing those submissions write quite lengthy and voluminous submissions about subjects that can be reduced to the core issues and be written much more briefly and simply. That is just one illustration. We are trying to get people to focus very much on what the core issues and priority issues are rather than perhaps extraneous issues or issues of lesser importance. The submissions to the EPA are one example. They often run to many pages and sometimes many tens of pages, and can be reduced to the core arguments often in many fewer pages than that. That is just one illustration of the type of simplification that we are seeking to achieve.

The CHAIR: Can you help me, because I do not have much experience in the portfolio of your agency? In a submission to the EPA, what sort of information would you determine was extraneous or not core to the information the EPA needed to be able to make a decision based on all the facts?

Mr McNamara: For example, the department provides extensive advice on biodiversity conservation matters to the EPA. That can range across threatened species, vegetation, wetlands, and a whole range of other aspects. It is a matter of drilling into what the critical issues are; that is, what are the threatened species at risk, what are the high-value wetlands that may be at risk under a certain project, and what are the vegetation systems in this state that need special attention rather than the ones that are more common. It is a matter of getting the priorities right and targeting the key critical issues for the EPA rather than every single issue because the EPA is required to focus on projects in their assessments that have a significant impact on the environment. You really have to isolate those matters of significance to a greater degree than has probably been the practice that has grown over the past 10 or 15 years. That is just one example of the type of internal behavioural change that we are seeking to drive to make people focus on the core requirements and the critical requirements, and not the ones that are less important.

The CHAIR: Are you able, again, because of my lack of experience in your portfolio, to give me some examples? You must have reached this conclusion by having observed the content of many such submissions over the years. What sort of thing has been included in there because it might have been deemed useful information but does not meet your criteria now of significant information?

Mr McNamara: Impacts on wetlands, for example, that are not regarded as high-conservation value; impacts on species that are not under any level of threat; impacts on, for example, landscape values, which are important to us when we are dealing with places like national parks and so on and the proposals might affect the lands that we manage. However, when the landscape and visual issues are away from the estate that we manage as a department, there is a greater role for local governments and planning authorities than for us in advising on some of those things. It is a matter

of narrowing the focus where people have perhaps come to a practice over the past 10 years or so of commenting on a broad range of subjects to narrowing it back to what our core functions are and leaving some functions, such as landscape amenity, to others who are better placed to deal with them and who are more responsible for dealing with them when they are away from the lands that we manage.

The CHAIR: Within those six principles you have identified 15 areas of savings. Are you able to present us with something that will help us ask you questions about it to illustrate the 15 areas?

[11.10 am]

Mr McNamara: I can list the 15 areas, and indeed the amounts that will be achieved this financial year —

The CHAIR: We would certainly like that. You do not have a document that reflects that, that you can give us?

Mr McNamara: I have some notes in front of me on a piece of paper that include that —

The CHAIR: It makes it harder for us, but okay.

Mr McNamara: For this financial year there was a marine parks advertising program that was launched by the previous government for a finite period; it still had some funds available this financial year and we are ceasing that marine parks advertising program. That is a saving of \$350 000. Of the three per cent, we have applied a general one per cent cut across all the divisions and branches of the department, with a requirement that directors and managers apply that to administrative expenditure to the greatest degree they possibly can, and abide by the principles that the executive has endorsed. That achieves just about \$1.1 million.

There is a contaminated sites management fund which has—I do not have the figure in my head at the moment, but it has quite a healthy balance. It has been undersubscribed in recent years and it is a fund that is available for government agencies to clean up government-owned contaminated sites. It also deals with orphan sites, sites where we cannot allocate or find the responsibility for the original contamination. As I say, that fund has a healthy multimillion-dollar balance and has been a bit undersubscribed. We are implementing a \$600 000 cut in that fund this financial year against an allocation of \$1.2 million. I repeat that there was a healthy opening balance at the start of the financial year of some millions of dollars in that account.

In the air quality management branch area we are making a reduction of \$250 000. In the Office of Climate Change we are making a cut of \$250 000 in its general staffing and administrative expenditure. The Office of Climate Change is refocusing its business towards the new policy context of climate change, which is significantly different to what it was a year or two ago, with the commonwealth's intention to introduce a carbon pollution reduction scheme or an emissions trading scheme and with the Council of Australian Governments' review of complementary measures in climate change policy and programs to determine what programs are still appropriate at the state level once the commonwealth's emissions trading scheme comes into play. The office is also refocusing towards the government's election commitment to a new climate change adaptation strategy for the state.

The low emissions energy development fund was a \$36.5 million fund announced by the previous government in 2007. We are proposing a reduction in that of \$250 000 this financial year. The fund, as its name implies, funds projects that seek to develop new technologies with lower emissions. It is a highly leveraged fund; in other words, proponents are expected to bring to the table \$3 or more for every dollar that the state puts on the table. The place of the low emissions energy development fund in the future needs to be considered in light of how the carbon pollution reduction scheme plays out, and in light of what we anticipate may be significant commonwealth programs available for technological development in emissions reduction. As I say, a reduction of \$250 000 in that, against an annual budget of about \$8 million in round figures for that program.

In our management planning function: under the Conservation and Land Management Act, we are required to prepare management plans for all the parks and reserves we manage: national parks; nature reserves; conservation parks; state forests; marine parks and so on. Consistent with the theme I spoke about at the outset around simplifying processes, management plans for parks have, once again, waxed and waned in their detail over the years. Some have been quite short and simple; some go to hundreds of pages. At the level of hundreds of pages they are not as useful as they should be for park managers. We are bringing together our marine and terrestrial management planning and the service and support for those into the one area. We are looking to reduce the size and complexity and detail of management plans, not by reducing the prescriptions for management, but by reducing the detailed background information that finds its way into such documents. We believe we can do that by simplifying the documents without reducing the rate of production of them. That is what we are doing in that area.

In our head office environmental services area—that is our environmental regulation and environmental policy area—we are looking at a range of relatively small administrative and organisational changes that, in total, should yield about \$200 000.

The CHAIR: Can I take you back to the reduction in the size and amount of detail and background information in the management planning function area —

Mr McNamara: Yes.

The CHAIR: That will be a dollar value of?

Mr McNamara: Sorry; the management planning one was \$250 000.

The CHAIR: Thank you.

Mr McNamara: In the wetlands area we have a significant group of people at our Kensington offices who deal with wetlands databases, policy and planning. We are looking at a saving of \$150 000 this financial year in that area. That is really in the central, as I say, database and policy area but without having any reduction in wetlands management delivery in the field.

The CHAIR: Is that FTE that you would be cutting?

Mr McNamara: I do not have an FTE allocation against these, but there will be some reduction in FTEs overall. We, like all other agencies, have been given a ceiling to operate to. We have a workforce that fluctuates markedly in size through seasonal requirements, particularly bushfire management and response. But we do need, I think, to have a small reduction in staff to get to the FTE ceiling that has been provided to us.

The CHAIR: I will come back and ask you some questions about FTE in a moment, but in respect to wetlands, the reason I was asking about FTE is, how do you cut a database policy wetlands area? Is it by cutting FTE, or changing what they do?

Mr McNamara: It would be a bit of both. It is \$150 000 this financial year; I cannot say whether that will be one FTE or whatever, or 0.5 of an FTE at this time. Managers, via a mix of FTE management and other measures, will be required to achieve that level.

I have got five more of these to go, I think. The forest management plan has a number of subsidiary protocols and procedures that have been established under it for the design of fauna habitat zones, the assessment of any old growth areas that may have been missed in the large scale databases that exist in forest management, and for various other things. After four or five years' experience of delivering the 2004 forest management plan, we believe some of those can be refined. We believe they can be less staff intensive in the field in terms of some of the checks and so on that are done around some of those issues, and there is a saving of \$150 000 this financial year there.

In the community education branch, following the merger of the former Department of Conservation and Land Management and the Department of Environment in mid-2006, there were a

number of areas of the department where full mergers were pursued as a priority, such as in regional services, corporate services and some other areas. There are some other areas that were left as later issues to be addressed. We have significant community education functions both in what I might call the former environment services part of the department, and in the former CALM part of the department. By amalgamating those, we believe we can achieve some efficiencies that we have put at \$125 000 this financial year, without reducing the delivery at all.

[11.20 am]

We believe that by merging those two groups and by merging the leadership, and by having the leaders of different project areas not all just aligned to a single project or program, that we can get some efficiencies in the leadership of the group without, as I say, diminishing the education programs that they actually deliver.

We have a number of divisions in head office. Two of those divisions are sustainability and strategic policy. Those divisions were under a single director immediately after DEC was formed. We did run for a period with two separate directors, one for sustainability and one for strategic policy. We have not formally filled one of those positions, and we are going to remerge, if you like, those two directorates into one and basically do with one fewer director in those areas. We believe, looking across the department at the size of different divisions and the balance between divisions, that that is quite feasible and appropriate to do.

The CHAIR: That will save you how much?

Mr McNamara: That will save us \$125 000 this financial year.

The revegetation systems unit is part of our nature conservation area. It promotes things such as the oil mallee program in the wheatbelt and has done so successfully for a very long time. The Cooperative Research Centre for Future Farming Industries—formerly the CRC for Plant Based Management of Dryland Salinity—is very active in that area. It has taken the lead role on some of the R and D that gets oil mallees and so on ready for market—if you like, the commercial end of development of those sorts of proposals. That has freed up some of what we used to do, so we are making a saving in that area of \$100 000 per annum. Once again I do not anticipate that that will affect our actual on-ground delivery of revegetation, but we recognise that the CRC has filled some of the space that we used to fill; and we are, of course, a full partner in the CRC.

Finally, in our corporate services division, which is our information technology, human resources and financial services area, we have required Dr Bryne to find additional savings of \$100 000 just through efficiencies in that area.

So, taken together, those are the areas in which we will achieve the \$3.974 million this financial year. I will just reiterate my comment, though, that clearly there is a transitional period required for people to fully achieve those figures. Essentially within the department, using some capacity in terms of interest funds, and the small amount of contingency that as a CEO I always keep available to deal with things that come up during the financial year, we will ease the transition for those areas that cannot fully meet the saving in this financial year so that the department meets its three per cent target.

The CHAIR: We have some baseline questions that we would like to ask you, and we will then ask you about some of the details of those 15 programs. We have touched on FTE. You would be aware of the announcement by the Treasurer on 3 February that set a ceiling across the public sector workforce of 99 155 FTEs, and that the component for each agency, out of that 99 000 figure, is made up from the estimated FTE column in the 2008-09 budget figures. That column for your agency I have put at 1 509, or something like that. Please tell me if I have not added up those numbers correctly. What is your current FTE usage, and is there a discrepancy between that budget figure and your current FTE usage?

Mr McNamara: I will make some comments, and I will then ask John Byrne to comment as well. Our FTE ceiling is 1 944. I will seek John's clarification in a moment as to how the Swan River Trust is treated inside or outside that figure. I do not have that detail in my head at the moment. Our average FTE over the past 12 months I think has been slightly higher than that, perhaps by 20 or 25 positions, so certainly I think that is less than the one per cent margin. As I mentioned earlier, our workforce does fluctuate. We have significant grant revenues, such as our Natural Heritage Trust and our Caring for our Country grants from the commonwealth, and various other forms of grants and recoups. Importantly, we have a significant seasonal workforce. There are probably 120 people who are taken on over the fire season who are then not employed over the winter period. So I think our headcount at the moment—we are still not through the fire season—is towards 2 100, but that is within the normal range, which allows us to be around 1 950 or 1 960 over a normal year. I am sorry, but your tally of 1 509 does not reconcile.

The CHAIR: Do not trust it! I did it late last night!

Mr McNamara: That is not the sort of level that we are at. We are certainly at that 1 950 sort of level.

Dr Byrne: There is a separate figure for each of the seven services. The total on page 1706 is 1 944. That is the target that has been set. The director general mentioned the Swan River Trust. All the staff of the Swan River Trust are employed by DEC. They are on loan or secondment to the Swan River Trust. They report separately to Parliament and to the minister. There are 47 FTE, and that is not part of the 1 944 that the director general mentioned. Our figure for last year was slightly above 1 944. One factor in that is that we receive external funds to employ additional people to provide the service—commonwealth grants, for example. We are about one per cent above. We do not see any difficulty in meeting the target at year end due to the three per cent budget reduction. For example, some vacancies will not be filled. I therefore expect to achieve the target set for us.

The CHAIR: Thank you. Can you confirm, to go back to your list of 15, that some of the reductions will be in FTEs, and some will be in other savings? Is that correct?

Mr McNamara: That is correct. Essentially, by non-replacement of some vacancies, and by internal movement of people, there will be some FTE reduction in those line areas, but we have not gone through and put a figure in FTEs against each of those as part of the three per cent process. The managers and directors are expected to put in place the best mix of people and operational expenditure in their areas, and that is what they are responsible for; that is how we have operated over a long time. However, obviously with the FTE ceiling announcement by the government, we are going through a process at the moment of, if you like, hardening up the allocation of FTEs to the different branches and divisions so that we obviously can track and fulfil the government's requirement on the ceiling.

The CHAIR: What instruction have you received from Treasury, or anyone else, on how you should approach meeting the ceiling?

Mr McNamara: I will once again ask Dr Byrne to elaborate, but basically we have been instructed that the ceiling exists, and it is my responsibility to meet it. I am not aware that I have been instructed in detail how to do so, but Dr Byrne can speak more about that.

[11.30 am]

The CHAIR: Before Dr Byrne answers that, I will put to you that some other agencies have told us they found out about the announcement when the announcement was made publicly and they had not received any information from Treasury or anybody else about how to apply.

Mr McNamara: My recollection is that that is incorrect. Leaving aside the timing of the public announcement and formal advice, and which came first and which came second, I am quite sure that we received formal written advice from, I think, the Public Sector Commissioner.

Dr Byrne: We have had advice, yes, from the Public Sector Commissioner, not about how the precise mechanism of measurement operates, but basically confirming the target and not how it is measured. There have been various communications with the Department of Treasury and Finance and the Public Sector Commissioner.

The CHAIR: When did you receive the advice from the Public Sector Commissioner?

Dr Byrne: It was after the announcement was made, after the media release. Frankly, the three per cent cuts were made after the former government made them public knowledge. We got told sometime afterwards. It is not unusual, I am afraid.

The CHAIR: I realise it is not unusual. Yours is the first agency, though, that has said that to us. Every other agency, when we have asked this question, has said that they had not received information. That is why I am interested in the answer to the question, because yours is the first agency to say they have.

Mr McNamara: I do not have with me any copy of that communication, and I receive an enormous number of communications everyday, as I am sure you would appreciate, but my recollection is pretty clear that we have received written advice.

The CHAIR: I am not going to question that. What is the state of your budget currently? Are you over budget, on budget or under budget?

Mr McNamara: The answer to that is that we are on target to meet our budget level for this financial year, and that includes the half-year effect of the three per cent efficiency dividend and we will achieve that. The comment I must make in addition to that, though, is on the department's response to bushfires, both on the lands we manage and near those lands. Because bushfire expenditure is unpredictable and highly variable from year to year, it has been the practice, certainly for the eight years I have been CEO, that towards the end of the financial year the actual cost of bushfires and bushfire response during the year is added up and supplementary funding is provided by Treasury to meet the cost of bushfire response, not of other aspects of fire management but of bushfire response. We have a base allocation in our budget of \$4 million per annum for bushfire response. Over the past five years or so we have had supplementary funding ranging from around \$2 million to around \$16 million at the end of the year just because of that inherent unpredictability about the number of fires and the size and seriousness of fires that we deal with. We will require supplementary funding for bushfire expenditure above that \$4 million base this financial year. It is a bit too early to predict what that will be. We have had some significant fires and, as was obvious in the media yesterday, there are still bushfires. There was a bushfire on the scarp yesterday that FESA, our department and local brigades responded to. We do not know the final cost yet.

Hon JON FORD: To meet the fire season requirements, given that you said it is hard to predict, do you actually employ seasonal firefighters? Have you been able to meet those staffing levels?

Mr McNamara: I must say that in terms of fire management it has been an area that has been recognised by governments over a number of years as a priority. I think there have probably been about three significant injections of additional funding into the department since I became CEO in 2001, specifically for fires. After the big Perth hills bushfire in 2005 we were given funding for 40 extra AWU workers, forest field workers. We are funded sufficiently to maintain a complement of around 300 or a bit more front-line firefighters. That is the AWU workforce in the south west forest regions. That figure is inclusive of the seasonal element that I referred to earlier. On top of that we have some hundreds of staff who are trained in incident management and form the incident management response teams for fires. Yes, we have been able to maintain the necessary complement of staff, particularly in the south west. It has been hard in the past few years when some of these staff, who are very competent machine operators and various other things, have been attracted by higher salaries in the resources industry, but we have been able to maintain the essential workforce for fire response.

Hon JON FORD: Are you aware in recent times whether you have had enough crews to man all your appliances that you have had available to you?

Mr McNamara: I certainly have not heard that we have not. We have a fire response model in the south west in terms of the number of fires we can manage at a single time, the number of people we need on standby in districts and others fighting fires and the rotation of staff for fatigue day and night over extended campaigns. We have run extended campaigns of 14 days and so on in the past year or two and maintained them successfully. My general response to that question is that we do have adequate staff to meet our fire response and to apply the heavy trucks and machinery that we have. That could vary slightly on an individual location scale, at Kirup or Jarrahdale or somewhere, but as a broad answer, I think that is the case.

Hon JON FORD: You talked about calculating for end-of-year supplementary funding to make up for the level of excess demand over planned. You said it was too early to calculate. Have you applied for extra funding as part of the midyear review?

Mr McNamara: No, because the midyear review is brought down, I think, immediately before Christmas or thereabouts. That is far too early in the fire season to have a sensible handle on the issue. While there are obviously some fires in the early summer months, predominantly it is January, February, March and through to April when the main expenditure is. It has been long-established practice that we wait until later in the financial year to apply. It is simply too much like guesswork to be doing it before the books are closed for the midyear review.

Hon JON FORD: How much did you go over in the last summer?

Mr McNamara: As I said earlier, in the past four or five years the amount by which we have gone over has been about \$1.7 million up to \$14 million or \$16 million. What I can say is that we are trending towards the upper figure of that range this financial year, but we do not know the final figure yet. I might ask John to clarify it if I have not got that quite right.

Dr Byrne: We have received supplementary funds of up to \$16 million. Last year, from memory, it was about \$14 million. This year we think it could possibly be between \$13 million and \$16 million. I would just like to say that on the budget midyear review, we keep Treasury fully informed at all times of the emerging trend if we have forest fires requiring supplementary funds, as Mr Buswell mentioned in Parliament yesterday in response to a question.

Hon JON FORD: What do those extra funds consist of? Is it fuel, FTEs, accommodation or uniforms?

[11.40 am]

Mr McNamara: The normal-time salary of staff is not included in that because the staff are already employed, so we do not ask for that. There is the overtime, the equipment usage from aircraft to bulldozers, to trucks and to all sorts of other vehicles. There is the accommodation. There are also flights for people—we move people from all around the state. When we had the Bridgetown fires a couple of months ago we had 600 staff engaged in those, and they come from as far as the Kimberley, Esperance and Kalgoorlie, because that is how we make up the teams to do these things. All the food, all the accommodation, communications—all costs over and above normal salary of fire suppression. I did not go there, but for anybody who might have gone to Bridgetown, which was an extended campaign and a serious one, we essentially set up a village on the town oval, with demountables and so on. So you have got the communications and the right facilities for people who are doing planning, logistics, accommodation and all those sorts of things to work as a functioning team.

Hon JON FORD: How long have you been keeping history on this overexpenditure? You said that in the past five years it has ranged from \$1 million up to \$15 million.

Mr McNamara: I do not see it as overexpenditure, in the sense that it is unpredictable and unforecastable expenditure, and obviously you have to respond to wildfires.

Hon JON FORD: So it is unplanned expenditure?

Mr McNamara: I became the acting CEO of what was then CALM in 2001. Certainly that arrangement with Treasury for end-of-year supplementary funding was well established then and has continued unchanged through to today. It existed well before that, but John may have an answer to that.

Dr Byrne: I have been chief finance officer since 1992, which is a rather long time I must admit. That arrangement was in place in 1992. According to historical records it goes back to the 1970s at least. It has been a consistent thing for many years. The unpredictable nature of the expenditure—fires will occur, it is unpredictable and therefore the amount is basically not budgeted at agency level. We keep Treasury informed. I can provide records, if you wish, going back 20 to 30 years.

Hon JON FORD: If you have that much history, would it not be reasonable to have at least a base forecast allocation?

Mr McNamara: The base was at \$1 million some years ago, and it was increased to \$4 million in recognition of that point. As I indicated earlier, in recent years the supplementary funding required has been from about \$1.7 million up to about \$14 million or \$16 million. It is difficult to set a precise level. Treasury has been having discussions with us about whether the base should change, but there are things to be thought through there. You do not want to allocate \$16 million and have it spent on other things, or create an incentive to spend up to that amount, if the wildfire season does not warrant it. We are in discussions with Treasury about whether the base should be further adjusted, but at the moment the base is kept at \$4 million and the supplementary funding arrangement remains in place.

Hon JON FORD: I understand the issue you have, but I just think it is extraordinary that you can have in excess of \$15 million of unplanned expenditure sitting in the background. In your opening statement you said that you were going to meet your three per cent cut. I find that a difficult subject.

Mr McNamara: I just have to say that wildfire response is special. You do not look at your budget and you do not ring up the Treasurer when a wildfire happens; you go and fight it. When I flew over the Victorian fire situation about two weeks ago I spent a long time talking to the Victorians, and that has cost them hundreds of millions of dollars obviously. You just have to go and fight the fires, and it is totally unpredictable how big or small that will be in a particular year. That issue, if you like, is quarantined, and I think justifiably so, from the general statement about whether we will or will not meet our budget. We do meet our budget every year, acknowledging that wildfire expenditure is a special case.

Hon JON FORD: Notwithstanding that, we know that we have budgets anyway. It is not your issue anyway. We should talk about how the government is meeting its budget, and \$15 million is a lot of money to not know whether you are going to spend it or not, but that is okay.

Mr McNamara: I will make one more remark if I can. Treasury obviously knows the history of that, and clearly they factor it into the total budget consideration.

Hon BRIAN ELLIS: So it is really treated like a natural disaster—they are things you have to deal with.

Mr McNamara: That is right.

The CHAIR: I wonder if you are able to tell us, along that line, given that you have noted that the trend, particularly in the past five years, has been upward, whether you are able to predict, and what sort of modelling do you do about, what is happening in natural and human-inspired fires. Is that demand pressure on your area of work? Are you able to say, "Here is the trend, and it is not a good one", or is it peaks and troughs everywhere?

Mr McNamara: Dr Byrne may wish to elaborate, but the trend is not necessarily constantly upwards. It fluctuates according to seasonal conditions, obviously. There is concern about the climate change analysis and predictions. With a drying climate in the south west, as is evidenced by our dams, there is concern that with increasing dryness and the predicted increase in the likelihood of extreme events we will have more fire-prone weather and more fires in the future. That has certainly been suggested as a realistic proposition.

The CHAIR: And the human component of that?

Mr McNamara: Arson obviously is a serious concern. It is common. I do not have the figures at my fingertips, and FESA probably has a better overall handle on the arson situation than my department does. However, arson is a significant factor, and a lot of effort goes in across police, FESA and our agency to deal with that and certainly to try to collect evidence about arson when we have suspicious fires. My impression is that arson has been increasing, but I am not across those figures. We of course rely significantly in the south west and elsewhere in the state on prescribed burning as well as surveillance and preparedness as our primary strategies, rather than just response.

The CHAIR: We could devote a whole inquiry to prescribed burning, but we will not go there now.

Mr McNamara: The royal commission is about to do that.

The CHAIR: Indeed it is.

Hon BRIAN ELLIS: Could some of your extra expense be—I do not criticise you, because you have to put the fires out—because of the more modern machinery you are using, such as helicopters and planes, that you would not have had available in the past? You would have to pour more money in because of the size and the more modern equipment that you use.

Mr McNamara: There would be some truth in that. The aerial capacity is a shared arrangement with FESA. They generally run with helicopter requirements; we do more of the fixed wing capacity. The costs are real, but those aerial capacities are very advantageous for asset protection—houses and buildings and so on—but for the main bush fire front in the natural vegetation in the forests, ground forces are still the predominant requirement. We still use the same sorts of bulldozers and trucks and so on as have been used for a long time.

The CHAIR: That question was around demand in respect to fires. Can you identify for us what other demand pressures are on your agency, whether it is cost demand for the things that you use to do the job that you do, or demand pressures from assessments and approvals processes—those sorts of things?

[11.50 pm]

Mr McNamara: I think there is a potentially very long answer to that. Clearly, there are cost pressures in the delivery of regional services and regional accommodation; that is providing housing for our staff in places like the Pilbara—but certainly not just in the Pilbara. Those cost increases are very real. Leaving aside the most recent fluctuations, fuel costs for a field-based agency were doing a lot of damage to us. Increasing costs are associated with the increasing amount of approvals and assessment work in a booming economy—and I still do not detect a slow down in the number of mining, resource and land development or housing proposals et cetera in front of the department. There are all of those sorts of cost pressures and I often say to people that we, as a conservation agency and a land management agency, have a third of the nation, a tenth of the human population and a tenth of the taxpayer base, and there is an inherent challenge in looking after values across such a large state given a low population and, therefore, a comparatively low financial basis. It is part of the excitement of the job—but it is also very challenging. In such a vast state we do need to be regional and we do need to move around and there is a cost that goes with that.

Hon JON FORD: There has been some talk, particularly of late, about what might or might not happen in regards to mining approvals and I am not going to question you about that. The government certainly has a policy of attempting to fast-track mining approvals—something to do with diminishing what it sees to be an unreasonable backlog. Have you had any discussions with the relevant departments—I suppose particularly mining and petroleum—about cost impacts or impositions on you in regards to expediting mining approvals?

Mr McNamara: I am a member of the director generals' working group convened by the Director General of the Department of the Premier and Cabinet, which is overseeing the review of approvals processes. That group reports to a taskforce or a ministerial committee which is chaired by the Premier and of course includes other relevant ministers. Our work in that group is still, if you like, deliberative, and we are heading towards the final product for ministers and the government. The government clearly has a focus on reforming and streamlining approvals processes but as the government's announcements and the Premier's statements clearly say, they are not doing that at the cost of environmental standards. I think there is still a long way to go in that reform process and my personal view is that, certainly in terms of my agency's roles and responsibilities, a lot of the reforms revolve around behavioural change and efficiencies and so on rather than a requirement for new resources.

Hon JON FORD: Okay. You then talked about demands on the regions. I have always been particularly interested in the extent of your conservation estate—that is, the size of it and your ability to maintain it. Do you think you have enough resources, currently, to manage your conservation estate?

Mr McNamara: I would always like more. You know I would be —

The CHAIR: You would not be a good advocate for your agency if you did not say that.

Mr McNamara: I would not be truthful if I did not sit here and say that, for the suite of national parks and nature reserves and other areas of conservation value around the state that we are charged with the responsibility of looking after, it would be desirable to have a greater level of resources to do the fundamentals of feral animal and weed control, fencing and fire and visitor management, and those sorts of things. There is no doubt about that. However those are the judgements that governments make in terms of the total ask on the public purse. My judgement is that, in general terms, we get a fair deal in a competitive situation but that of course I would like more in order to do the job better. In terms of the actual size of the conservation reserve system in this state, the department is responsible for managing about 25 million hectares of land across the state—that is about 10 per cent of the state's land area. Of that total state area, about seven per cent is formally national parks and nature reserves and conservation parks. The remainder is in state forests and some lands that have been purchased that are awaiting reservation. As a general statement, based on worldwide and national standards, a comprehensive conservation reserve system is generally viewed as constituting about 15 per cent of a land area. Although we have a significant area of land under our management, I am of the view that it is still somewhat short of meeting some of those criteria. One thing I often say in response to the comment about the capacity to manage what we have is that, particularly in places like the rangelands, the fundamentals of achieving land tenure and a legal framework over a piece of land and—in pastoral country, for example—of excluding livestock and closing artificial waters on the areas that are to be managed for conservation, are measures that in themselves achieve a lot for conservation—even if you do not have a lot more resources to do a lot more management.

Hon JON FORD: Have you got any idea the size of the conservation estate in the Pilbara—roughly?

Mr McNamara: I do not. Obviously I know Karijini and Millstream-Chichester National Parks are two very significant parks and I know there are some others, but I do not have a clear figure in my head about the regional break up of the 25 million hectares.

Hon JON FORD: And you have the Rudall River —

Mr McNamara: Of course, yes.

Hon JON FORD: How many FTEs have you got—that is people—up there to manage that estate right now.

Mr McNamara: The department has about 1 000 people in its regional services division state wide—give or take a few, but it is around 1 000. My recollection would be that the figure for the Pilbara is probably in the vicinity of 60 or 70, but our definition of the Pilbara region administratively includes Exmouth, which would include a bit less than half of that number. Dr Byrne may have a better recollection of current figures, but I would have said 60 to 70.

Hon JON FORD: Does that go down as far as Monkey Mia?

Mr McNamara: No, our mid-west region, based in Geraldton, takes in up to just north of Carnarvon and then our Pilbara region, based in Karratha, comes down to the Coral Bay area—roughly.

Dr Byrne: I have got nothing more really to add to the FTE figure.

The CHAIR: I went back and had a look at what you said about the six principles you are using to guide how you approach reaching the efficiency dividend. From the point of view of your agency, what is your definition of front-line services?

Mr McNamara: I have not sought to define it. Clearly, people would say an environmental inspector inspecting ports is an example of a front-line officer; a national park ranger; someone who goes out and fights a fire—all clearly provide front-line services. I take a broader view than that; front-line service does not mean only people who are physically outside the office doing something in that public way. The people who are involved in, for example, the approvals processes that allow new mining and other developments to proceed provide, to my mind, a front-line service—albeit of perhaps a slightly different nature to what many people might perceive front-line to be. We have said that we will focus on those areas preferentially to protect their capacity—that is, the ones I outlined in those half a dozen principles. I gave some examples such as fire, park and visitor safety, environmental regulation and approvals processes. But I regard the vast majority of what we do as front-line in one form or another. If you have people running educational programs in schools with kids, that is still front-line under a broad definition of front-line as far as I am concerned.

The CHAIR: I do not have any further questions.

Hon JON FORD: I will just whiz back to the Pilbara again. I think you said you had around about 60 FTEs —

Mr McNamara: Look, that is a bit of guesswork as —

Hon JON FORD: No, that is okay; and about half in Exmouth and south.

Mr McNamara: A bit less; I would have said a bit more than 60—about 60 to 70, and a bit less than half in Exmouth would be my recollection of the general figures up there.

Hon JON FORD: Does that include field officers versus administrative functions?

Mr McNamara: It is everyone. It is everybody.

Hon JON FORD: It is everybody. So what is the division between field officers and administrative officers?

Mr McNamara: What you might call purely administrative, I think you could count on the fingers of one hand, in a region like that. I can assure you that when there is a safety incident or a search and rescue in the Karijini gorges or a fire in Karijini or Millstream and so on, everyone becomes a field officer in one form or another. We run an integrated workforce and people are generally multi-tasked. Front desk reception and a finance officer and so on who could be regarded as truly

administrative would, I suspect, be counted on the fingers of one hand in a region of 60 or 70 people.

Hon JON FORD: Okay; so we have about five people out of that and we have an area the size of the Pilbara and you are down to about 25 officers.

Mr McNamara: You are drilling in on figures that I said were just my off the top of the head recollection. We have 1 000 people across the region and I do not have a clear number in my head for each region.

Hon JON FORD: Do you reckon you could actually go away and come back and supply us with those figures?

Mr McNamara: I am quite happy to do that for the Pilbara. That is quite easy to do. That is not a problem.

Hon JON FORD: Fantastic; and could you have that—are they allocated to specific parks or are they just a general regional —

Mr McNamara: There are certainly rangers allocated to and resident in Millstream-Chichester and Karijini. And there are certainly rangers allocated to Cape Range National Park and Ningaloo Marine Park. And there are other staff, for example a regional fire officer or a regional ecologist or a regional parks and visitors' facilities manager, who are not allocated to a particular park but who perform their functions across the region. It is quite easy to extract the range of figures. But as a general rule, consistent with running an integrated agency where staff are multi-tasked and work across multiple tenures in multiple roles, it is really only the national park rangers that you would say are assigned to one park or perhaps a collective of parks.

Hon JON FORD: How do you manage your weed and pest control and feral animal problems. Who manages your donkeys and your goats and camels and who manages weeds like Skeleton Weed?

Mr McNamara: The fundamental policy position and legislative position—under legislation administered by the agriculture portfolio—is that responsibility rests with a landowner or a land manager. So, we fundamentally have those responsibilities on the land that we manage. We also run programs for biodiversity conservation and threatened species outcomes—in particular on other lands—cooperatively with other landholders. But we have that fundamental responsibility and we do work in with the zone control authority structure and the other structures of the Ag portfolio. And there are cooperative programs with the agricultural department, particularly for things like donkeys and camels, but fundamentally we are responsible on our land. Within the resources that we have, we seek to give priority on a two-fold basis: one is protecting critical biodiversity assets and the other is based on our responsibilities as a good neighbour.

Hon JON FORD: You talked very early on about how the Swan River Trust is a separate entity. I think you were saying fundamentally it is staffed on a lend-lease basis from your offices, but that it is an authority in its own right. Is that correct?

Mr McNamara: The Swan River Trust is constituted under its own legislation. It is responsible to the Minister for Environment. It has a statutory authority or board and it has a CEO and it has—I think John Byrne said—47 FTEs. Technically, as I understand it, the CEO of the Swan River Trust is not an employing authority so the staff has me as their employer; but beyond public sector and some corporate services needs that the department supplies to the Swan River Trust, they operate under the authority of their own board, their own CEO and directly to the minister. We have no role in respect of their policy or their programs and their delivery. It is really just the case that when the Swan and Canning Rivers Management Act legislation was put in place several years ago, the government of the day elected to structure that so that the staff were staff of the department.

Hon JON FORD: In regards to any sort of three per cent efficiency that will apply to them—that is really not your business. It is for the CEO.

Mr McNamara: It is not my business. They have their own appropriation in the budget and they are responsible for their own budget management and for meeting whatever targets they have been given.

Hon JON FORD: Do you have any discrete environmental responsibilities outside of that in regards to the Swan River?

Mr McNamara: The Swan River Trust clearly has specific responsibilities given to it in terms of management of the Swan River park—I think it is called—and the various approvals processes for developments on the river and in the river catchment or the designated area under their legislation. Our responsibilities for environmental protection and for biodiversity conservation are state wide: they are not restricted to the lands that we manage. Obviously, if there were to be industries discharging pollutants and so on that may or may not affect the Swan River or its tributaries, it is our normal responsibility as the environmental regulator to deal with those. Our normal state wide responsibilities exist over the Swan River area, but when you are in the Swan River area you operate in partnership with the Swan River Trust.

Hon JON FORD: How many FTEs did you say that you have currently got right across the board?

Mr McNamara: Well, the ceiling is 1 944. I think, as John Byrne said, we are in the vicinity of 1 950 or 1 960 on a full 12-month average, but at the moment, on the last figures that I saw, we are, I think, 100 or more in excess of that as a consequence of our seasonal fire-fighting workforce and external funds. But that is part of our normal pattern of seasonal employment and external funds employment that still lets us get to around about the 1 950 figure on a full-year basis.

Hon JON FORD: I think you said earlier that you have not actually defined your workforce into front-line services—you have a general regard. Have you been assisted by anybody like Treasury or your minister in regards to their views on what might constitute a front-line service?

Mr McNamara: We are always assisted by Treasury! Treasury has obviously set the parameters. The government has set the parameters that have been advised by Treasury for the efficiency dividend. To be honest, we have not needed to engage with them or seek the assistance of Treasury beyond that. The principles have been adopted and the savings areas that we have targeted have been endorsed by our minister and submitted to Treasury in the budget process.

The CHAIR: Thank you very much. If we identify that we have further questions for you once we have read the transcript. We will ask you those questions in writing. Are you happy to provide us answers to those within two weeks?

The Witnesses: Very happy to do so.

The CHAIR: Thank you very much. We appreciate your assistance.

Hearing concluded at 12.09 pm
