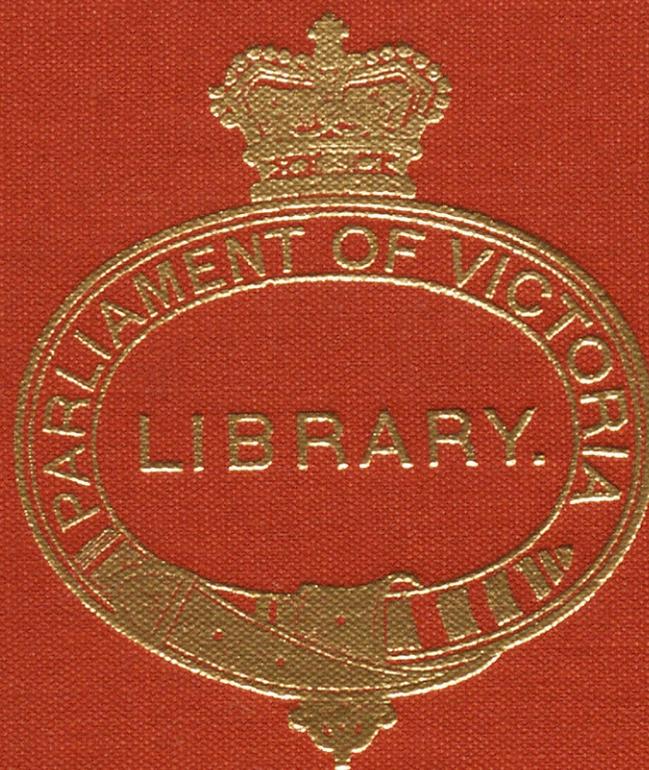


VICTORIA

MINUTES
OF THE
PROCEEDINGS
OF THE
LEGISLATIVE
COUNCIL

—
VOL. 6
SESSION
1982-85







MINUTES OF THE PROCEEDINGS
OF THE
LEGISLATIVE COUNCIL OF VICTORIA

SESSION 1982-85

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PARLIAMENT OF VICTORIA

NATURAL RESOURCES AND ENVIRONMENT COMMITTEE

INQUIRY INTO WATER RESOURCES MANAGEMENT IN VICTORIA
REGIONAL WATER STRATEGY PLAN FOR THE
SOUTH-WESTERN REGION OF VICTORIA

FIRST REPORT

**AUGMENTATION OF GEELONG'S WATER SUPPLY
TO THE YEAR 1995**

Ordered to be Printed

MEMBERSHIP

The Honourable R. I. Knowles, M.L.C. (Chairman)
Dr. G. M. Vaughan, M.P. (Deputy Chairman)
The Honourable W.R. Baxter, M.L.C.*
Mr. C. W. Burgin, M.P.
The Honourable D. E. Henshaw, M.B.E., M.L.C.
Mr. G. R. Ihlein, M.P.
Mr. M. J. McDonald, M.P.
Mr. W. D. McGrath, M.P.
Mr. D. K. McKellar, M.P.
The Honourable B. A. Murphy, M.L.C.
The Honourable B. T. Pullen, M.L.C.
Mr. E. M. P. Tanner, M.P.

COMMITTEE STAFF

Mr. M. R. Knight, B.Sc.(Eng.) C.Eng., M.I.E.E., M.I.E. (Aust.)
- Director of Research
Mr. G. H. Westcott, B.Bus. (Acc), AASA, CPA - Secretary
Joy Whitfield - Word Processor Operator

WATER RESOURCES MANAGEMENT INQUIRY
SUB-COMMITTEE

The Honourable R. I. Knowles, M.L.C. (Chairman)
The Honourable W.R. Baxter, M.L.C.*
Mr. C. W. Burgin, M.P.
The Honourable D. E. Henshaw, M.B.E., M.L.C.
Mr. M. J. McDonald, M.P.
The Honourable B. T. Pullen, M.L.C.

* * * * *

*The Honourable W.R. Baxter, M.L.C. resigned from the Legislative Council
on 25 October 1984.

TERMS OF REFERENCE

PARLIAMENTARY COMMITTEES ACT 1968

4C. The functions of the Natural Resources and Environment Committee shall be to inquire into, consider and report to the Parliament on -

- (a) any proposal, matter or thing concerned with the natural resources of the State;
- (b) how the natural resources of the State may be conserved;
- (c) any proposal, matter or thing concerned with the environment;
- (d) how the quality of the environment may be protected and improved; and
- (e) any works or proposed works reasonably capable of having a significant effect upon the resources of the State or the environment -

Where the Committee is required or permitted so to do by or under this Act.

* * *

P R E A M B L E

RESTRUCTURING OF THE WATER INDUSTRY

On 1 July 1984 the Ministry of Water Resources and the State Rivers and Water Supply Commission (SRWSC) were abolished under the *Water (Central Management Restructuring) Act 1984*, and replaced by a Department of Water Resources and the Rural Water Commission (RWC).

As a result of recommendations made by the Public Bodies Review Committee and a subsequent review by a task force appointed by the Minister of Water Supply, a number of water management bodies throughout the State are undergoing restructuring in accordance with the provisions of the *Water and Sewerage Authorities (Restructuring) Act 1983* and the *Water and Sewerage Authorities (Further Restructuring) Act 1984*.

A table setting out the restructuring which has either already occurred or is expected to occur during the next eighteen months in the south-western region of Victoria is contained in Appendix 7.

* * *

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SUMMARY

OVERVIEW

The Committee is required in the first stage of this inquiry to inquire into and report on proposals for augmenting the water supply system of the Geelong and District Water Board (GDWB) which should be implemented to ensure continuity of supply through to 1995.

During the course of the inquiry, the Committee came to four general conclusions and wishes to stress these at the outset of this report. They are:

- (1) Water demand management practices are capable of having a significant effect in delaying the need to augment existing water supply systems and should be introduced by all water authorities in Victoria in a co-ordinated manner over the next two years.
- (2) The evaluation of groundwater resources in the Otway region is a complex matter which will require considerable time and money to bring to a satisfactory conclusion, however it is essential in the long-term that this work be carried out.
- (3) The State should fund long-term evaluation of surface and ground water resources. These water resources should not be allocated to a particular water authority until a definite need has been established and specific works are proposed and approved.
- (4) Considerable effort should be made to establish the environmental requirements of the various rivers and catchments in the region before further works are approved. As a general principle, first priority should be given to augmenting water supply systems by making better use of existing tapped resources rather than by extending systems into new catchments.

Demand management practices include:

- pay-for-use pricing systems;
- education programs and public campaigns to influence community attitudes;
- design and introduction of water efficient appliances, including toilets, shower roses and washing machines;
- design and operation of water supply systems including minimum supply pressures and attention to leak detection;
- encouragement of more efficient water use by industry;
- use of recycled water in appropriate situations;
- measures to save on distribution costs, for example, voluntary campaigns or bans on the use of sprinklers on hot summer days; and
- monitoring and research of consumption and consumers' water-using habits.

The Committee was of the opinion that the GDWB system cannot be considered in isolation as it shares common resources and headworks with the Ballarat Water Board, the Bannockburn Water Board and the Shire of Ballan.

Consideration of the combined system indicates that additional capacity is required in service in the GDWB system prior to 1995 and that the first stage of this augmentation is required in service by 1988 at the latest.

The amount and timing of additional capacity required depends upon the following factors:

- Predictions of future water requirements;
- Predictions of the effect of implementing demand management policies; and
- Estimates of the safe annual yield of the system and the reliability criteria and safety factors used in making those estimates.

The various authorities which made submissions to the Committee used different approaches in making these predictions and estimates and tended to err in favour of ensuring that a more than adequate capacity will be available in the future.

The Committee believes that this was a responsible attitude for the water authorities to take in submitting their initial evidence during the first stage of the inquiry.

The Geelong and District Water Board re-evaluated its predictions at the Committee's request and produced a "lower bound" estimate taking their estimates of the probable effects of demand management into account.

The Committee had insufficient time to obtain revised estimates for the Ballarat, Bannockburn and Ballan systems and has made some arbitrary estimates of its own in order to reach conclusions in relation to its first term of reference. Revised estimates will be requested from the various authorities during stage two of the inquiry.

Specific proposals for new headworks were not placed before the Committee; however, indicative information about a range of possible alternatives was provided. Based on this preliminary information, the Committee believes that detailed investigation of the more likely alternatives should be pursued as a matter of urgency, so that the specific means of augmenting the supply system to 1995 can be identified, reviewed and if appropriate implemented.

During the course of the inquiry, it became evident that considerable further work was also necessary before the Committee would be in a position to make any significant recommendations about the longer-term augmentation of water supplies in the south-western region of Victoria. This further work includes investigation of:

- groundwater resources at Barwon Downs, in the Gellibrand River basin, at Curdie Vale and in the neighbourhood of Ballarat;
- surface water resources in the Gellibrand and Aire rivers; and
- the low flow environmental requirements for the Gellibrand, Aire, Barwon and Moorabool rivers.

The Committee believes that it is essential that both the short and long term investigations are adequately co-ordinated and that the correct priorities are placed on work within the constraints of available time and finance.

It is probable that the first part of the next stage of the inquiry will concentrate on the Barwon catchment and, in particular, on the GDWB augmentation needs and management of drainage in this catchment. Details of the Committee's programme will be made public during the early part of the next session of Parliament.

CONCLUSIONS

(Chapter Two, page 54, para. 2.62)

For the purposes of stage one of this inquiry, the following estimates of water requirements have been used by the Committee when reviewing the need to augment water supply systems in the south-western region of Victoria to the year 1995.

SYSTEM	Consumption 1995 <i>ML/a</i>		
	High	Expected	Low
<i>GDWB</i>	67 000	56 000	50 000
<i>Ballarat WB</i>	20 500	18 200	16 400
<i>Bannockburn WB</i>	400	370	340
<i>Shire of Ballan</i>	500	460	420
<i>Combined GDWB Ballarat WB Bannockburn WB Shire of Ballan</i>	88 400	75 030	67 160
<i>Colac DWB</i>	-	4 500	-
<i>Otway</i>	-	11 500	10 400

(Chapter Three, page 70, para. 3.45)

For the purposes of stage one of this inquiry the following safe annual yields have been adopted by the Committee for existing water supply systems:

<i>SYSTEM</i>	<i>Safe Yield Ml/a</i>
<i>Geelong and District Water Board</i> - <i>East Moorabool</i> - <i>Barwon surface</i> - <i>Barwon groundwater</i>	 6 200 15 000 8 700
<i>West Moorabool Water Board</i> - <i>Lal Lal Reservoir</i>	 19 500
<i>Ballarat Water Board</i> - <i>White Swan-Moorabool</i>	 10 060
<i>Shire of Ballan</i> - <i>Colbrook Reservoir</i> - <i>Railway Weir</i> - <i>Gordon-Mt Egerton groundwater</i>	 160 10 80
<i>Combined Ballarat-Geelong- Bannockburn-Ballan system</i>	 59 710
<i>Colac and District Water Board system</i> <i>Otway system</i>	 5 840 11 500

(Chapter Four, page 75, para. 4.11)

If demand management is not rigorously implemented by Geelong and District Water Board (GDWB), the Ballarat Water Board, the Bannockburn Water Board and the Shire of Ballan water supply resources capable of providing an additional safe annual yield of approximately 15 000 Ml/a will be required in service in the GDWB water supply system by 1995. If rigorous demand management is implemented the requirement for additional capacity in 1995 might be reduced to 7 000 Ml/a. The initial increment of augmentation will be required in service by 1988 at the latest.

Additional water supply resources will be required in service in the Otway system between 1995 and 2000.

(Chapter Six, page 117, para. 6.27 and 6.28)

Specific detailed proposals for the augmentation of the GDWB supply system have not been placed before the Committee during the first stage of the inquiry. It has become apparent that considerable further work is required before it will be possible to define the optimum way of augmenting the GDWB supply system. Consequently, the Committee is only able to recommend general priorities which should be placed on further investigations.

The first stage of the inquiry has established that even if the lowest of the forecast requirements eventuates, then the GDWB will require additional water resources before 1995. The first stage of augmentation will need to be in service by 1988. Consequently, a determination is required in the near future as to how the augmentation of the GDWB system might best be achieved. A critical factor in this determination is a decision about the water quality conditions to be achieved in the lower reaches of the Barwon River. The Committee proposes to hear further evidence on this matter during the second stage of the inquiry by which time some of the higher priority investigations should have produced results.

RECOMMENDATIONS

(Chapter Two, page 55, para. 2.63.1)

Demand management should be rigorously introduced in a co-ordinated manner by water supply authorities throughout the south-western region during the next two years. This should specifically include the introduction of payments related to the amount of water used.

(Chapter Six, page 117, para. 6.29)

The GDWB should give a high priority to investigating the possibility that its additional water requirements to the year 1995 could be met from the following:

- (a) Surface water resources of the upper Barwon tributaries;*
- (b) Increased off-river storage capacity in the Barwon River basin;
and*
- (c) Artificial recharge of the Barwon Downs aquifer.*

This investigation should include consideration of the effects of any proposals on water quality in the middle and lower reaches of the Barwon River.

(Chapter Six, page 118, para. 6.29.2)

The Environment Protection Authority (EPA), Rural Water Commission (RWC), Department of Conservation, Forests and Lands (DCFL) and the GDWB should evaluate information collected about salinity of rivers in the Barwon catchment and draft a preliminary policy for maintenance of water quality in the Barwon River. This should be submitted to the Committee during the second stage of this inquiry.

(Chapter Six, page 118, para. 6.29.3)

A longer term programme of investigation should be continued by the RWC and the Department of Minerals and Energy (DME) to evaluate the potential of ground and surface water resources in the Gellibrand and Aire River catchments and of groundwater resources in the vicinity of Ballarat.

This should be co-ordinated with an assessment of conservation and environmental values and implications by the DCFL.

This evaluation should include a review of the use of both surface and underground storage possibilities.

(Chapter Six, page 119, para. 6.29.5)

Investigation of the borefield at Curdie Vale should continue in the hope that a high proportion of the future requirements of the South Otway system can be met from this source.

(Chapter Two, page 55, para. 2.63.3)

For the next stage of this inquiry further work should be carried out by the DCFL, the RWC and the EPA to review the estimates of minimum environmental flow requirements for the Gellibrand River and to establish estimates for other rivers in the south-western region.

(Chapter Six, page 119, para 6.29.6)

An investigation should be carried out of the potential effects of increased extraction for the Otway water supply system and other potential water resource developments on the Gellibrand estuary.

(Chapter Six, page 119, para. 6.29.7)

The Minister for Water Resources should ensure that both the short and long-term investigations necessary for completion of this inquiry are adequately co-ordinated and that priorities are allocated within the limits of available time and resources.

(Chapter Seven, page 143, para. 7.71.4)

The Minister for Water Resources should establish a policy for the funding of future water resource investigations.

(Chapter Two, page 55, para. 2.63.2)

The Department of Water Resources (DWR) should establish a policy for the prediction of future water requirements and estimating the effects of demand management. The objective of this policy should be to ensure that all water authorities in the State make predictions on a common basis.

(Chapter Three, page 71, para. 3.46)

The DWR should establish a policy setting out the most appropriate methods of calculation of and the security criteria to be applied when estimating the safe annual yield of various classes of water supply system.

The objective of this policy should be to ensure that water supply systems in Victoria are designed to a set of common standards.

(Chapter Eight, page 150, para. 8.20)

The DWR should ensure that adequate and co-ordinated information and counselling services are available to landholders who might be affected by possible future water related works when such works become subjected to public review and, in particular, to ensure that investigatory works and the examination of alternatives does not cause landholders stress which could be avoided or at least reduced by adequate communication.

(Chapter Seven, page 143, para. 7.71.3)

Allocations of surface waters should only be made at the stage when proposed works are formally approved by the Governor in Council.

(Chapter Six, page 118, para 6.29.4)

No further allocations of surface or groundwater should be made from the Gellibrand River basin until further investigation work has been completed, a definite need to use these resources has been established and specific works are proposed.

(Chapter Seven, page 143, para 7.71.1)

Groundwater at Kawarren should not be reserved under the Groundwater Act 1969 for Geelong until adequate information is available about the size of the reserve and the effects of extracting groundwater at various rates.

(Chapter Seven, page 143, para. 7.71.2)

Groundwater contained in specified aquifers at Barwon Downs could be reserved under the Groundwater Act 1969 for Geelong; however, the Committee believes that there is no benefit to be gained from reserving this groundwater and it recommends that no action be taken in this matter.

(Chapter Seven, page 143, para. 7.71.5)

Strategy plans could be drawn up in the long-term for each of the water supply catchment areas under the aegis of the Town and Country Planning Act 1961.

Consideration should be given to forming advisory committees that are representative of all interests to assist in the formulation, administration and review from time to time of these strategy plans.

Strategy plans could include a policy defining the emphasis to be placed on water treatment as opposed to land management in the particular catchment in order to achieve adequate water quality in the supply system.

* * *

The Natural Resources and Environment Committee appointed pursuant to the provisions of the *Parliamentary Committees Act 1968 (No. 7727)* has the honour to report as follows:

AUGMENTATION OF GEELONG'S WATER SUPPLY TO THE YEAR 1995

CHAPTER ONE

INTRODUCTION

TERMS OF REFERENCE

- 1.1 On 28 February 1984, the Committee was directed by His Excellency the Governor in Council:

To enquire into, and report to Parliament on, proposals for the control and use of water resources of the Gellibrand River basin, with particular regard to proposals for augmenting the Geelong Waterworks and Sewerage Trust's water supply system, and on any matters relevant thereto.

The Committee is required to report to Parliament on the said Terms of Reference by December 1984, on such proposals, if any, as the Committee considers should be implemented by 1995. The Committee is required to report to Parliament, not later than June 1985, on such strategies, if any, as the Committee considers should be adopted for the purposes of planning beyond 1995.

1.2 On 31 July 1984, the second term of reference was amended and widened by His Excellency the Governor in Council to encompass the development and review of a Regional Water Strategy Plan for the South-western Region of Victoria. The terms of reference now read as follows:

1. *To inquire into and report to Parliament by June 1986 on proposals for the future management of water resources in the "south-western" region of Victoria, covering the Moorabool River, Barwon River, Lake Corangamite, Otway Coast (which includes the Gellibrand River) and Hopkins River basins. The inquiry is to cover all aspects of water resources management, including catchment management, water supply, drainage, river management, flood plain management, salinity, groundwater, and wastewater collection, treatment and disposal. The inquiry is to take into account any existing or proposed transfers of water resources into or out of the region, and is to consider the engineering, economic, social and environmental aspects of any proposals.*
2. *To inquire into and report to Parliament by December 1984 on proposals for augmenting the water supply system of the Geelong and District Water Board which should be implemented to ensure continuity of supply through to 1995.*

1.3 The inquiry by the Committee supersedes the earlier Gellibrand River Inquiry which was begun by the Public Works Committee (PWC) in 1979 but which lapsed when that Committee was abolished in 1982. This earlier inquiry was initiated substantially to address the needs seen by the Geelong Water and Sewerage Trust for a decision concerning the allocation of water resources from the Gellibrand River basin to meet their future requirements.

Relevant evidence given to the PWC Inquiry has been accepted as evidence to the Committee.

PURPOSE OF THIS REPORT

1.4 This report addresses the Committee's second term of reference which was:

To inquire into and report to Parliament by December 1984 on proposals for augmenting the water supply system of the Geelong and District Water Board which should be implemented to ensure continuity of supply through to 1995.

PROCEDURE FOLLOWED BY THE COMMITTEE

1.5 Following the Order in Council of 28 February 1984, the Committee appointed a Sub-committee to conduct the first stage of this inquiry which addresses the Committee's second term of reference.

1.6 The Sub-committee decided that prior to calling for submissions and hearing evidence, it would be desirable that a background information paper be prepared.

1.7 The purpose of this background information paper was to provide a common starting point for persons and organisations with an interest in matters to be dealt with in the first stage of the Committee's inquiry.

1.8 The background paper was completed and released for public comment in July 1984. A copy of the paper is tabled with this report and is available as a separate volume.

1.9 The Committee's terms of reference, the availability of the background paper, and the procedure to be followed during the first stage of the Committee's inquiry were advertised in the national and local press during the week commencing July 1984.

- 1.10 The background paper was prepared by the Committee using information provided by the Rural Water Commission (RWC), the GDWB and the Department of Minerals and Energy (DME). All three organizations had begun investigations for the purposes of the earlier PWC inquiry, and have continued those investigations since 1982 in readiness for further inquiry. The GDWB has been concerned primarily in investigation of Geelong's future water requirements and of various alternative means of augmenting supplies to meet those requirements. The DME has been concerned in investigation of groundwater resources in the region, particularly in the Gellibrand River basin. The RWC has been concerned in investigation of the surface water resources of the Gellibrand River basin and potential future demands on those resources. The RWC has also been concerned in co-ordinating related aspects of investigations by all three bodies with respect to this inquiry. Some of the investigation work is incomplete and some will form part of an ongoing programme for many years into the future.
- 1.11 In releasing the background information paper the Committee accepted full responsibility for the contents of the paper and pointed out that it had attempted to ensure that the paper presented the various facts and issues in an even-handed manner.
- 1.12 It was also pointed out in the paper that forecasts of future water requirements, the possible environmental effects of proposals, the costs of alternative proposals and other similar matters would be reviewed during the course of the inquiry. The information provided in the paper on such topics was intended to be indicative only and was provided as a starting point for discussion.
- 1.13 Written submissions received in response to the discussion paper are listed in Appendix 1. These submissions are available for public inspection by appointment at the Committee's offices on the 7th Floor, 100 Exhibition Street, Melbourne.

- 1.14 On 28 and 29 May 1984, the Sub-committee inspected parts of the Geelong water supply system, the Upper Barwon catchments and the Gellibrand catchment. They were accompanied on the inspection by officers from the GDWB, the RWC and the DME who provided informal briefings on the water resources and water supply systems in the area. Informal briefings were also provided by officers of the DCFL and the Colac District Water Board.
- 1.15 The Committee held public hearings in Geelong on 24 September 1984 and in Colac on 25 September 1984. A list of those who gave evidence is shown in Appendix 2, and the Minutes of Evidence given is tabled with this report.*

FORMAT OF THE REPORT

- 1.16 The background information paper circulated for public comment in July 1984 provided the starting point for this inquiry and a copy of that paper has been tabled with this report. Information contained in the paper is referred to in this report but is only repeated where either further amplification is necessary, some contradiction has been raised or where it is necessary to support conclusions reached by the Committee.
- 1.17 This report has been set out in a sequence which is indicative of the Committee's line of inquiry.

* The Minutes of Evidence have not been printed with this report but are available for inspection at the Committee's offices.

- 1.18 In the first instance, the Committee sought to establish the magnitude of future water requirements in the south-western region of Victoria and, in particular, for the Geelong region up to the year 1995 and beyond. As part of these estimates existing water rights and the available information about river flows necessary to maintain the present quality of both the aquatic and catchment environments was reviewed. Secondly, the Committee established the capacity of the major existing water supply systems in the region. The forecasts of future water requirements were then reviewed and set against the capacity of the existing water supply systems, thus identifying the magnitude of the potential shortfall in the supply capacities and in particular of the capacities of the GDWB and Otway systems.
- 1.19 The Committee reviewed the known water resources in the south-western region capable of being used to meet the perceived supply capacity shortfalls. The quality as well as the quantity of these resources was taken into account. This provided an indication as to the most probable water resources available to augment both the Otway and Geelong water supply systems.
- 1.20 The information available to the Committee about how the various alternative sources of further water supply might be utilised was of a tentative nature. Further investigation and detailed evaluation is required by the various authorities involved and the work will take some considerable time. The conclusions reached by the Committee at this time are therefore in the nature of broad principles. The Committee's recommendations call for detailed work to be commenced in specific areas before any definite decisions about the construction of new works are made.
- 1.21 The Committee has also made recommendations about the need for a review of the organisational arrangements for water and catchment management in the longer term and the need to provide better information and counselling to landholders when projects are proposed which might affect their land.

THE NEXT STAGE OF THE INQUIRY

- 1.22 The second stage of the Committee's inquiry will commence during 1985 and will deal with the development of a Regional Water Management Strategy Plan for the South-western Region of Victoria particularly relating to Geelong, Ballarat, Colac, Warrnambool and the Otways.
- 1.23 The Regional Water Management Strategy Plan will consider surface and groundwater supplies, effluent disposal, flood plain management, regional drainage, salinity and environment protection.
- 1.24 This second stage of the inquiry will be preceded by the release of papers identifying how the Committee proposes to organise the inquiry and providing further background information relevant to each part of the inquiry. The findings of this first report on Geelong's water supply will be subject to refinement during the more comprehensive second stage of the inquiry. The second stage of the Committee's investigations into the total water cycle issues will provide the longer-term base planning essential to development of the region.

* * *

CHAPTER TWO

DEMAND PREDICTIONS

INTRODUCTION

- 2.1 This chapter deals with the demand predictions given to the Committee by the various water authorities for water supply systems, authorised diversions and environmental purposes in the south-western region of Victoria and the Committee's evaluation of these projections.

It will be noted that the methods used by the various water supply authorities for predicting future water requirements are different and this is discussed at the end of this chapter.

SUBMISSIONS AND EVIDENCE

Water Supply Systems

Geelong and District Water Board

- 2.2 The following information was provided in Appendices 3 and 4 of the GDWB submission:

METHOD ADOPTED FOR THE PREDICTION OF WATER DEMAND
IN THE GEELONG REGION TO THE YEAR 2001

(Appendix 3)

- (a) *The likely number of future households (i.e. occupied dwellings) in the Geelong region was calculated using a computer programme and census data supplied by the Geelong Regional Commission. This programme enables various age specific options of fertility, household headship and migration rates to be considered.*

- (b) It was assumed that migration and birthrates would remain at the rates typical of the period 1976-81 and that there would be an increase in household headship rates, representing a change from 3.1 persons per dwelling in 1981 to 2.6 in the year 2001. The percentage increase in households over the base year of 1981 was then calculated and applied to the total number of connections at 30 June 1981 to give projected connections at five yearly intervals up to year 2001. These are plotted as the "low prediction" in Figure 1 and are listed in Table 1A.
- (c) Historical data on the consumption per connection between 1969 and 1984 for the areas receiving a supply from the GDWB headworks (excluding Forrest, Little River and Ballan, which represent very minor water usage) was analysed and is plotted in Figure 2.

It was considered that the overall rate of consumption including all user categories (domestic, industrial, commercial, etc.) has been relatively constant during that period with regular peaks at just under 0.6 Ml/a per connection. That figure was therefore adopted as the basis for the demand predictions and is of the same order as figures used in recent years for similar projections for Melbourne and Adelaide.

- (d) The predicted annual demands were obtained by multiplying the number of projected connections for the five yearly intervals by 0.6 Ml/a per connection. These are plotted as the "low" prediction in Figure 3 and are listed in Table 1B.

It was assumed for this estimate that no major new water-using industries will be established during the planning period.

- (e) The above processes were repeated with allowance for the establishment of a major industry equivalent to the ICI proposal; making appropriate allowance for the increased migration which could be expected to accompany such an upturn in development; and allowing for an increase in the birthrate.

A further allowance was made for the progressive provision of reticulated water supplies to small townships and currently unserved rural areas for stock and domestic purposes.

The resulting projected demands are plotted as the "high" prediction in Figure 3 and are listed in Table 1C.

2.3 In its evidence the Board indicated that over recent years and, in particular, since 1982-83, a fairly positive programme of demand management initiatives has been introduced to the Geelong region. These initiatives had a significant effect in drought years but overall has not, as yet, had much long-term effect on the average value of 0.6 ML/a of water consumption per connection.

TABLE 1

**GEELONG AND DISTRICT WATER BOARD
PREDICTED WATER REQUIREMENTS
(Refer Appendix 4)**

TABLE 1A - Predicted Number of Connections

Year	Number of Connections	
	Low Estimate	High Estimate
1981	67 269	67 269
1986	76 700	78 600
1991	86 000	93 000
1996	94 900	107 200
2001	102 900	120 700

TABLE 1B - Predicted Water Consumption (Low Estimate)

Year	Number of Connections	Predicted Consumption @ 0.6 MI/a per Connection	Additional Industrial & Rural Consumption	Total Predicted Consumption ("low")
1981	67 269	40 400	0	40 400
1986	76 700	46 000	0	46 000
1991	86 000	51 600	0	51 600
1996	94 900	56 900	0	56 900
2001	102 900	61 700	0	61 700

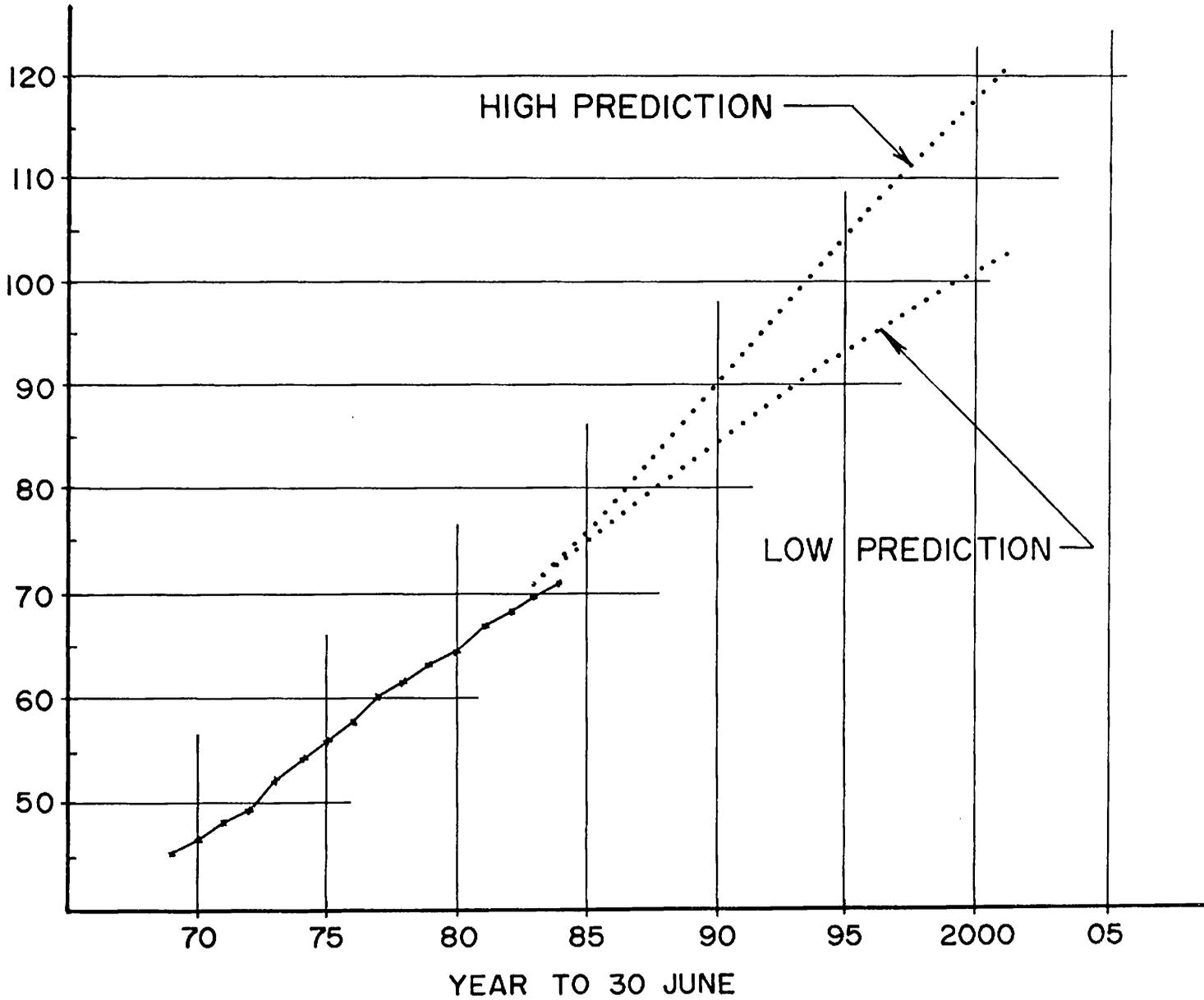
TABLE 1C - Predicted Water Consumption (High Estimate)

Year	Number of Connections	Predicted Consumption @ 0.6 MI/a per Connection	Additional Industrial & Rural Consumption	Total Predicted Consumption ("high")
1981	67 269	40 400	0	40 400
1986	78 600	47 100	1 200	48 300
1991	93 000	55 800	2 600	58 400
1996	107 200	64 300	3 600	67 900
2001	120 700	72 400	9 300	81 700

TABLE 1D - Breakdown of Additional Industrial and Rural Consumption included in Table 1C

Year	Industrial	Rural	Total
1986	200	1 000	1 200
1991	1 600	1 000	2 600
1996	1 600	2 000	3 600
2001	5 300	4 000	9 300

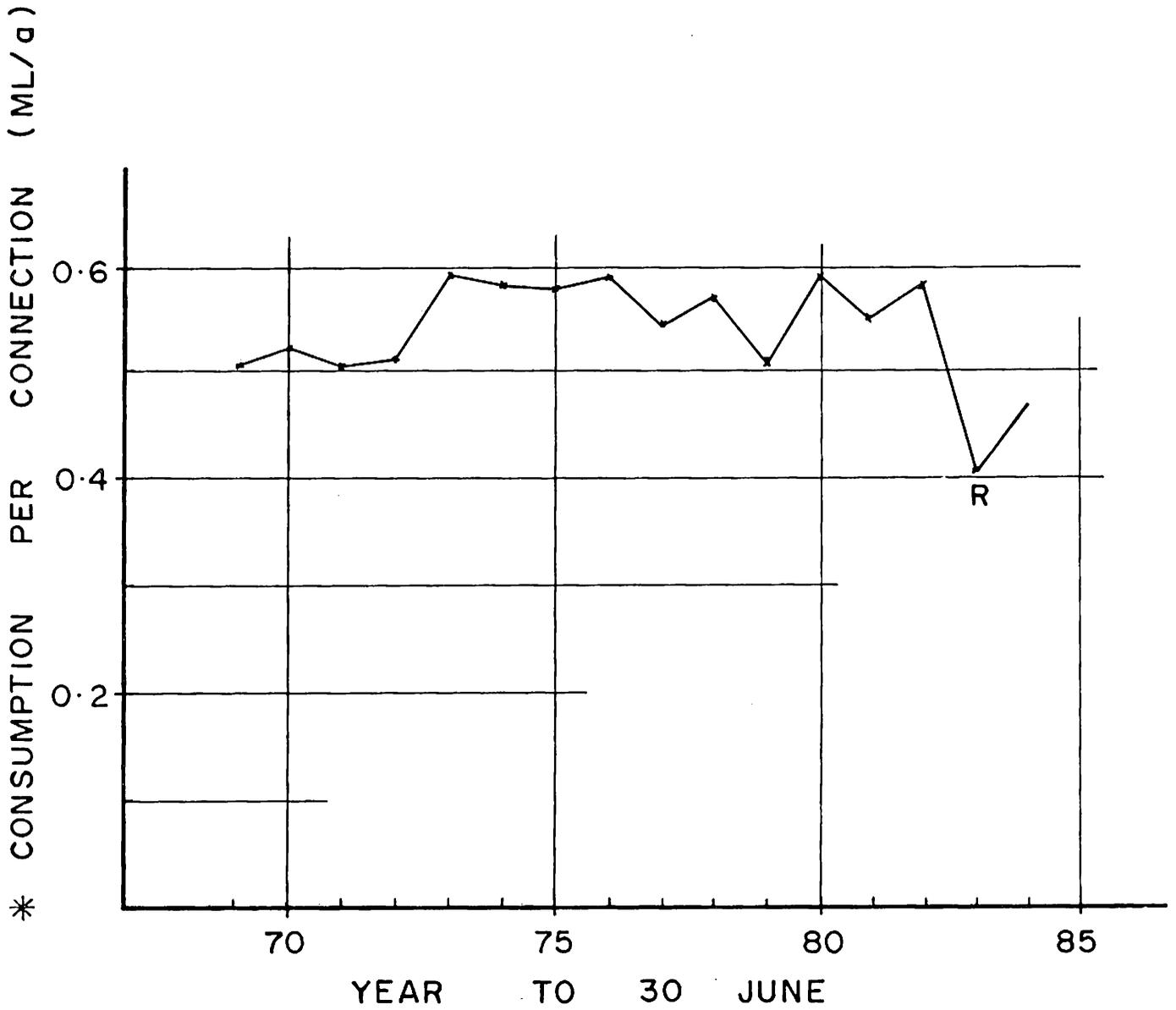
FIGURE 1



* Includes Geelong Urban, Bellarine and Winchelsea

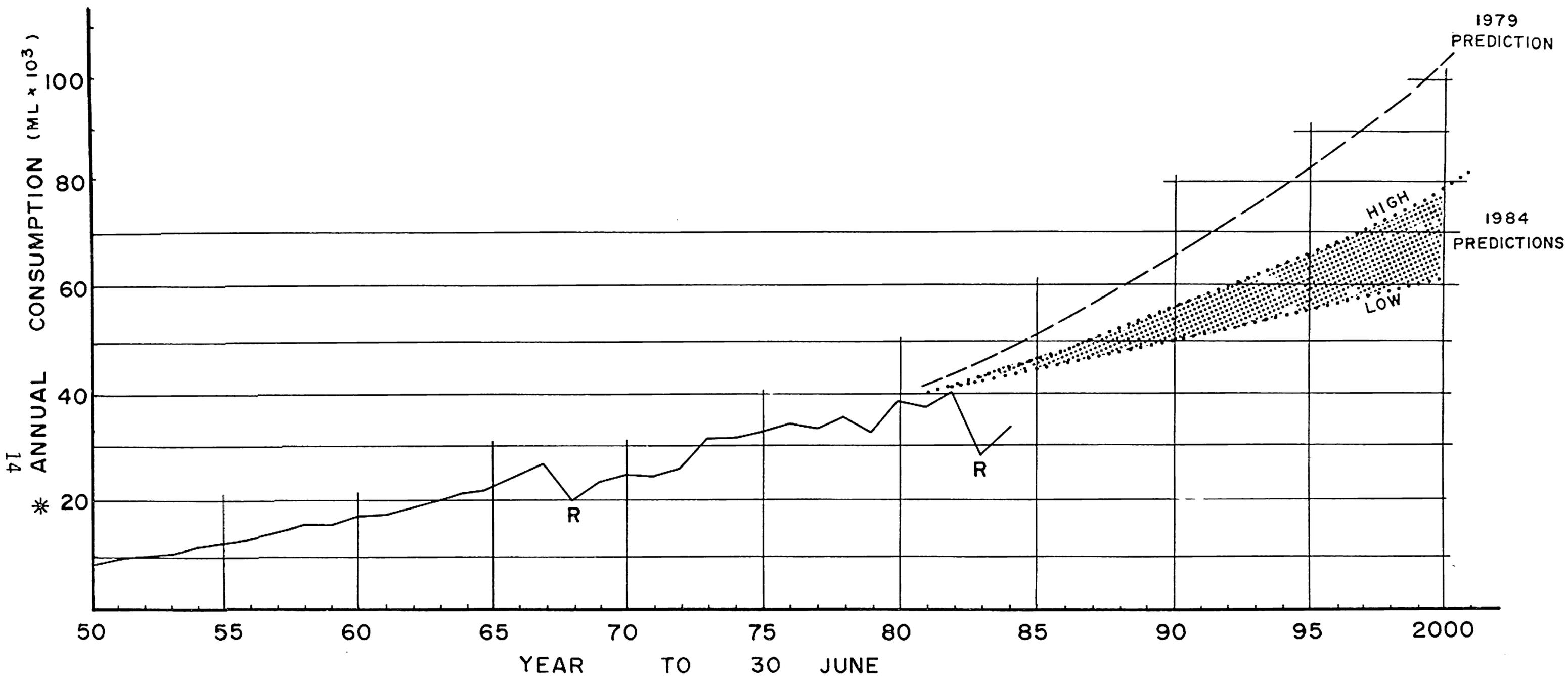
**GEELONG AND DISTRICT WATER BOARD
PREDICTED CONNECTIONS**

FIGURE 2



* - Includes Geelong Urban, Bellarine and Winchelsea.
R - Water restrictions during droughts

GEELONG AND DISTRICT WATER BOARD
CONSUMPTION PER CONNECTION



* — Includes Geelong Urban, Bellarine and Winchelsea.

R — Water restrictions during droughts.

GEELONG AND DISTRICT WATER BOARD
 HISTORICAL AND PREDICTED WATER CONSUMPTION

2.4 The Commission contained in its submission the following estimates (at page 7):

Population and Housing Forecasts

The Commission's study (Geelong Regional Development Strategic Plan. Technical Paper 2(f) Today's Geelong: Regional Demography - unpublished - presented in evidence) provides forecasts of population and future housing demand relevant to planning the provision of major infrastructure for the region. This study considered various fertility, migration and house occupancy rates. The following table summarises relevant facts from this report.

SUMMARY OF POPULATION PROJECTIONS 1981-2001

		Low	High
1996	Population	200 000	208 000
	Total private dwellings	70 000	75 000
2001	Population	205 000	220 000
	Total private dwellings	75 000	80 000

NOTES:

- (1) The population is for the Geelong Region which is slightly different geographically to the Geelong District Water Board Supply Area. The areas have approximately the same populations in 1981. Differences are considered to be insignificant.
- (2) Summarised from "Geelong Regional Development Strategic Plan. Technical Paper 2(f) Today's Geelong: Regional Demography, July 1984."

Forecast Water Requirement

The following table summarises the forecast water requirements and these are illustrated in Figure 4.

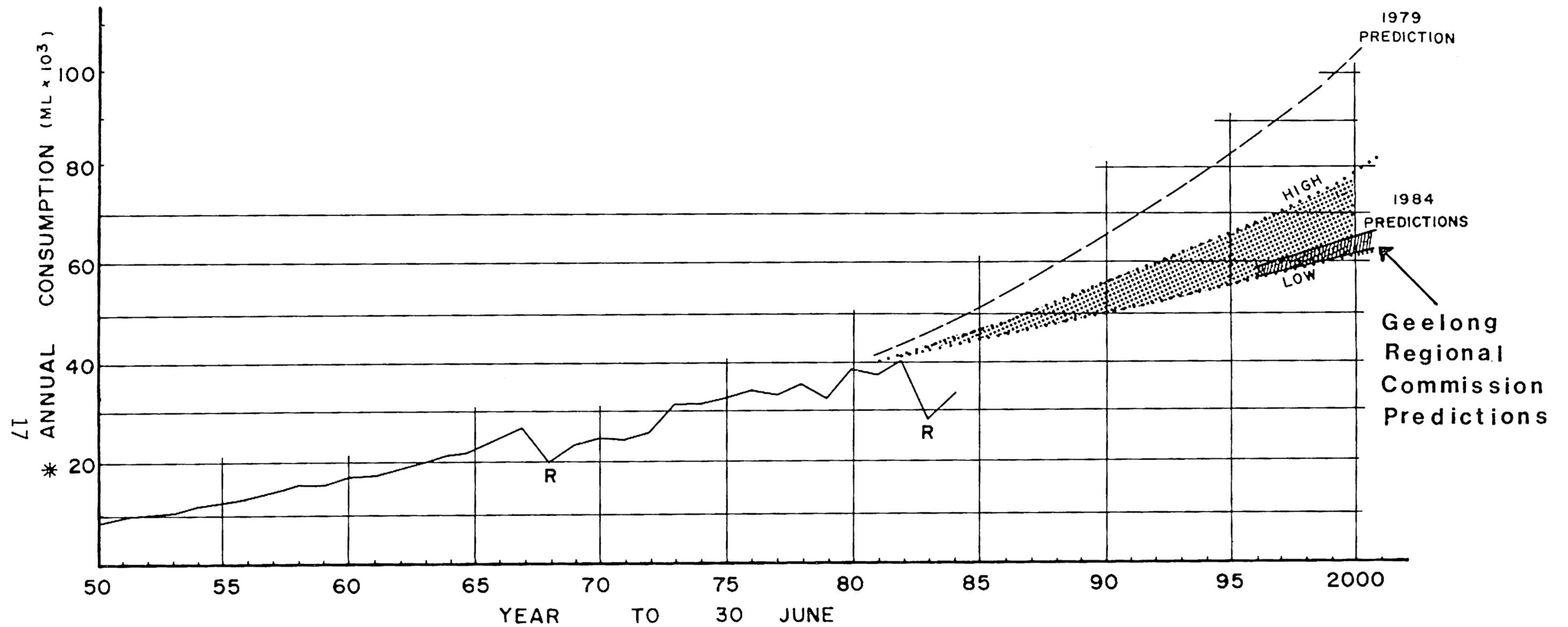
SUMMARY OF FORECAST WATER REQUIREMENT BASED ON PRECEDING HOUSING FORECAST

Year	Forecast water connections	Forecast water requirements (Ml/a)	GDWB Forecast water requirements (Ml/a)
1996	81-86 000	58-62 000	56 900-67 900
2001	88-92 000	63-65 000	61 700-81 700

NOTE:

- (1) Forecast water projections are based on the preferred forecast of number of households plus 16 per cent to allow for industry, commerce etc. The 16 per cent is from GDWB information.
- (2) Forecast water consumption assumes 0.6 Ml/a connection as recommended by the GDWB plus 10 000 Ml/a to allow for future industrial developments.

The future industrial allowance is slightly higher than the GDWB.



* - Includes Geelong Urban, Bellarine and Winchelsea.

R - Water restrictions during droughts.

WITH GEELONG REGIONAL COMMISSION
PREDICTIONS SUPERIMPOSED

FIGURE 4

2.5 The Board in its submission estimates the following (at page 3):

Existing Population Supplied and Growth Rates

The estimated population supplied with water between 1947 and 1981 is tabulated below and shown on Figure 5:

<u>Census Year</u>	<u>Estimated Population Supplied</u>
1947	42 700
1954	47 800
1966	61 365
1971	63 000
1976	69 300
1981	73 680

The annual growth rate over this period was 1.6 per cent per annum.

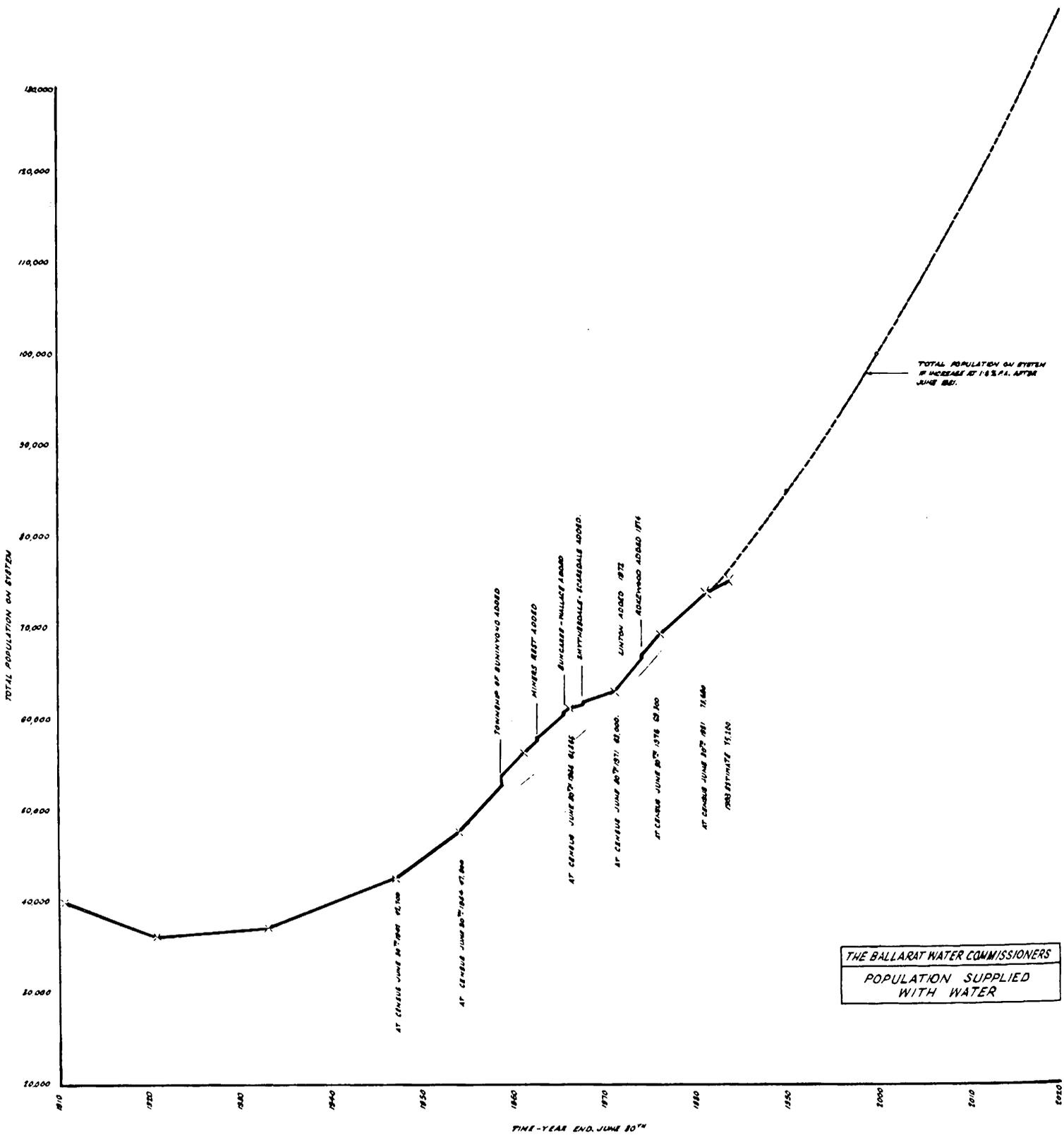
The growth rate between 1971 and 1981 was also 1.6 per cent per annum.

Figure 5 shows a projected growth rate if the population on the system continues to increase at the rate of 1.6 per cent per annum after June 1981.

Over the five years, 1976 to 1981, the growth rate dropped to 1.2 per cent per annum and may be as low as one per cent between 1981 and 1984.

The water supply system, has in the past, expanded from time to time to supply new outer areas and areas previously not supplied, and as there are still such areas to be supplied, i.e. Warrenheip, Elaine and Invermay, there is no reason to doubt that this trend will not continue.

Figure 5



Future Population to be Supplied

Using the long term growth rate of 1.6 per cent per annum, the population to be supplied at various years is tabulated below:

<u>Year</u>	<u>Projected Population at a Long Term Growth Rate of 1.6%/annum</u>
1985	79 000
1990	85 000
1995	92 000
2000	100 000
2005	108 000
2010	117 000
2015	126 000

Water Consumption - Long Term Average per Capita Consumption

Figure 6 shows average consumption per head per day for the years 1947 to 1983. It also shows that the long term per capita consumption over this period has been increasing at the rate of 2.9 l/c/d per year. It is considered reasonable to assume that this rate of increase will continue and Figure 6 shows the projected long term average demand increasing at 2.9 l/c/d per year.

<u>Year</u>	<u>Present Day Estimated Average Daily Demand</u> (litres/capita/day)
1985	514
1990	529
1995	543
2000	557
2005	572
2010	586
2015	600
2020	614

Drought Consumption

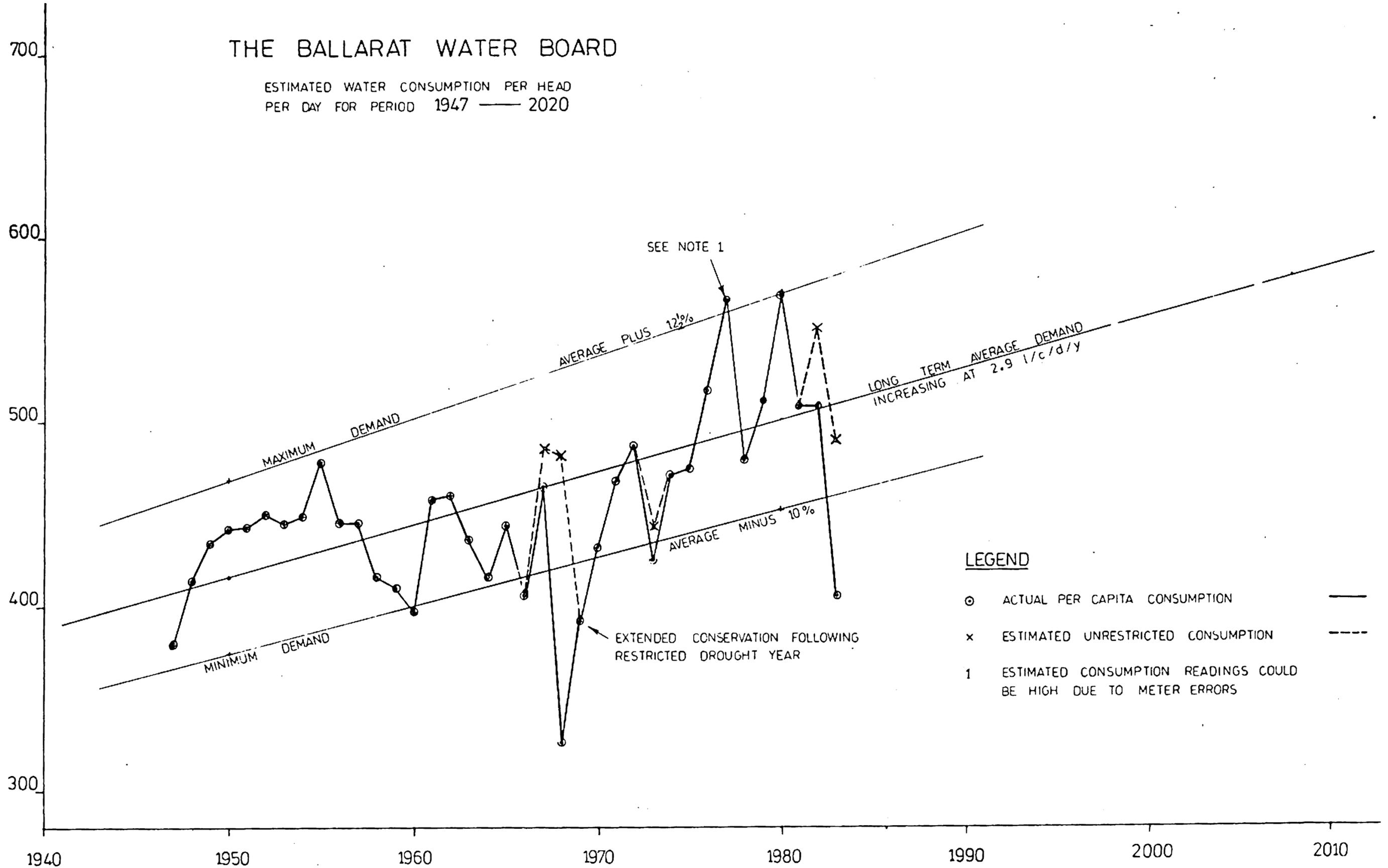
Consumption in a drought year is considerably above the long term average. Experience in Ballarat is that the consumption is about 12.5 per cent higher. This maximum consumption line has been plotted on Figure 6.

FIGURE 6

THE BALLARAT WATER BOARD

ESTIMATED WATER CONSUMPTION PER HEAD
PER DAY FOR PERIOD 1947 — 2020

consumption per head per day
LITRES



Estimated Water Required from Lal Lal Reservoir under Drought Conditions

For the population and drought consumption patterns established above, the estimated water required is as follows:

Year	Design Population	Drought Consumption (ADD + 12½%)	Total Annual Water Requirement (MI)
1985	79 000	578	16 670
1990	85 000	595	18 460
1995	92 000	611	20 520
2000	100 000	627	22 890
2005	108 000	644	25 390
2010	117 000	659	28 140
2015	126 000	675	31 040
Ultimate 2017	131 000	681	32 560

(ADD = Average Daily Demand)

Bannockburn Water Board

2.6 The Board supplies water to the townships of Meredith, Lethbridge, Bannockburn, Inverleigh, Geringhap and Teesdale. The water is pumped from the Moorabool River five kilometres north of Meredith into a service basin north of Meredith, prior to distribution.

Two hundred and eighty megalitres were pumped from the Moorabool River in 1983-84.

The Board supplies 579 urban properties (505 dwellings) and 621 rural properties (309 dwellings) and believes that the water consumption will increase at 4 per cent per annum, based on the average development rate in the Shire of Bannockburn and the Shire of Leigh. This would result in a total supply requirement of 435 MI/a.

Shire of Ballan

2.7 Current requirements for the Shire's system are as follows:

Gordon and Mt. Egerton	80-90 Ml/a	- 280 connections.
Ballan	250 Ml/a	- 350 connections.

No estimates of future requirements were available for stage one of this inquiry. For the purposes of stage one of the inquiry, it has been assumed in the light of a recent agreement with the GDWB for additional supplies from Bostock Reservoir that the total system requirements will lie between 340 Ml/a and 530 Ml/a in 1995.

Colac District Water Board

2.8 The Colac District Water Board in its submission provided the following information (at page 3):

Figure 7 shows the Board's annual water consumption trends for the past ten years together with an annual consumption forecast to beyond the year 2000 A.D.

The predicted trend shown in Figure 7 is based on the following:

- (a) A compound annual growth rate of 1.5 per cent which results in a population of 20 000 at about the year 2000 A.D.*
- (b) An increase in present industrial use from 700 megalitres to 1 400 megalitres by the year 2000 A.D.*
- (c) The ultimate annual requirement of the Colac Training Centre (Mental Health Authority Complex) amounting to 181 megalitres.*
- (d) The possible development of a large water consuming industry associated with timber production. Allowance of 450 megalitres has been made.*
- (e) The extension of the Board's rural reticulation system to the eastern and western areas of the Colac Shire comprising an additional 55 000 hectares approximately.*

Based on this information, the Board's predicted annual consumption at the year 2000 A.D. is 4 800 megalitres representing an increase of approximately 45 per cent.

COLAC WATER BOARD PAST AND POSSIBLE FUTURE TREND

IN WATER CONSUMPTION

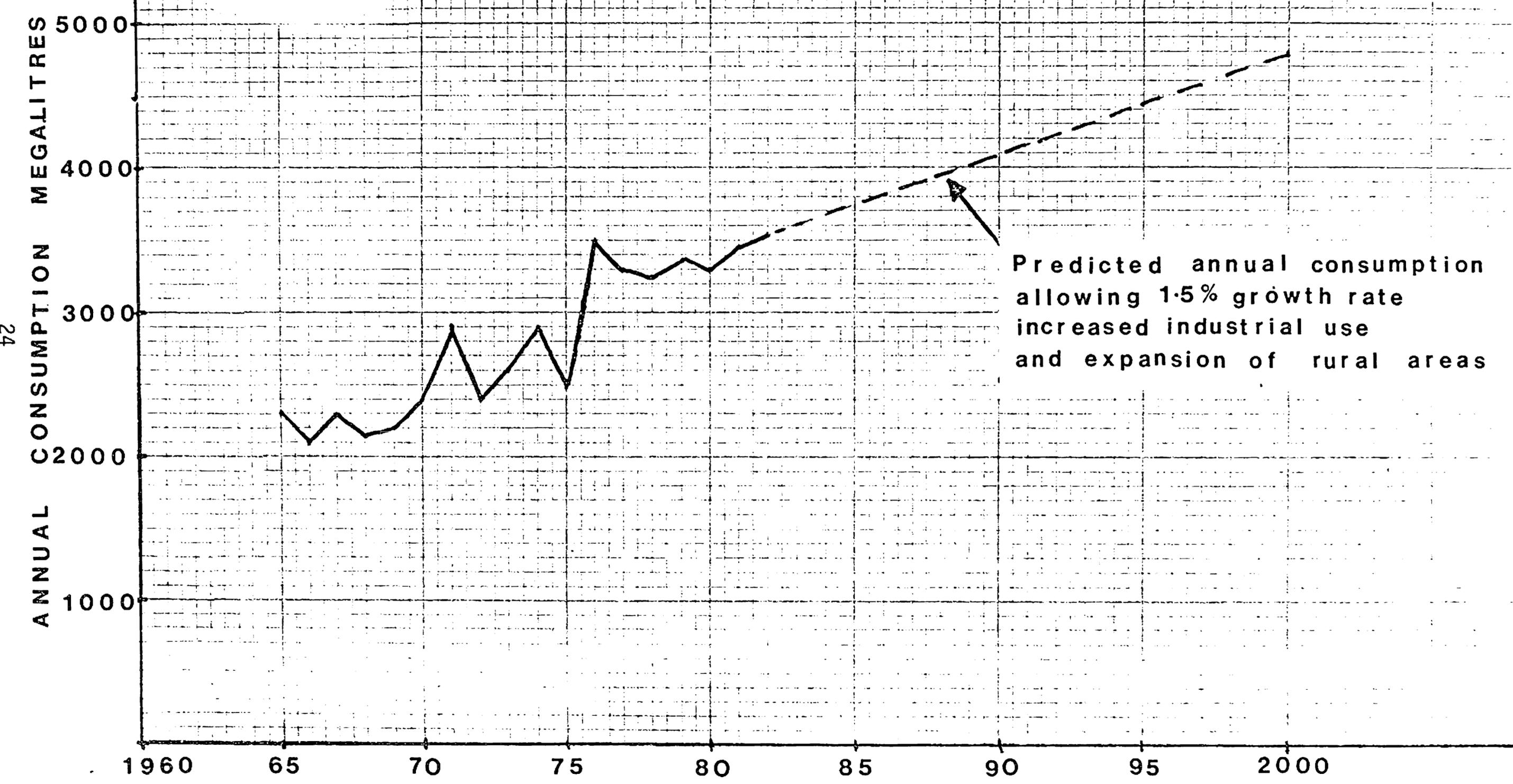


FIGURE 7

Otway Supply System

- 2.9 Future water requirements for the Otway system are estimated by the RWC to reach 15 200 ML by the year 2000. This demand figure is based on estimated annual compound growth rates in new services of 2 per cent for Warrnambool and 0.75 per cent for the balance of the system (Camperdown and rural towns and districts). Growth in water consumption for the whole system is expected to increase at a compound rate of about 3 per cent per annum. This rate is slightly higher than service growth rates to account for an upward trend in consumption per service. The actual demand on headworks supply makes allowance for 12 per cent distribution losses over and above consumption requirements.

Figure 8 shows the projected demand for the Otway supply system.

Irrigation in the Gellibrand River Basin

Rural Water Commission

- 2.10 The Commission provided the following information which was included in the Background Information Paper:

The details of present diversions in the Gellibrand River basin for irrigation, domestic and/or stock and industrial use are set out in Table 2.

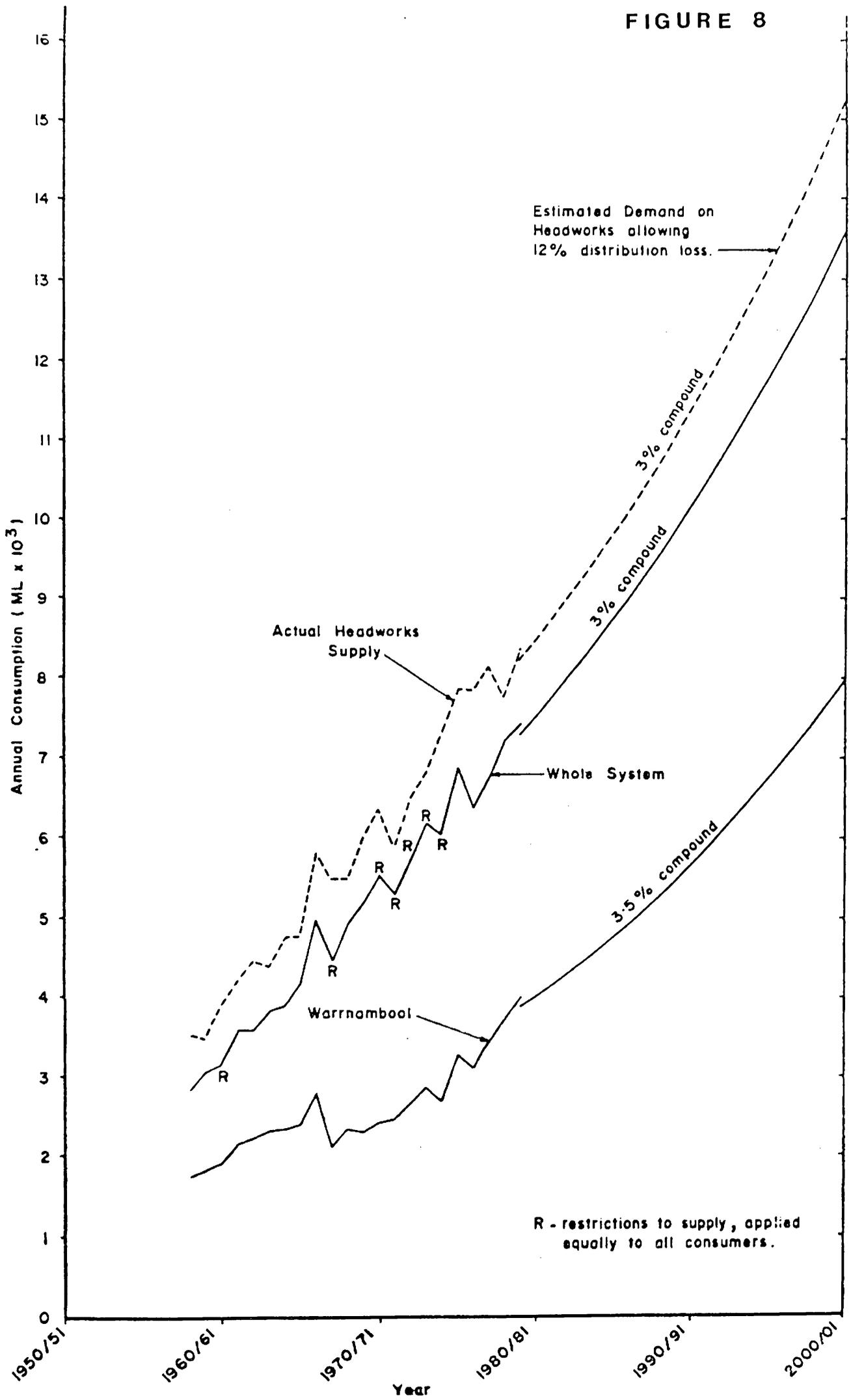
The total authorised area under irrigation is 282 ha, which involves an authorised diversion volume of about 1 705 ML/a.

In comparison with irrigation supplies, the volume of water authorised for domestic, stock and industrial purposes is small, amounting to about 220 ML per annum.

A large proportion of landowners with properties on the river flats suitable for irrigation have annual permits to irrigate. Supplementary irrigation development occurs under sporadic permits issued when streamflows are considered sufficiently high.

There has been very little local interest expressed in further irrigation over recent years, probably because present (unregulated) sources have been known to be virtually fully committed.

FIGURE 8



OTWAY WATER SUPPLY SYSTEM
FUTURE WATER REQUIREMENTS

TABLE 2

**SUMMARY OF PRIVATE DIVERTERS
GELLIBRAND RIVER BASIN**

Stream	Irrigation			Domestic &/or Stock	Industrial
	No. of Permits	Area (ha)	Volume (Ml/a)	No. of Permits	No. of Permits
Gellibrand River	15	149.2	896.9	27	1
Gellibrand River trib.				2	
Atkinsons Creek					1
Boggy Creek				1	
Carlisle River	7	64.4	387.0	3	
Chapple Creek	1	4.2	25.0	1	1
Charleys Creek	3	12.5	87.0	6	
Kennedy's Creek	1	4.2	25.0	2	
Lardner Creek				2	
Love Creek	1	16.5	99.0	14	
Rusty Creek	2	18.3	110.0	1	
Sandy Creek				2	
Nariel Creek				1	
Skinners Creek	1	8.3	50.0	2	
Ten Mile Creek	1	4.2	25.0	2	
TOTAL:	32	281.8	1704.9	66	3

Likely future demands for irrigation, having regard to the limitations of suitable areas, could be as follows:

	<u>Area (ha)</u>	<u>Annual Volume (ML)</u>
<i>Existing permits</i>		
- Gellibrand River	149	900
- Carlisle River	64	387
- Other tributaries	68	421
 <i>Conversion of sporadic permits</i>		
- Gellibrand River	93	465
 <i>Additional permits</i>		
- Kennedy's Creek	40	240
- Gellibrand River and other tributaries	35	210
	—	—
	449	2623
	==	==

It should be noted that additional permits could be issued on Kennedy's Creek if Gellibrand River flows were regulated by a storage, because diverters on the river downstream of Kennedy's Creek junction would no longer need to be supported by some commitment of creek flows.

Department of Agriculture

2.11 The Department of Agriculture contested the view expressed by the RWC:

At present the number of farmers using the Gellibrand River for supplementary irrigation is low, due to insufficient summer river flows to comfortably allow more irrigation. No farmers currently use the groundwater source.

Most of the irrigation is sprayed onto pastures that are grazed by dairy cows. Little pasture improvement has been made in many cases and consequently some poor responses to irrigation are seen.

Rainfall and evaporation figures for the area suggest about 3 megalitres per hectare is needed for pasture and crop growth over the summer period.

The Gellibrand and Carlisle River flats and some of the surrounding easier slopes have much potential for development into more intensive agriculture such as berry fruits, market gardening and cut flower growing. To fully utilise this intensive agricultural potential, irrigation is needed.

The sources of irrigation water could either be:

- off-river storage using winter surplus river flow
- direct off-river pumping in summer (already committed)
- utilisation of groundwater.

In the Gellibrand catchment area, approximately half the area is freehold (255 square kilometres). Of this, 70 sq km is owned by private forest companies. This leaves 185 sq km of which about two-thirds is unsuitable for irrigation development because of distance from river and groundwater sources and the land use determination requirements, leaving about 60 sq km of river flats and nearby slopes available for irrigation.

Allowing an average three megalitres per hectare for irrigating the total area gives an annual irrigation requirement of 18 000 megalitres.

It is unlikely that the total area will be irrigated. For example, usually less than one quarter of a dairy farm is irrigated, and for intensive cropping usually only small areas of 1-4 hectares are irrigated. This could then reduce the potential to say half, giving an annual requirement of 9 000 megalitres.

This is still five times greater than allowed for under the private diverters presently licensed.

Summary

In considering the allocation of Gellibrand River catchment water, the Committee should recognise the potential requirement of agriculture and horticulture for with an allowance of up to 10 000 megalitres from both river and groundwater sources.

Irrigation in the Barwon and Moorabool River Basins

Rural Water Commission

2.12 A summary of present diversions in the Barwon and Moorabool River basins is set out in Tables 3 and 4.

TABLE 3

**SUMMARY OF PRIVATE DIVERTERS
BARWON RIVER BASIN**

Stream	Irrigation			Domestic &/or Stock	Industrial
	No. of Permits	Area (ha)	Volume (Ml/a)	No. of Permits	No. of Permits
Upper Barwon River	13	92.5	556.9	25	
Boundary Creek				1	1
Callahans Creek				3	
Pennyroyal Creek	4	10.8	89.0		
Retreat Creek	1	167.0		1	
Yan Yan Gurt Creek	1	12.3			
Lower Barwon River	21	173.2	1098.7	7	10
Armstrong Creek	1	6.2	37.0		
Back Creek	2	16.0	48.0	1	
Buninyong Creek	1	5.7	17.0		
Hasties Creek	1	1.2	7.4		
Yarrowee Creek	27	144.3	1438.9	8	
Native Hut Creek	1		3.9	3	
Williamsons Creek	7	40.5	196.0	6	
Reedy Lake	3	25.7	154.0	1	
TOTAL:	83	695.4	3646.8	56	11

TABLE 4

**SUMMARY OF PRIVATE DIVERTERS
MOORABOOL RIVER BASIN**

<i>Stream</i>	<i>Irrigation</i>			<i>Domestic &/or Stock</i>	<i>Industrial</i>
	<i>No. of Permits</i>	<i>Area (ha)</i>	<i>Volume (ML/a)</i>	<i>No. of Permits</i>	<i>No. of Permits</i>
<i>Upper Moorabool River</i>	12	61.2	210.0	1	
<i>Black Creek</i>	5	43.8	169.0		
<i>Granite Creek</i>	7	37.4	112.9		
<i>Lal Lal Creek</i>	8	37.3	113.3		
<i>Pound Creek</i>				1	
<i>Ring Creek</i>	3	29.2	88.0		
<i>Spring Creek</i>	5	18.7	75.8		
<i>Two Mile Creek</i>	4	46.5	139.9		
<i>Whiskey Creek</i>	1	4.0	12.3		
<i>Woollen Creek</i>	2	24.0	72.0		
<i>Lower Moorabool River</i>	42	122.3	768.8	7	2
TOTAL:	89	424.4	1762.0	9	2

Irrigation in the Upper Moorabool River and the Creeks listed in Table 4 is limited to a total of 324 hectares in order to maintain adequate flow to the Lal Lal Reservoir.

Environmental Water Requirements in the Gellibrand River

Department of Conservation, Forests and Lands

2.13 The Fisheries and Wildlife Division of the DCFL divided the Gellibrand River into three sections for consideration of environmental flows:

- (1) *Newling Section - Between the junctions of Charleys Creek and the Carlisle River. The reference point for flow measurements is the Bunkers Hill Gauging Station.*
- (2) *Mt. McKenzie - From the junction of Carlisle River to 2 km upstream of the Burrupa Gauging Station. The reference point for flow measurements is the Carlisle Gauging Station.*
- (3) *Burrupa - From 2 km upstream of the Burrupa Gauging Station to the estuary. The reference point for flow measurements is the Burrupa Gauging Station.*

In each section the recommended environmental flows will protect cover sites, feeding areas, spawning sites and passage areas for blackfish, brown trout, lamprey and platypus.

In any unregulated stream, there are not only daily variations in flow but also annual variation. Period of low flows during droughts, which may result in stress conditions for aquatic biota, are followed by average or higher flows creating optimum conditions for recovery of biota. The danger of a single level of low environmental flow for an indefinite period, is that although conditions may be just suitable for fish there is little capacity for fish recovery after any excessive natural or fishing mortality. Three levels of environmental flows should be considered for the Gellibrand River.

(1) Long Term Minimum Environmental Flow

This flow will maintain 70-80% of fish habitat and can be implemented for considerable periods. The flow would apply when natural river flows and rainfall were around average.

(2) Short Term Survival Environmental Flow

This flow would maintain 50% of fish habitat. It would apply only during recognized drought conditions when flows and rainfall were below average. These flows would not apply for more than one year. A condition of their application would be regular monitoring of the affects of such flows on aquatic biota with the provision for increased flows if significant problems were identified.

(3) Optimum Environmental Flow

This level of flow would maintain 90-100% of fish habitat and would be implemented when natural flows or rainfall were above average. They should also apply after any period of short term survival environmental flow.

Note: Definitions of below and above average flows and rainfalls would need to be established.

THREE LEVELS OF ENVIRONMENTAL FLOWS FOR THE
GELLIBRAND RIVER

(1) Long Term Minimum Environmental Flow. ML/d.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Newling	65	65	65	65	90	90	90	90	90	90	65	65
Mt McKenzie	70											
Burrupa	50											

(2) Short Term Survival Environmental Flow. ML/d

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Newling	45	45	45	45	65	65	65	65	65	65	45	45
Mt McKenzie	50											
Burrupa	50											

(3) Optimum Environmental Flow. Ml/d.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Newling	100											
Mt McKenzie	120	120	120	120	150	150	150	150	150	150	150	150
Burrupe	140											

Note: All flows are instantaneous.

This approach of three levels of flows introduces flexibility into the system. During drought periods more water can be made available for off - stream use. Any stress or degradation of the fish populations can be compensated by higher flows in subsequent years, enabling recovery of fish stocks. Annual variations in flow, together with small daily fluctuations following local rainfall may introduce some degree of flow variation back into the stream. The success of this approach relies on an appreciation by water managers of the requirements of the fish populations.

Flows recommended for the freshwater reaches of the river will not be adequate to "flush out" any anoxic salt wedge from the estuary or to maintain the river mouth open. Sherwood has suggested that a flow of 500 Ml/d is necessary to flush the estuary. Observations by the Fisheries and Wildlife Division are that although a flow of 750 Ml/d will prevent the salt wedge returning into the estuary it may require flows of between 1 000-1 500 Ml/d to flush out the salt wedge. Further investigations to determine the level of flushing flows and their frequency are necessary. Times of flushing flows must also meet the life cycle requirements of various estuarine and freshwater fish.

It is usual to assess the level of environmental flows as a percentage of natural flows. This is not possible in the Gellibrand River, as summer flows in particular have been regulated over much of the period for which flow data is available. It is therefore not valid to consider present summer flows as the natural flow. The effect of the present regulated flow on fish populations is unknown due to lack of past data.

Unfortunately, the maximum flexibility in fisheries management yields minimum flexibility in water management; hence a conflict between the two. Assessment of an environmental flow is an attempt to reach a compromise. The level of environmental flow selected is influenced by the value of the fishery resource and the level of production chosen by the fisheries management agency.

In the case of the Gellibrand River with a particularly valuable fisheries resource, no reduction in fish stocks is acceptable. The flows recommended are intended to maintain existing fish stocks close to their present condition.

Mr. W.A. Bowker and Mrs. Y.M. Lawson - Princetown

2.14 The above are landowners adjacent to the estuary of the Gellibrand River and gave evidence to the Committee and described the flooding cycle which occurs in the lower reaches of the river. The landowners described how the frequency and period of flooding appears to have increased since the Otway water supply system has been in operation and, in particular, the salt wedge appears to be advancing farther upstream and causing problems when river water is used for irrigation purposes. Extracts from Mr. Bowker's and Mrs. Lawson's evidence appear in Chapter Six.

Environmental Requirements in the Moorabool and Barwon River Systems

Summary of the Current Situation

- 2.15 No work has been carried out to estimate what would be adequate environmental low flow requirements for these river systems.
- 2.16 For irrigators, high salinity in the summer months is one of the major problems of concern occurring in the lower and middle reaches of these systems. This problem can be aggravated by discharges of saline water from the Lake Colac/Lough Calvert Drainage System and the Lake Corangamite Reclamation System.
- 2.17 The current operating rules for the operating rules for the Lake Colac/Lough Calvert system provide for releases of saline water to be made during the non-irrigation period between May 1 and September 30, provided such releases do not raise the salinity of the Barwon River at Winchelsea above 1 000 mg/L TDS. (Total Dissolved Salts).

2.18 It should be noted that the normal diversion period of five months has been exceeded in some years due to special circumstances. The most notable occurrence followed an extremely wet Winter/Spring in 1975 when Lake Colac overflowed into Lough Calvert for a considerable period and releases from the area were authorised to continue through the Summer and into the Autumn of 1976.

2.19 Operating procedures for the Lake Corangamite reclamation works allow for discharge from these works to the Barwon River to be maintained irrespective of the flow in the Barwon River, provided that the following salinity levels are not exceeded at Geelong as a consequence of such diversions:

<u>Period</u>	<u>Salinity (mg/L TDS)</u>
November-April	1 500
May	2 500
June	3 500
July-August	4 500
September	3 000
October	2 000

2.20 The Fisheries and Wildlife Division pointed out that reduced flows in the Barwon River may have a significant impact on the Connewarre State Game Reserve which is located near the mouth of the river.

2.21 The only control of good quality water available which will affect low flow rates in the upper and middle reaches of the Barwon River during periods of drought is the amount of water released from the West Barwon Reservoir. The Upper Barwon Tributaries usually have very low flows during drought periods and, consequently, the GDWB diversion system has little effect upon the lower reaches of the river in these periods.

2.22 An agreement between the State Rivers and Water Supply Commission and the Geelong Waterworks and Sewerage Trust dated 19 July 1955 (Appendix 3) sets out the current arrangement for releases from the West Barwon Reservoir and upper Barwon tributary off-takes.

2.23 Low flow rates in the Moorabool River are controlled by the releases from the Lal Lal Reservoir, the Moorabool Reservoir, the Korweinguboora Reservoir and the Bostock Reservoir, the amount taken out of the river by the GDWB at She Oaks, the Bannockburn Water Board at Meredith, the Shire of Ballan at the Railway Weir and by private licensed diverters. An Order in Council dated 14 March 1962 sets out the minimum rates at which water is to be released from the Moorabool, Korweinguboora and Bostock reservoirs to the East and West Moorabool rivers in various months of the year. A copy of this Order is attached as Appendix 4. Releases from the Lal Lal Reservoir are set out in the *West Moorabool Water Board Act 1968* in terms of meeting the needs of downstream diverters except in times of drought when restrictions can be imposed.

Comments Made to Committee on Forecast Water Requirements

2.24 The following comments were contained in submissions and evidence given to the Committee:

Rural Water Commission (at page 3)

GEELONG'S DEMAND PROJECTIONS

It is possibly useful to compare Geelong's implied growth rates in water demand to that adopted by the Melbourne and Metropolitan Board of Works (MMBW) in recent years. In 1982, the MMBW released a report entitled "A Water Supply Strategy for Melbourne" which presented a projection of water demand to the year 2000. The growth rate of the adopted demand projection for Melbourne was about 2.4% per annum compound. This compares to the growth rates for Geelong's demand of 2.2% and 3.6% per annum compound for the "High" and "Low" projections respectively. Hence the "Low" projection compares well with the planning projection adopted for Melbourne. Having regard to the fact that Geelong is relatively more industrialized than Melbourne, the "High" projection for Geelong, which recognises the possibility of additional industrial development, is not unreasonable as an upper planning target.

2.25 In reviewing the GDWB's demand projections the RWC noted three points which warrant some comment:

Firstly, the adoption of 0.6 ML/annum per connection as a consumption rate could be viewed as a little high. Consumption rates over the period 1969 to 1984 generally ranged between 0.5 and 0.6 ML/annum per connection, with lower values occurring in the last two years as a result of the 1982-83 drought. Selection of a slightly lower figure would have allowed for possible continuing effects of water saving measures introduced in the 1982-83 drought and the possible effects of future demand management strategies. However, in this regard the RWC recognises that the selection of an appropriate consumption rate is somewhat subjective.

Secondly, the inclusion of the existing industrial demand in determining the unit consumption rate assumes that industrial demand will increase in proportion to the number of connections. If that assumption is not correct, then total demand projections would be over-estimated. In the case of the GDWB's "Low" projection, this factor could be causing the demand to be over-estimated by about 3%.

Thirdly, the GDWB has stated that its demand projections have not taken into account any effect that future demand management strategies may have on future water demand. The RWC believes that this is understandable as it is difficult at this stage to quantify the likely effects of such strategies on future demands with any degree of certainty. It may be several years before the effect of such strategies can be confidently taken into account in projecting water demands. In the event that such strategies do reduce consumption rates, then the overall effect will not be major. The effect would not be to remove the need for augmentation, but to influence its timing; that is to space the steps in a staged implementation of headworks augmentation further apart.

The RWC offers the comment that it believes the GDWB is among the most progressive of the State's water bodies in respect of the application of demand management principles through activities such as -

- the encouragement of conservation and recirculation of water by industrial users*
- a move towards the "user pays" approach*
- the education of the general public on water conservation.*

In summary, the RWC considers that given the difficulties inherent in projecting water demands, the projections produced by the GDWB are soundly based and suitable for planning purposes.

Minimum Flow - Gellibrand River

2.26 The RWC made the following comments:

The latest minimum flow figures that the Fisheries and Wildlife Division has suggested for the Newling Reach can be broadly summarized as follows:

<i>Designation</i>	<i>To be Applied under</i>	<i>Minimum Environmental Flow (ML/d)</i>	
		<i>Summer/Autumn</i>	<i>Winter/Spring</i>
<i>Long term</i>	<i>Average flow</i>	65	90
<i>Short term</i>	<i>Drought conditions</i>	45	65
<i>Optimum</i>	<i>Above average flow conditions</i>	100	100

The flexibility that the new approach gives with regard to flow requirements under differing flow conditions, particularly drought conditions, is welcomed. However, the new figures appear to require an increased commitment to maintaining fish populations despite the reduction in the Short Term Survival case for the Summer/Autumn period. Other in-stream requirements such as for invertebrates and aquatic and riparian vegetation have not been determined at this stage, although some studies have been carried out to provide baseline information on these aspects.

Additional studies will have to be carried out in the near future to re-assess yields of schemes based on the more recent minimum flow figures. Any resultant reduction in yield will probably be within the level of accuracy of the preliminary yield figures, and for the purposes of stage one of the Inquiry the existing yield figures are considered adequate.

Secondly, the RWC accepts that for current planning purposes the minimum flows proposed are a useful guide in considering any approval in principle for the GDWB to divert or extract water from the Gellibrand River catchment. However, the establishment of firm rules for such diversions or extractions would require consideration of the results of the additional studies mentioned above. This would appear to be a matter which could be left for consideration in stage two of the Inquiry.

Thirdly, the minimum flows proposed for the Mt. McKenzie and Burrupa reaches of the river have critical implications for the Otway water supply system in that they represent an enhancement of the fish habitat over present conditions. The Otway water supply system has been diverting run-of-river flows from the Gellibrand River for many years and such diversions have at times reduced flows below those proposed by the Fisheries and Wildlife Division. For example, the Short Term Survival guidelines specify a flow of 50 ML/day to be maintained in the Mt. McKenzie reach of the river all year. This flow applies to "recognised" drought conditions which could be interpreted as appropriate to the years 1967-68, 1972-73 and 1982-83, when below average flows occurred. The number of days in each of those years (taken as water years - May to April) when daily flow was actually less than 50 ML/day is as follows:

1967-68	-	110 days
1972-73	-	31 days
1982-83	-	82 days

Despite this situation the Fisheries and Wildlife Division has found that fish populations in the river are substantial. There would not seem, therefore, to be any justification for increasing minimum flows; particularly having regard for the consequent reduction in yield available to a system serving 34 700 consumers.

If a major storage were to be built, consideration of in-stream requirements would be taken into account in planning. This is a matter which could be considered in stage two of the Inquiry.

The RWC has had a study carried out of the Gellibrand River estuary, and the Fisheries and Wildlife Division also gave some consideration to the needs of the estuary in its study. It is not clear at this stage what levels of flow would be required to flush the salt wedge out of the estuary and keep the mouth open. There are other influences such as tidal and meteorological factors to be considered as well as flow. Further studies will need to be carried out before any major diversions of water from the Gellibrand River are authorized.

Ministry for Planning and Environment

2.27 The Ministry recommended:

That the Committee should request a more detailed forecast of future water requirements for Geelong based on categories of water use.

Department of Conservation, Forests and Lands

2.28 The Department included the following in its submission (at page 2):

It is also considered that genuine and substantial endeavours should be made to improve the efficiency of water use by all water users in the region. The water resources are finite and are in competition with other demands. Consequently, an important part of the water management programme for Geelong, and indeed for the south-western region as a whole, should emphasize efficiency of water use. The programme should incorporate education, financial incentives, re-use and other measures designed to achieve efficiency and reduce wastage to a minimum. The early, over-generous commitment of surface water resources to Geelong would tend to reduce the incentive for efficiency to be achieved.

Department of Water Resources

2.29 The Department made the following comments:

It would be appropriate if more detail were provided on the population projections provided by the Geelong Regional Commission, including any assumptions made about growth in the region. Similar information should be provided for the Colac and Otway systems. Population growth estimates should be in accord with State Government estimates for the region.

It is noted that the projected water requirements will be further reviewed during the course of the inquiry, and that the possible effects of demand management have not been considered. When this review is undertaken, industrial and domestic demands should be considered separately.

The Geelong and District Water Board and the Ballarat Water Board have been actively involved in the urban demand management program being developed as part of the State Water Plan. Future estimates of demand should take this into account, as the introduction of demand-management practices could significantly reduce future consumption. Policies and practices proposed include:

- pay-for-use pricing systems;*
- education programs and public campaigns to influence community attitudes;*
- design and introduction of water efficient appliances, including toilets, shower roses and washing machines;*

- design and operation of water supply systems including minimum supply pressures and attention to leak detection;
- encouragement of more efficient water use by industry;
- use of recycled water in appropriate situations;
- measures to save on distribution costs, for example, voluntary campaigns or bans on the use of sprinklers on hot summer days; and
- monitoring and research of consumption and consumers' water-using habits.

Reduction in water use per household will require broadly-based campaigns, and will rely on the cumulation of several initiatives. The overall objective should be to encourage more efficient use of water, with the net cost of measures to improve efficiency being less than the cost of harvesting additional water, including environmental costs.

This Department's attitude to the allocation of water resources is that any authority seeking the allocation of significant additional water resources should demonstrate that such demand management policies and practices have been fully investigated, and where appropriate, implemented, before such allocations are made. The requirements of future off-stream users (including domestic and industrial users) should be precisely determined taking into account the adopted demand management policies and the specific in-stream requirements.

City of Warrnambool

2.30 The Council's submission contained the following comments:

1. *GDWB appear to be aiming for lower than normally accepted limits for TDS.*
2. *GDWB may be aiming for too secure a supply - Fig. 16 indicates water restrictions applied twice in 34 years, Fig. 20 for Otway system indicates restrictions eight times in 24 years (including 1982-83).*

Geelong's current total storage capacity is approximately 79 000 Ml c.f. Otway 2 000 Ml (factor of 40), yet consumptions total approximately 40 000 Ml/an. for Geelong

and 8 000 Ml/an. for Otway (factor of 5) or population served 170 000 for Geelong (plus industry) c.f. 33 000 for Otway system (plus industry and farm supplies) - this is also a factor of 5.

Mr. T. Newton - Apollo Bay

2.31 In his submission, Mr. Newton wrote:

It seems that if water use continues to rise at the present rate then impossible problems will result, and that water conservation and more efficient use of waste water already in the cities should be explored with the view of lower economic and environmental costs in the long term.

Ms. Y. Walters - Apollo Bay

2.32 Ms. Walters made the following comments when giving evidence (at page 185):

On Page 48 of stage 1, Augmentation of Geelong's Water Supply to the Year 1995, there is a usage curve which predicts the consumption of water required by Geelong in the year 2000. It indicates that Geelong's population will have tripled by that time and obviously that extra population will require additional water. One ponders the question, is it just that the population is increasing, or is water consumption increasing? People can exist on a lower intake of water, as appears from the drought period. Something must be done at the point of consumption to reduce the amount of water people use. It is my belief that the community should be encouraged to look at alternatives to the water supply on their properties. It may be possible to halve the amount of water the community needs by proper conservation.

DISCUSSION

2.33 The Committee recognises the difficulties involved in making long-term predictions of future water requirements and, in particular, of estimating the effect that demand management practices may have on these forecasts.

Demand management practices include:

- pay-for-use pricing systems;
- education programs and public campaigns to influence community attitudes;
- design and introduction of water efficient appliances, including toilets, shower roses and washing machines;
- design and operation of water supply systems including minimum supply pressures and attention to leak detection;
- encouragement of more efficient water use by industry;
- use of recycled water in appropriate situations;
- measures to save on distribution costs, for example, voluntary campaigns or bans on the use of sprinklers on hot summer days; and
- monitoring and research of consumption and consumers' water-using habits.

2.34 The Committee is of the opinion that the various water authorities who gave forecasts to the Committee have acted in a responsible manner in relation to their perceived objectives, although the estimates of these authorities tend to err in favour of ensuring that more than adequate capacity is provided for the future.

2.35 The predicted growth in water supply requirements by the respective authorities for Geelong, Colac, Ballarat and the Otway system were consistent with each other in that in each case a 45-50 per cent overall growth in water supply requirements was predicted to occur between 1981 and the year 2000. This predicted growth is also consistent with recent predictions made for water supply requirements for the Melbourne metropolitan region by the MMBW and with historic growth rates in each case. However, the basis on which these various predictions have been made was, on the surface, different in each case.

Geelong and District Water Board System

2.36 The Committee is of the opinion that the concept used by the GDWB of basing forecasts of domestic water supply requirements upon predictions of future population and rates of household formation is sound.

2.37 During the course of the public hearings, the Committee questioned certain aspects of the GDWB's September submission and following the hearings the Committee wrote to the GDWB asking for comments on the following:

- The possible order of magnitude and time-scale of the effect of water conservation measures on the Board's predictions of future water demand.
- The effect of reviewing future water demand by separate consumer categories particularly in view of the large proportion of industrial water consumed in Geelong.

2.38 The Committee's request and the GDWB's reply are contained in Appendices 5 and 6. The GDWB indicate in its reply that:

..... the growth of water demand within the GDWB supply area has been re-assessed to allow for:

- (a) the estimation of the growth of demand by major users separately from the domestic and other non-major users;
- (b) a constant household headship ratio over the period of projection in lieu of the increase previously used; and
- (c) the possible effects of water-saving measures.

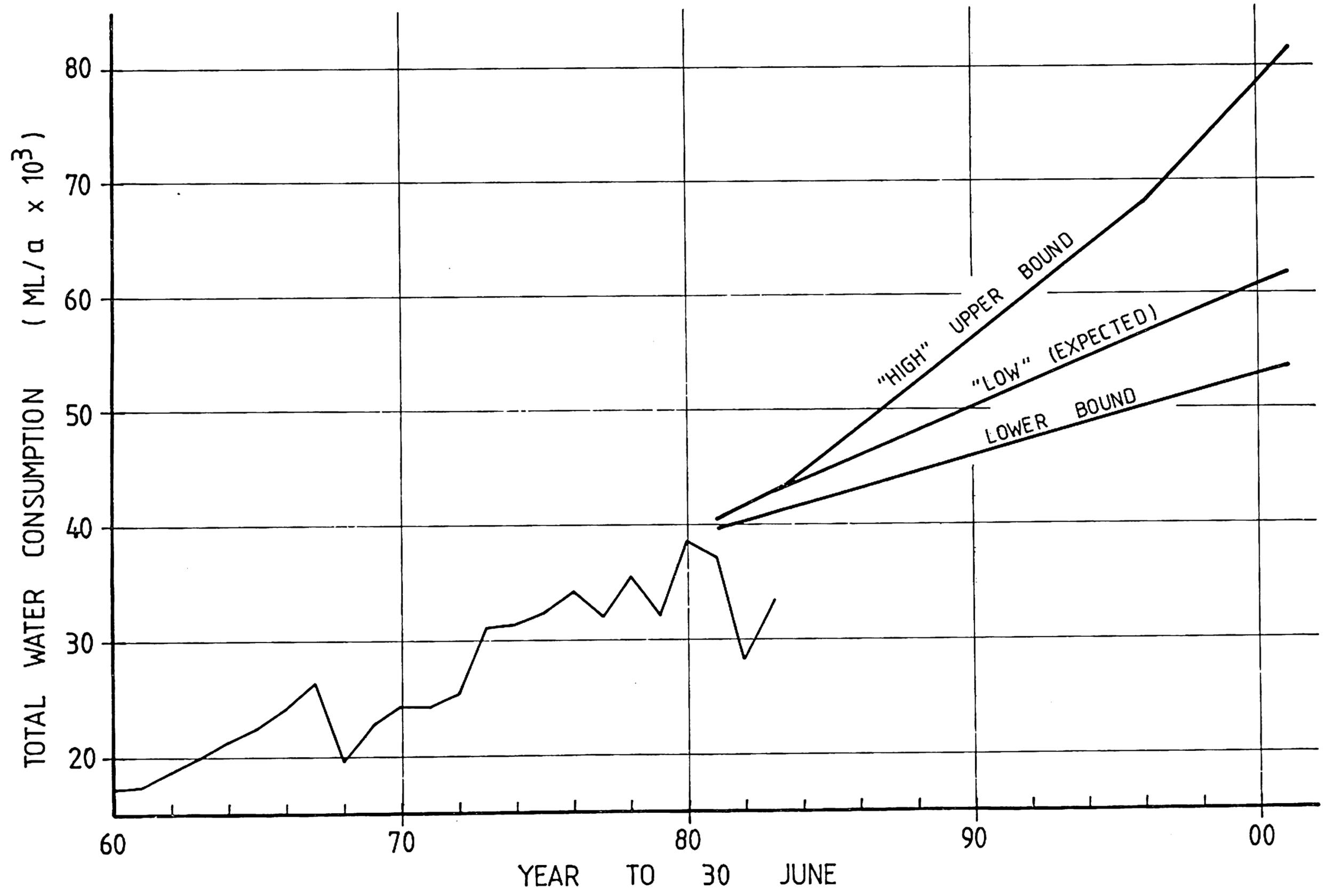
This re-assessment is considered to provide a reply to items 1 and 2 of the Natural Resources and Environment Committee's letter of 3 October 1984.

The foregoing process has produced a new estimate of the growth of demand which is lower than the "low" estimate in the Board's evidence to the Committee in September 1984. This new lower estimate could be regarded as a lower bound to the growth predictions while the previous "low" estimate could more appropriately be regarded as the expected growth of demand. The "high" prediction in the evidence could be regarded as an upper bound to the predictions corresponding to the occurrence of accelerated growth.

2.39 Figure 9 (Figure 3 of GDWB reply) shows the relationship between the new lower estimate and estimates in the September submission of the GDWB.

2.40 The Committee accepts that the revised range of estimates provided by the GDWB form a reasonable basis on which to assess the need for additional resource requirements up to the year 1995. Total water requirements for the GDWB system in 1995 lie in the following range:

High	-	67 000 MI/a
Expected	-	56 000 MI/a
Low	-	50 000 MI/a



GEE LONG AND DISTRICT WATER BOARD
HISTORICAL AND PREDICTED WATER CONSUMPTION

FIGURE 9

2.41 In view of the time available to the Committee between the public hearings in September and the requirement to report to Parliament in early November, the Committee has not requested the other water supply authorities in the south-western region to review their predictions of future water requirements in the same way as was requested of the GDWB.

2.42 However, in order to establish the range of demands which may occur in critical parts of the region, the Committee has assumed that if demand practices were rigorously introduced across the State in the near future, then it would be reasonable to expect that up to a 10 per cent reduction in water demand is possible by 1995.

Ballarat Water Board

2.43 The Ballarat WB made no allowance in its estimates of future water requirements for the potential effects of demand management and based its predictions upon the projected increases in the population supplied with water (1.6 per cent, per annum, increase) and a projected increase in water demand per capita per day per year of 2.9 litres (0.6 per cent, per annum, increase). The estimates of population increase are probably high. The projected increase in per capita water demand equates to the increase occurring because of the change in household occupancy rates.

2.44 The Ballarat WB made allowance of estimates of future water requirements for an increase of up to 12½ per cent in water demand to occur during a drought year. However, Figure 6 sets out the annual consumption per head for the Ballarat WB for the past forty years and demonstrates that in 1982-83 when restrictions were applied, such an increase did not occur and, in fact, a substantial drop in demand of the order of 20 per cent was achieved.

2.45 The Committee has not had the opportunity of questioning the Ballarat WB in respect of these aspects of its submission during the first stage of the inquiry.

2.46 In order to establish the potential effects of possible variations in Ballarat WB water demands on the Lal Lal Reservoir and hence on the availability of water to the GDWB system, the Committee has derived a range of probable water requirements for the Ballarat WB based on the following:

- (1) That the Ballarat WB predictions as submitted represent the upper limit of possible future water requirements for the Ballarat WB supply system.
- (2) That the safe annual yield calculations make adequate allowance for drought periods and that water restrictions would be imposed during years of extreme drought. On this basis, the Ballarat WB predictions could be reduced by $12\frac{1}{2}$ per cent to produce the "expected" future requirements.
- (3) That demand management practices have the potential to reduce water requirements by a further 10 per cent in 1995 from the "expected" requirements indicated in (2) above. This would produce the equivalent of the GDWB "lower bound" to the predictions.

2.47 On the basis of the above assumptions, the Committee has assumed that the Ballarat WB system water requirements in 1995 would probably lie within the following range:

High	-	20 500 MI/a
Expected	-	18 200 MI/a
Low	-	16 400 MI/a

2.48 The board assumed that water supply requirements would rise at 4 per cent which is the recent rate of development which has occurred in the Shires of Leigh and Bannockburn. It is debatable that such a rate of growth will continue into the future. However, it is not impossible that such a rate of growth will occur particularly in view of the relative locations of the two Shires to Geelong and Ballarat. The Committee has therefore accepted 4 per cent as the maximum rate of increase in future water demands.

2.49 If water demand management was introduced, it is possible that this level of growth might be reduced. However, the Committee notes that the rate of water usage per connection is much lower than the comparable rates experienced in Geelong and elsewhere and, therefore, there may be less scope for reducing water demand.

2.50 In stage 1 of the inquiry where the Committee's basic purpose is to examine the need to augment the GDWB system, it is necessary to examine the range of effects that changes in the Bannockburn Water Board requirements will have on the GDWB system. For this purpose, the Committee has taken the Bannockburn WB estimates as a "high" prediction, the Committee then has arbitrarily assumed "expected" and "low" predictions where 75 per cent and 50 per cent of the increase between present demands and the "high" prediction occur respectively. This results in the following predictions of demand in the Bannockburn WB system in 1995:

High	-	400 MI/a
Expected	-	370 MI/a
Low	-	340 MI/a

2.51 A high proportion of the water used by Bannockburn is released from the Lal Lal Reservoir and therefore represents a reduction in the water available to Geelong and Ballarat.

Shire of Ballan

2.52 The Shire did not present the Committee with any estimates of its future requirements. Its existing water demand is 340 MI/a.

2.53 The Committee has arbitrarily assumed for the purposes of examining Geelong's need to augment its system that in 1995:

High	-	500 MI/a
Expected	-	460 MI/a
Low	-	420 MI/a

Additional water used by the Shire will come from Bostock Reservoir and will not be available to GDWB.

The Combined Ballarat WB, Geelong DWB, Bannockburn WB and Shire of Ballan systems

2.54 Based on the estimates set out in the preceding sections, the combined requirements of the Ballarat WB, Geelong DWB, Bannockburn WB and Shire of Ballan systems in 1995 is estimated to lie within the following range:

High	-	87 500 MI/a
Expected	-	74 200 MI/a
Low	-	66 400 MI/a

- 2.55 These estimates will require further review during the next stage of the inquiry. However, in the Committee's view, these estimates provide an adequate basis on which to estimate the order of magnitude and range of additional water resources which may be required for augmentation of the GDWB supply system to 1995.

Colac District Water Board

- 2.56 The estimates by the CDWB are based on estimates of increases in population and specific increases for industry, the Colac Training Centre, a possible major new industry (450 MI/a) and extension of the Board's system into rural areas. The per capita consumption has been assumed to remain constant, in view of the probable reduction in household size, this would result in a reduction in average water usage per household; thus some element of demand management may be built (inadvertently) into these estimates.

The Otway System

- 2.57 Detailed information about the preparation of estimates of water demand on this system was not made available to the Committee.
- 2.58 The Committee has assumed that if demand management was applied to this system, then the demand in 1995 could be reduced by 10 per cent from the estimated prediction of 11 500 MI/a to 10 400 MI/a.

Environmental Water

- 2.59 The estimates of requirements for the Gellibrand River by the Fisheries and Wildlife Division provide a good starting basis for this stage of the inquiry. Some revision of these estimates is necessary for the next stage of the inquiry in the light of the comments by the RWC about the number of days on which the flow has been less than that specified by the Division.

2.60 The effects of changes in flow rates on the Gellibrand estuary will need further investigation. This is dealt with further in Chapter Six.

2.61 Estimates will be required for the other rivers in the region during the second stage of the inquiry.

CONCLUSION

2.62 For the purposes of stage one of this inquiry, the following estimates of water requirements have been used by the Committee when reviewing the need to augment water supply systems in the south-western region of Victoria to the year 1995.

SYSTEM	Consumption 1995 MI/a		
	High	Expected	Low
GDWB	67 000	56 000	50 000
Ballarat WB	20 500	18 200	16 400
Bannockburn WB	400	370	340
Shire of Ballan	500	460	420
Combined GDWB Ballarat WB Bannockburn WB Shire of Ballan	88 400	75 030	67 160
Colac DWB	-	4 500	-
Otway	-	11 500	10 400

RECOMMENDATIONS

2.63 The Committee recommends that:

- (1) Demand management should be rigorously introduced in a co-ordinated manner by water supply authorities throughout the south-western region during the next two years. This should specifically include the introduction of payments related to the amount of water used.
- (2) The DWR should establish a policy for the prediction of future water requirements and estimating the effects of demand management. The objective of this policy should be to ensure that all water authorities in the State make predictions on a common basis.
- (3) For the next stage of this inquiry further work should be carried out by the DCFL, the RWC and the EPA to review the estimates of minimum environmental flow requirements for the Gellibrand River and to establish estimates for other rivers in the south-western region.

* * *

CHAPTER THREE

CAPACITY OF EXISTING WATER
SUPPLY SYSTEMS

SUBMISSIONS AND EVIDENCE

Geelong and District Water Board

3.1 The Board submitted the following estimates of the safe annual yield of systems supplying the Board:

<i>System</i>	<i>Storage</i>	<i>Usable Capacity (ML)</i>	<i>Estimated Safe Annual Yield (ML/a)</i>
<i>East Moorabool</i>	<i>Korweinguboora</i>	<i>2 100</i>	
	<i>Bostock</i>	<i>7 500</i>	
	<i>Upper Stony Creek</i>		
	- <i>No. 1</i>	<i>3 500</i>	
	- <i>No. 2</i>	<i>2 300</i>	
	- <i>No. 3</i>	<i>3 700</i>	
	<i>Lower Stony Creek</i>	<i>300</i>	
	<i>Sub-Total</i>	<i>19 400</i>	<i>6 200</i>
<i>Barwon</i>	<i>Barwon Downs (groundwater)</i>		
	<i>West Barwon</i>	<i>20 900</i>	
	<i>Wurdee Boluc</i>	<i>19 200</i>	
	<i>Sub-Total</i>	<i>40 100</i>	<i>23 700*</i>
<i>West Moorabool</i>	<i>Lal Lal**</i>	<i>59 100</i>	<i>15 000</i>
<i>TOTAL FOR ALL SYSTEMS (1984)</i>			<i>44 900</i>

- * *Includes stage 1 of Barwon Downs Groundwater Project (8 700 Ml/a).*
- ** *Storage controlled by West Moorabool Water Board. Safe annual yield quoted is the estimated ultimate entitlement to Geelong under the provisions of the West Moorabool Water Board Act 1968. It is estimated that at present 15 000 Ml/a is available to Geelong and that this will be reduced to 7 500 Ml/a as Ballarat takes up its full entitlement.*

Barwon Downs Groundwater

- 3.2 The current licence for the wellfield allows 80 000 Ml to be extracted over a 10-year period and extractions of up to 12 600 Ml are allowable in any one year.
- 3.3 During the 1982-83 drought the Barwon Downs borefield was used at high rates for a period of some months. This period of use provided additional information about the borefield and it is currently thought that the rate of natural recharge lies in the vicinity of 1 500 - 3 000 Ml/a. This has caused the DME to rethink the basis for the licence and they now indicate that the conditions set out in the licence should only be fully exercised if an appropriate artificial recharge program is implemented.
- 3.4 Using these licence conditions and the estimated range of available natural recharge to define the limits of groundwater availability and historical stream flow data in the computer model established for estimating the safe annual yield of the Barwon system, the GDWB estimated that the Barwon Downs borefield effectively increased the safe annual yield of the Barwon system by 8 700 Ml/a. (Average annual flow rate 1 400 Ml/a).
- 3.5 The operating conditions assumed to arrive at this result were that groundwater was only used to supplement surface water storage in a drought situation defined by the surface water storages not being full at the beginning of October. The amount of groundwater extracted each year was assumed to be equal to the surface water storage deficit at the beginning of October up to an amount of 12 600 Ml in any one year as specified by the licence conditions.

3.6 The Board's submission included the following information (at page 1):

Entitlement to Water from Lal Lal Reservoir

The West Moorabool Water Board Act 1968 provides that until Ballarat's requirements are equal to two thirds of the available water, as last determined, the Board shall provide all Ballarat's requirements and the requirements of Geelong up to an amount equal to the difference.

The Act further provides that when Ballarat's requirements reach a point where they are as nearly as possible equal to two-thirds of the available water, the Governor-in-Council may determine the proportions in which the available water will thereafter be shared.

The Act also provides that in the event of Ballarat receiving more than two-thirds, then Geelong shall be entitled to be reimbursed part of the amount contributed by them, i.e. Ballarat could "buy out" Geelong.

It is envisaged that Ballarat's requirements are likely to reach two-thirds of the available water just after the turn of the century.

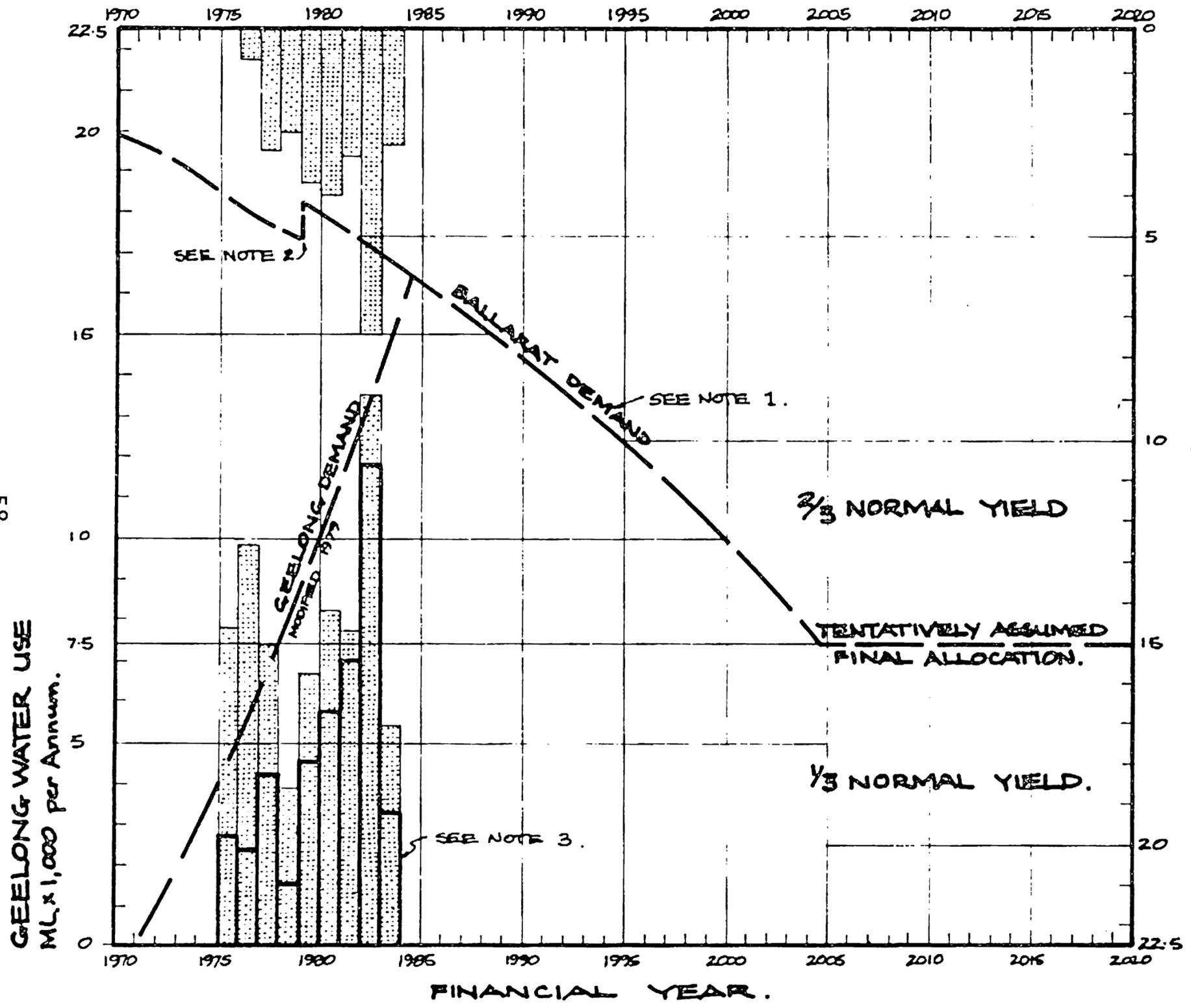
Actual Water Usage and it's Implications for the Future

The following table and Figure 10 indicate water usage for the years 1975-76 up to and including the year 1983-84:

WATER USAGE FROM LAL LAL RESERVOIR

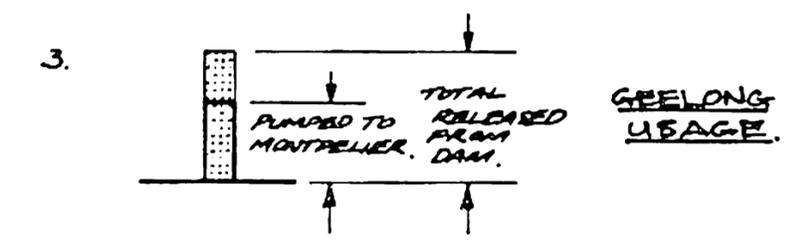
Year	Pumped to Ballarat (MI)	Released to Geelong (MI)	Total Usage (MI)
1975-76		7 830	7 830
1976-77	724	9 804	10 528
1977-78	2 978	7 486	10 464
1978-79	2 494	3 862	6 356
1979-80	3 706	6 643	10 349
1980-81	4 011	8 214	12 225
1981-82	3 135	7 709	10 844
1982-83	7 535	13 580	21 115
1983-84	2 862	5 252	8 114

FIGURE 10



NOTES :-

1. ESTIMATED BALLARAT REQUIREMENTS IN A DROUGHT YEAR REVISED AUGUST 1984. GROWTH RATE FROM 30TH JUNE 1981, 1.6% p.a. LONG TERM per Capita CONSUMPTION INCREASING AT 2.9 L/c/d per YEAR. (CURRENTLY ESTIMATED TO BE 81 L/c/d)
2. PUMP INSTALLATION AT SPARKS RD. REINSTATED AVAILABLE SAFE YIELD FROM 'WHITE SWAN' SYSTEM



WEST MOORABOOL WATER BOARD

Distribution of water from Lal Lal resevoir to Ballarat and Geelong

It should be noted that in the 1982-83 drought year, the total demand for Ballarat and Geelong was 21 115 Ml, which almost exceeded the safe annual draft of 22 500 Ml, established at the time of design of the Reservoir.

It should further be noted that from the experience of the 1982-83 drought, the safe annual draft (without reserve storage) may be as low as 19 500 Ml, although it is considered that longer periods of records are required to more accurately establish the safe draft during a severe drought.

Ballarat Water Board

3.7 In its submission, the Board reviewed the safe annual yield (safe draft) of the Moorabool White Swan System and indicated that this was estimated to be 10 060 Ml/a. The Board then used this estimate together with predictions of water requirements by Ballarat to define the quantity of water out of the safe yield of Lal Lal Reservoir which would be required annually for Ballarat up to the year 2017. This is summarised in the following extract from the Ballarat WB submission (at page 4):

Drought Consumption

Consumption in a drought year is considerably above the long term average. Experience in Ballarat is that the consumption is about 12.5 per cent higher. This maximum consumption line has been plotted on Figure 6.

Estimated water required from Lal Lal Reservoir under drought conditions

For the population and drought consumption patterns established above, the estimated water required from Lal Lal Reservoir in various years is as follows:

Year	Design Population	Drought Consumption (ADD + 12½%)	Total Annual Water Requirement (ML)	Water available from White Swan-Moorabool System (ML)	Water required from Lal Lal during Year (ML)
1985	79 000	578	16 670	10 060	6 610
1990	85 000	595	18 460	10 060	8 400
1995	92 000	611	20 520	10 060	10 460
2000	100 000	627	22 890	10 060	12 830
2005	108 000	644	25 390	10 060	15 330
2010	117 000	659	28 140	10 060	18 080
2015	126 000	675	31 040	10 060	20 980
Ultimate 2017	131 000	681	32 560	10 060	22 500*

* Estimated safe yield Lal Lal 22 500 ML/annum

If Ballarat obtains the full use of Lal Lal Reservoir, it is estimated that there will be adequate water for Ballarat until about the year 2017.

If Ballarat is required to share Lal Lal with Geelong, with Ballarat ultimately being entitled to two-thirds of the available water, then it is estimated there will only be adequate water for Ballarat for approximately 20 years or to the year 2004.

The Otway System

- 3.8 The RWC has supplied the following information to the Committee on the safe yield of the Otway system (at page 47 of the Background Information Paper):

The safe yield of the Otway System, upon completion of the proposed 250 Ml storage at Warrnambool, has been estimated at 11,500 Ml. This figures equates to the projected system demand at 1995-96 at which time the next phase of the proposed 4-stage augmentation programme for the Otway System will be required.

The proposed augmentation programme is designed to maintain the existing system security objective, that in a normal year all consumer demands are met, with a probability risk of about 1 in 10 (90% reliability) of some minimal level of restrictions of non-essential use (use of fixed sprinklers limited to fixed hours) during a single dry year in the catchment or demand areas, and with a more severe level of restriction during non-essential water use about 1 in 20 years (95% reliability) during a drought sequence of years of significantly below average rainfall. The cost to the community in providing a water supply system virtually restriction-free under all circumstances, would be prohibitive in terms of the annual water bill consumers would be required to pay.

No investigations have been carried out to determine whether the unregulated flows of the Gellibrand River would provide a "natural" constraint on diversion into the Otway System at the system security objective stated above, based on estimated consumer demands, beyond the year 2010.

Bannockburn Water Board

- 3.9 The availability of water to this system is dependent upon flows in the Moorabool River and the capacities of the various parts of the distribution system.
- 3.10 The West Moorabool Water Board Act 1968 requires that adequate water be released from the Lal Lal Reservoir to meet the needs of the Bannockburn WB except that in periods of drought restrictions may have to be imposed.

- 3.11 The Water Board system consists of two 91 kl/hr pumps supplying a 17 720 kl storage basin. Water towers of 230 kl capacity are located at Bannockburn, Inverleigh and Teesdale townships with 150 kl capacity water tower at Lethbridge. Bannockburn and Shelford townships are served by 23 000 and 4 000 kl capacity service basins.
- 3.12 The safe annual yield of the Bannockburn system is highly dependent upon releases made from the Lal Lal Reservoir and increased amounts of water extracted by the Bannockburn system must be considered as reductions in the proportion of the safe annual yield of the Lal Lal Reservoir available to Ballarat and Geelong.

Shire of Ballan

- 3.13 The Shire area of responsibility includes two separate water supply systems.
- 3.14 The Gordon and Mt. Egerton system is currently supplied from boreholes with a capacity of about 80-90 MI/a.
- 3.15 Difficulty is experienced in obtaining sufficient groundwater during dry periods because of competition from nearby bores used for irrigation.
- 3.16 Consideration was given to linking this system to the main Ballan system. Removal of subsidies and the new financial arrangements which require that capital is paid for at higher interest rates may make this proposal financially unattractive.

3.17 The Ballan system derives its supplies from the following:

Colbrook Reservoir	-	160 MI/a.
Railway Weir (East Moorabool)	-	10 MI/a.
Korweinguboorra Reservoir (GDWB)	-	60 MI/a.

3.18 The agreement for extraction of water from the Bostock Reservoir in the GDWB system allows for up to 250 MI/a to be extracted in the year 2001.

3.19 It has therefore been assumed that the total safe annual yield of the Shire of Ballan system in 1995 will be 500 MI/a, of which 250 MI/a forms part of the GDWB East Moorabool system.

Colac District Water Board

3.20 The estimated safe annual yield of the combined Olangolah and West Gellibrand reservoirs was given as 6 315 MI/a by the Board's Consultants, Garlick and Stewart.

3.21 The existing main supply pipeline has a daily maximum capacity of 16.0 MI/day or 5 840 MI/a, it is expected that this pipeline capacity will be progressively augmented to a total capacity of 23.0 MI/day or 8 395 MI/a.

3.22 The safe annual yield estimates have not been reviewed for some considerable time.

3.23 The safe annual yield has been assumed to be 5 840 MI/a for stage one of this inquiry.

DISCUSSION

Calculation of Safe Annual Yield for Surface Water Supplies

3.24 The safe annual yield of a water supply system may be defined as the maximum amount of water which could reliably be harvested and supplied to the distribution centre every year from the system.

3.25 In calculating the safe annual yield, allowances must be made for:

- Variability of streams feeding the system (both within the year and from year to year);
- The usable capacity of storages and supply lines in the system;
- The seasonable variations in consumption rates;
- Evaporation, seepage and riparian losses from the storages;
- Leakage from the major transmission system;
- Safety criteria
 - Emergency reservoir capacity (capacity left at the end of drought period);
 - Drought reserve capacity based on frequency of occurrence and length of expected drought; and
 - Restrictions to be placed on consumption during periods of drought.
- Operating rules
 - For flushing of reservoirs;
 - For use of groundwater; and
 - For transfer of water between and from the various storages in the system.

- 3.26 Most of the above factors can be readily determined. However, prediction of the variability of streams feeding the system is more difficult.
- 3.27 In most cases, the variability of streams feeding the system is derived from historical stream gauging records and based on the concept that this data is representative of what might occur in the future. The degree of validity of this concept is dependent upon the length of time for which historical data is available.
- 3.28 From time to time previously unrecorded sequences of events will occur such as the 1982-83 drought and this will modify calculations of safe yield.
- 3.29 In general, it is not possible to predict in advance the full range of extreme events which may occur in the future; so it is becoming common to ascribe to safe annual yield estimates information indicative of the probability that the safe annual yield will be achieved.
- 3.30 GDWB indicated in appendix 2 of its submission that its estimates of the safe annual yield of the Barwon system were based on the use of a linear computer model fed with stream flow records from 1927 to the present time and the following criteria:
- (1) A (surface) reserve storage should be maintained to provide for continuity of supply through a drought sequence.
 - (2) The amount of the reserve was taken to be equivalent to the volume needed to maintain an unrestricted supply during a drought of similar intensity to that experienced between March 1982 and February 1983.
 - (3) The imposition of restrictions should not occur too often, but an average of once in 20 years would be an acceptable standard.

- (4) Normal restrictions would be imposed whenever the volume in storage was drawn down to the reserve level and the yield was taken as the demand at which this would occur at a frequency of once in 20 years.
- (5) The severity of restrictions would be increased as the deficit between the reserve storage volume and the actual volume in storage increased.
- (6) The severity of restrictions which would be required during a repeat of the worst drought on record must be within reasonable limits. A reduction of the unrestricted summer demand by 40 per cent was considered acceptable.

3.31 Current licence conditions for the extraction of groundwater at Barwon Downs were also taken into account in the calculation as was described earlier in this chapter.

3.32 A considerable range of methods ranging from the computer simulation method used by GDWB to the graphical methods used by Ballarat WB are available for estimation of the safe annual yield of water supply systems. These are discussed in "Reservoir Capacity and Yield" by McMahon and Mien.

3.33 It was apparent during the course of this inquiry that the various water authorities were using different methods of calculation of safe annual yield and that in some cases these calculations had not been reviewed for several years. The 1982-83 drought sequence may mean that some of the estimates of safe annual yield should be revised downwards.

- 3.34 It is noted that a working group has been established within the MMBW as part of the State Water Plan to review drought security criteria for urban water supply systems, and methods of evaluating such criteria, including system simulation. A generalised method of simulating water supply systems is being developed including network configuration of the particular system, the operating policy, streamflow data (both historic and generated), demand data, and environmental release data. The data basis is then set up, and run by a generalised simulation model based on linear programming.
- 3.35 An overall strategy has been developed by this MMBW working group in draft form including proposals for programming. The simulations should assist in selecting the appropriate level of drought security, and assessing alternative operational and augmentation strategies.
- 3.36 It was also noted that the methods used by the GDWB for the Barwon water supply system are generally in line with modern practice.
- 3.37 The Committee is of the opinion that the estimates of safe annual yield for surface waters provided in the evidence and submissions to the Committee are adequate for the first stage of this inquiry.
- 3.38 The Committee would like to see revised estimates of safe annual yield provided during the second stage of the inquiry based on the latest stream flow data, the most appropriate methods of calculation and using defined security criteria.
- 3.39 Prior to these estimates being made, the Committee believes that the DWR should establish a policy setting out the most appropriate methods of calculation and the security criteria to be applied when estimating the safe annual yield of various classes of water supply system.

Safe Annual Yield and Allocation of Water from Lal Lal Reservoir

3.40 Estimates of the safe annual yield of Lal Lal Reservoir currently in use were questioned by the West Moorabool Water Board (the operating authority for the reservoir) on the basis that the 1982-83 drought had presented a new extreme experience. The Board suggested that the safe annual yield should be reduced to 19 500 MI/a.

3.41 The Committee has accepted 19 500 MI/a as being the safe annual yield of Lal Lal Reservoir for stage 1 of this inquiry but believes that this estimate should be very critically reviewed during stage 2 of the inquiry.

Calculation of the Equivalent Safe Annual Yield of Groundwater

3.42 The Committee is of the opinion that the method used by the GDWB for calculation of the equivalent safe annual yield of the Barwon Downs is adequate for this stage of the inquiry. The equivalent safe annual yield of the groundwater is critically related to the following:

- the structure and size of the aquifer
- the rates of natural and artificial recharge; and
- the extent of the borefield;
- the licence conditions applied;
- the operating rules used;
- the parameters of the surface water system.

3.43 Groundwater can be used in conjunction with surface water resources in at least two different ways:

- It can be used as a reserve which is only tapped during periods of drought; and

- The aquifer can be used as a storage reservoir which is tapped continuously and re-charged either naturally or artificially in much the same way as a surface water reservoir.

3.44 Consequently, it will be essential to review the estimated equivalent safe annual yield as more knowledge is gained about the aquifer and recharge of the aquifer, and as operating rules are refined through changing system conditions and operating experience.

CONCLUSION

3.45 For the purposes of stage one of this inquiry the following safe annual yields have been adopted by the Committee for existing water supply systems:

SYSTEM	Safe Yield MI/a
Geelong and District Water Board	
- East Moorabool	6 200
- Barwon surface	15 000
- Barwon groundwater	8 700
West Moorabool Water Board	
- Lal Lal Reservoir	19 500
Ballarat Water Board	
- White Swan-Moorabool	10 060
Shire of Ballan	
- Colbrook Reservoir	160
- Railway Weir	10
- Gordon-Mt Egerton groundwater	80
Combined Ballarat-Geelong- Bannockburn-Ballan system	59 710
Colac District Water Board system	5 840
Otway system	11 500

RECOMMENDATIONS

- 3.46 The Committee recommends that the DWR should establish a policy setting out the most appropriate methods of calculation of and the security criteria to be applied when estimating the safe annual yield of various classes of water supply system.

The objective of this policy should be to ensure that water supply systems in Victoria are designed to a set of common standards.

* * *

CHAPTER FOUR

PREDICTED WATER SUPPLY CAPACITY SHORTFALL

INTRODUCTION

- 4.1 This chapter is based on the conclusions reached in chapters two and three, and results in conclusions about the magnitude of additional water resources required for the GDWB system and the Otway system up to 1995.

DISCUSSION

Colac District Water Board

- 4.2 The CDWB indicated in its evidence that its existing headworks were adequate to meet predicted demands until after the year 2000 provided that no restrictions were placed on the method of operating the reservoirs as a result of other works in the Gellibrand River basin and the main supply pipeline from the reservoirs is progressively upgraded.

Otway System

- 4.3 Predictions by the RWC of future indicated that the annual demand on the Otway system will be equal to the estimated safe annual yield of the Otway system as presently constructed in about the year 1995 and that additional system capacity will need to be in place by this time. These predictions did not take the effect of demand management into account, the requirement for additional system capacity can therefore be expected to be delayed by about three years if demand management principles are rigorously applied. It has also been assumed that no other extractions will be made from the Gellibrand River prior to 1995 which would have any effect upon the Otway system.

The combined Ballarat WB, Geelong and District WB, Bannockburn WB and Shire of Ballan Systems

- 4.4 The present combined safe annual yield of the above water supply systems is estimated to be 59 710 MI/a, allowing for a reduction in the safe annual yield of Lal Lal Reservoir from 22 500 MI/a to 19 500 MI/a.
- 4.5 Based on the conclusions reached by the Committee in Chapter Two about the range of future water requirements for the combined systems in 1995, it can be concluded that the shortfall in capacity of the existing system will lie within the following range in 1995:

High	-	29 000 MI/a
Expected	-	15 000 MI/a
Low	-	7 000 MI/a

Bannockburn Water Board

- 4.6 As long as adequate releases of water continue to be made from the Lal Lal Reservoir to the Moorabool River the Board should not be short of water resources.

Shire of Ballan

- 4.7 Additional water resources from Bostock Reservoir secured by the recent agreement with the GDWB should ensure that the main Ballan system is not short of water until after the year 2000. Further consideration may have to be given to the connection of the Gordon and Mt. Egerton system to the main Ballan system.

Ballarat Water Board

- 4.8 Under the existing arrangements for the allocation of water from the Lal Lal Reservoir, the Ballarat Water Board will not experience a shortfall in capacity until well after the year 2000.

Geelong and District Water Board

- 4.9 Based on the shortfall established above for the combined systems and the existing arrangements for the use of and release of water from Lal Lal Reservoir, and the use of water from Bostock Reservoir the Committee estimates that the GDWB system will experience a shortfall lying within the following range in 1995:

High	-	29 000 MI/a
Expected	-	15 000 MI/a
Low	-	7 000 MI/a

Demand Management

- 4.10 The effects of demand management have been allowed for in the estimates of the "low" predictions. The Committee is of the opinion that it is important that demand management be rigorously implemented. However evidence given to the Committee indicated a joint degree of uncertainty about the rate at which the effects of demand management might be felt. The major effect of demand management would be to delay the need for augmentation of systems by several years. The Committee believes it is prudent to plan for the "expected" level of augmentation and at the same time to leave scope for delaying the implementation of plans if demand management has a significant effect.

CONCLUSIONS

- 4.11 (1) If demand management is not rigorously implemented by GDWB, the Ballarat WB, the Bannockburn WB and the Shire of Ballan, water supply resources capable of providing an additional safe annual yield of approximately 15 000 MI/a will be required in service in the GDWB water supply system by 1995. If rigorous demand management is implemented the requirement for additional capacity in 1995 might be reduced to 7 000 MI/a. The initial increment of augmentation will be required in service by 1988.
- (2) Additional water supply resources will be required in service in the Otway system between 1995 and 2000.

* * *

CHAPTER FIVE

SUBMISSIONS AND EVIDENCE ABOUT POSSIBLE SOURCES OF ADDITIONAL WATER SUPPLY CAPACITY

SUMMARY OF POSSIBLE SOURCES

Geelong and District Water Board

- 5.1 The Board described and listed some 28 alternative schemes which could potentially provide additional supply capacity for the Board's system. These are shown in Table 5 listed in order of total capitalised cost (capital, operating and maintenance costs) per unit of annual yield.
- 5.2 The table was based on preliminary estimates of yields and costs. Yields and costs cannot be added if more than one scheme is considered at a time as some engineering elements are common to more than one scheme, and the construction of one scheme may affect the potential yield of another scheme. The relative merits of the various alternatives may change when more detailed cost estimates are carried out.

Department of Minerals and Energy

- 5.3 The Department's estimates of the potential for groundwater development in the Barwon Downs region and Gellibrand catchment are shown in Table 6.
- 5.4 The Department indicated that some potential for groundwater development existed to the north-west of Ballarat but this would require further investigation before any assessment of its potential could be made.

GEELONG AND DISTRICT WATER BOARD
COMPARISON OF POSSIBLE WATER SUPPLY SCHEMES

(ALL COSTS AS AT JUNE 1984)

INTEREST RATE: 7%

SCHEME	ESTIMATED YIELD AT GEELONG (ML/ANNUM) ^f	ESTIMATED CAPITAL COST (\$MIL) ^f	ESTIMATED OPERATION & MAINTENANCE COSTS FOR FULL DEVELOPMENT (\$MIL/ANNUM)			CAPITALISED O&M COSTS AT 7% (\$MIL) ^d	TOTAL CAPITALISED COST (\$MIL)	CAPITALISED COST PER UNIT OF YIELD (\$/ML/ANNUM)	RELATIVE RANKING OF SCHEME
			POWER	OTHER	TOTAL				
UPPER BARWON - CALLAHANS CK SITE 3	4,500	5.2	-	0.01	0.01	0.14	5.3	1,180	1
- DEWINGS CK SITE 1	4,300	6.0	-	0.01	0.01	0.14	6.1	1,420	2
- EAST BARWON R.	4,800	6.9	-	0.01	0.01	0.14	7.0	1,460	3
- PENNYROYAL CK	2,900	5.0	-	0.01	0.01	0.14	5.1	1,760	4
ENLARGE WURDEE BOLUC RESERVOIR ^a	6,300	11	-	0.02	0.02	0.29	11.3	1,795	5
KAWARREN GROUNDWATER STAGE 1	6,000	7.3	0.15	0.14	0.29	4.1	11.4	1,900	6
BARWON DOWNS GROUNDWATER STAGE 2	4,000	4.5	0.16	0.14	0.30	4.3	8.8	2,200	7
UPPER BARWON - ROADKNIGHT CK	4,000	7.0	0.09	0.04	0.13	1.9	8.9	2,225	8
AIRE RIVER - HALL RIDGE	55,000	126	1.92	0.47	2.39	34.1	160.1	2,910	9
GELLIBRAND RIVER - SITE G9	42,000	75	3.38	0.61	3.99	57.0	132.0	3,145	10
- SITE G6	42,000	90	2.78	0.70	3.48	49.7	139.7	3,325	11
UPPER BARWON - MATTHEWS CK	2,400	8.1	-	0.01	0.01	0.14	8.2	3,415	12
MOORABOOL RIVER - MORRISONS	6,000	21	0.07	0.03	0.10	1.4	22.4	3,730	13
UPPER BARWON - GOSLINGS CK	1,800	6.9	-	0.01	0.01	0.14	7.0	3,980	14
GELLIBRAND RIVER - SITE G4A	42,000	103	3.61	0.71	4.32	61.7	164.7	3,920	15
UPPER BARWON - DEANS MARSH CK	2,100	7.7	-	0.04	0.04	0.57	8.3	3,950	16
MOORABOOL RIVER - PINE GROVE	6,000	23	0.06	0.04	0.10	1.4	24.4	4,065	17
AIRE RIVER - UPPER AIRE	35,000	120	1.25	0.41	1.66	23.7	143.7	4,105	18
UPPER BARWON - KINGS CK SITE 3	2,500	9.4	0.05	0.04	0.09	1.3	10.7	4,280	19
GELLIBRAND RIVER - SITE G5A	42,000	124	3.19	0.86	4.05	57.9	181.9	4,330	20
MIDDLE BARWON - PUMP FROM CONNS LANE	4,500	14	0.42	0.25	0.67	9.6	23.6	5,245	21
LEIGH RIVER - GARIBALDI	27,000	83	0.56	5.71	6.27	89.6	172.6	6,395	22
GELLIBRAND RIVER - RUN OF THE RIVER + ENLARGE WURDEE BOLUC ^{a,e}	7,300	34	0.57	0.32	0.89	12.7	46.7	6,400	23
MIDDLE BARWON - PUMP FROM CONNS LANE + ENLARGE WURDEE BOLUC ^b	4,500	21	0.42	0.26	0.68	9.7	30.7	6,820	24
SMYTHES CK	7,600	33	1.06	0.26	1.32	18.9	51.9	6,830	25
LOWER BARWON - DESALINATION	18,000	64	4.99	1.64	6.63	94.7	158.7	8,815	26
LEIGH RIVER - DURHAM LEAD	10,000	45	0.21	3.26	3.47	49.5	94.5	9,450	27
GELLIBRAND RIVER - RUN OF THE RIVER ^e	1,000	22	0.50	0.30	0.80	11.4	33.4	33,400	28

NOTES:

- a. Wurdee Boluc Reservoir enlarged by 20 000 ML.
- b. Wurdee Boluc Reservoir enlarged by 12 000 ML.
- c. This table indicates the costs and yields for each scheme assuming it to be the next scheme to be adopted by the GDWB. Combinations of schemes may produce different results due to some engineering elements being common and the yields being either greater or lesser than the sum of individual schemes. For this reason costs and yields are not to be added when considering more than one scheme.
- d. In calculating annual servicing of capital a figure of 7% has been used. Annual servicing of capital based on other percentages slightly alters the relative ranking of the schemes.
- e. Costs include the cost of additional pipeline sizing required for Gellibrand storage schemes as second stage.
- f. Yields and costs are preliminary estimates only and are subject to modification.

YIELD ESTIMATES FOR DEVELOPMENT OPTIONS IN THE BARWON DOWNS GRABEN AND MOORBANOOL SUB-CATCHMENT

BOREFIELD LOCATION	DEVELOPMENT	YIELD ML/ANNUM	RECHARGE SOURCE	*NO OF BORES	DEPTH OF BORES	REMARKS
Barwon Downs Stages 1 & 2		**8 000	Barongarook High via Yeodene recharge avenue	7 at 9 ML/day (Stages 1 and 2)	600 m	Maximum yield depends upon amount of vertical leakage. Extraction of 8 000 ML/annum will exceed natural recharge of 2-3 000 ML/annum.
Kawarren		9 000	Barongarook High via Kawarren recharge avenue	3-6 at 8 ML/day	300 m	Maximum yield depends upon amount of induced stream-bed infiltration and vertical leakage.
Borefield in the vicinity of Gellibrand Township	(i) minimal interference to river flow	5 000	Enhanced natural infiltration plus 2-4 000 ML/annum induced stream-bed infiltration	3-6 at 6 ML/day	up to 220 m	Maximum yield depends upon amount of induced stream-bed infiltration. Yield would be significantly reduced by competing Kawarren borefield.
	(ii) no artificial recharge other than induced streambed infiltration with borefield designed to maximize this process (no surface works)	11 000	Enhanced natural infiltration (1 000 ML) plus 4-10 000 ML/annum induced stream-bed infiltration	7 at 6 ML/day		May need to augment river flow for short periods. i.e. pump output of one or more bores into river to maintain minimum flow.
	(iii) as for (ii) with artificial recharge pits, low river barriers to raise river stage and river bed scarification to enhance recharge	20 000?	As for (ii) plus artificial recharge component.	10-12 6 ML/day		Function of cost and extent of surface works. Environmental considerations will need careful examination.
Moorbanool sub-catchment	(i) conventional borefield situated on aquifer outcrop.	30 000	Enhanced natural infiltration into aquifer outcrop	14 at 6 ML/day	up to 250 m	Further hydrogeological investigation required.

* Production bores designed to tap all basal Tertiary aquifers

** Licensed mean annual volume.

5.5 The Department indicated that recent tests on a borehole at Curdie Vale adjacent to the South Otway pipeline had located a source of good quality groundwater which should yield approximately 8 to 10 MI/day. The report on this source of water was still to be written so that firm estimates of annual yield are not yet available.

The Otway Shire Council

5.6 The Council was concerned about further allocation of surface or groundwater from the Gellibrand catchment and took the unusual step of employing consultants to review the potential of extracting water from the Aire catchment. The consultants recommended that this resource warranted a further detailed review. The very preliminary estimates provided by the consultants indicated that a reservoir on Hall Ridge would yield 46 000 MI/a at Geelong at an approximately capital cost of \$75 million and operating power costs of about \$5 million per year. It is not clear whether these costs included the cost of a pipeline and pumping station from the Gellibrand River to the Barwon Channel System (\$22 million).

The Rural Water Commission

5.7 In a letter dated 15 October 1984 to the Committee, the Secretary to the Commission made the following comments:

I wish to advise you that the Water Commission has approved for implementation, or approved in principle, the following proposed 4-stage augmentation programme of works:

Stage	Timing	Works Proposed
<u>APPROVED WORKS</u>		
1(a)	1983/84 to 1985/86	Construction of a No. 1 (250 ML capacity) earthen storage at Warrnambool to augment the Otway System to approx. 1995 including all structures and trunk main alterations and connections.
1(b)	1983/84 to 1984/85	Investigation of the potential and feasibility of developing underground water resources at Childers Cove or within a 25 km radius of Warrnambool for augmentation of the Otway System beyond 1995. Final decision to be made by 1990.
<u>WORKS APPROVED IN PRINCIPLE</u>		
2	1995/96	Subject to stage 1(b) above, development of one production bore, bore pumping and treatment facilities and connecting pipeline from bore to proposed No. 1 Warrnambool Storage for a 10 ML/day input to the system.
3	2004/05	Development of a possible additional bore and associated facilities; and booster pumping on delivery pipeline for a minimum of 18 ML/day ultimate system input.
4	2010/11	Construction of a No. 2 (250 ML capacity) earthen storage at Warrnambool with associated pipework.

The total estimated cost at the time of approval was some \$12 million.

The Department of Minerals and Energy is currently investigating groundwater resource availability in the Curdie Vale area for possible use by the Water Commission to augment the Otway System in 1995. In the event, considered unlikely, that the development of that or other similar underground resource were shown to be unsatisfactory or insufficient to meet demands in the foreseeable future, then the Otway System would have to be augmented by further development of the Gellibrand River resource in order to meet the projected demand for the Otway System, in the year 2010, of 16 000 ML.

Even with the introduction of groundwater into the supply system, the annual diversion from the Gellibrand River catchment will gradually increase from the current level of some 10 000 Ml per annum (projected 1984/85) to a possible maximum of 14 000 Ml per annum dependent upon water quality, towards year 2010, as system demands increase and the period of pumped diversion from the River is extended accordingly.

COMMENTS MADE ABOUT POSSIBLE SOURCES OF ADDITIONAL WATER SUPPLY CAPACITY

Geelong and District Water Board

5.8 The Board's submission reviewed the options for further water resources development under the following headings:

- 5.1 General
- 5.2 Available Resources
 - 5.2.1 Barwon River Basin
 - 5.2.2 Coastal Streams
 - 5.2.3 Gellibrand River Basin
 - 5.2.4 Groundwater
- 5.3 Possible Surface Water Schemes
 - 5.3.1 Upper Barwon Tributaries
 - 5.3.2 Middle Barwon River
 - 5.3.3 Lower Barwon River
 - 5.3.4 Off-River Storages
 - 5.3.5 Leigh River
 - 5.3.6 Moorabool River
 - 5.3.7 Smythes Creek
 - 5.3.8 Aire River
 - 5.3.9 Gellibrand River System
 - 5.3.10 Diversions from North of the Great Dividing Range
- 5.4 Possible Groundwater Schemes
 - 5.4.1 Barwon Downs
 - 5.4.2 Kwarren
 - 5.4.3 Gellibrand
 - 5.4.4 Carlisle
 - 5.4.5 Forrest Embayment
- 5.5 Other Options
 - 5.5.1 Desalination
 - 5.5.2 Re-use of Wastewater
 - 5.5.3 Rainwater Tanks

5.9 In examining each of the options, one of the criteria used by the Board was that of the cost of implementing, operating and maintaining the optional schemes. These costs are summarised for the more probable options in Table 5 which includes the total capitalised cost per megalitre of water per year for each option listed.

5.10 In the text of the submission, the Board makes the following points with respect to options not listed in Table 5:

- (1) Diversions from north of the Great Dividing Range are not possible because all water resources within a reasonable distance are already fully committed.
- (2) Groundwater from the Forrest Embayment may be an option in the future if artificial recharge is used. However, the initial investigations showed that the resource was less attractive than originally thought and that the costs of wellfield construction and operation would be relatively high when compared with other options currently available.
- (3) Re-use of wastewater is possible for irrigation and some industrial purposes. However, the price structure for fresh water supplies would have to be changed if this was to become a viable option for industry.
- (4) Rainwater tanks are about the most expensive way of collecting water. In 1982, the MMBW estimated that the unit cost of tank water was at least \$1 800 per Ml. There is also considerable risk of bacteriological and chemical pollution of roof run-off, particularly near industrialised areas.

5.11 In the Summary and Conclusions Section of its submission (at page 63), the GDWB makes the following comments:

- (1) *The upper tributaries of the Barwon River are already partly utilised by the GDWB and only relatively small additional yields are likely to be obtained from those streams;*
- (2) *The quality of water in the middle reaches of the Barwon River is poor, with salinity levels being a major constraint on any extensive utilisation of those resources;*
- (3) *The Leigh River also has serious water quality problems and schemes to develop those resources, even if technically acceptable, would be very expensive; and*
- (4) *The Moorabool River system is already substantially utilised for supplying Ballarat and Geelong with only limited and costly opportunities available for further development.*

5.12 In its evidence to the Committee, the GDWB made the following additional comment about the Barwon River basin (at page 4):

The Board is investigating a number of possible schemes in the Barwon River basin including the construction of off-river storages and the harvesting of additional water from the Upper Barwon tributaries. The Board may be able to implement some of those schemes to assist in meeting the 1995 demand should the present investigations confirm them to be economically and technically feasible.

5.13 In its submission to the Committee the GDWB made the following comment about a possible surface water development on the Aire River (at page 44):

In summary, whilst the Aire River is undoubtedly a high-yielding source of good quality water, the major factor against its early utilisation is the high cost involved in abstracting the supply and conveying it to Geelong.

5.14 However, Table 5 does not bear out this statement as the Aire River-Hall Ridge scheme ranks ninth in the schemes examined in terms of the total capitalised cost per unit of yield per year. It is understood that this costing was not carried out at a high level of accuracy and that the GDWB believes that costs for this scheme may escalate when it is more closely examined.

5.15 In its evidence, the GDWB made the following comment with regard to utilisation of groundwater from Barwon Downs (at page 5):

It is understood that the Department of Minerals and Energy is not prepared to recommend any increase in the Board's groundwater extraction licence at this time. If that is the case, the incremental yield provided by a stage 2 development at Barwon Downs is likely to be only minimal. If expenditure on artificial recharge works was also necessary, the stage 2 project would then rank quite poorly in relation to other headworks augmentation options.

5.16 In its evidence, the GDWB also made the following comments about development of groundwater at Kawarren and the need for further investigation of the alternative possibilities for utilising the ground and surface waters of the Gellibrand basin (at page 5):

It appears at present that it may only be appropriate for the Board to develop groundwater at Kawarren on a staged and incremental basis. Depending on the level of extractions initially authorised, the first stage of the project may provide only a very minimal yield for the considerable expense involved in extending the Board's headworks to Kawarren.

To justify such expenditure, the Board would need to be assured that those same works could also be utilised to convey additional surface water and/or groundwater from the Gellibrand basin.

If conjunctive use could be made of both surface water and groundwater in the Gellibrand basin, then it is likely that a scheme combining a Kawarren groundwater development with run-of-the-river diversions from the Gellibrand River could be a viable option. This would also be compatible with later extension of the works to tap further water resources within the Gellibrand Valley.

It is therefore important that the investigation of schemes for run-of-the-river diversion and possible major dam construction in the Gellibrand basin be expedited, taking due account of engineering and environmental aspects. Similarly, early resolution of the extent and availability of groundwater in the Gellibrand and Carlisle areas is also needed so that schemes to utilise those resources may be properly compared with alternative surface water developments.

Should further investigations show that there would be unacceptable environmental consequences or insufficient yield from the development of further groundwater resources, the Board would need to be ready to develop alternative surface water resources.

Rural Water Commission

- 5.17 Evidence given to the Committee by the RWC provided a critical analysis of the GDWB submission as follows (at page 9 of the RWC submission):

The GDWB has indicated that by 1995 it needs to be able to provide an additional yield of between 13 000 Ml/a and 24 000 Ml/a, corresponding to the "Low" and "High" demand projection cases respectively, and taking into account the GDWB's diminishing entitlement from Lal Lal Reservoir. Construction of a major storage (e.g. an Aire River or Gellibrand River storage) could provide such yields. However, the capitalized cost of major storage schemes is 1½ to 3 times that for the lower yielding schemes. Furthermore there are no major storage schemes in the top eight ranked schemes. Therefore possible development of major storage schemes should be considered in stage two of the Inquiry as post 1995 alternatives.

None of the eight lowest cost schemes listed in Table 5 could alone provide sufficient yield at Geelong to meet projected demands to the year 1995. Hence the GDWB will have to develop a programme of works involving several schemes to meet those projected demands.

In evaluating the lowest cost schemes, two points should be taken into account. Firstly, all the estimates of the schemes could benefit from refinement of yields and costs. Some of the estimates, as will be noted later, are very preliminary only. Secondly, yield estimates for the schemes are not necessarily additive. For example, if any two or more of the schemes in Table 5 were combined, the resultant yield would not necessarily be the sum of the individual yields. At the time of preparation of this submission, studies of yields of all the more favourable combinations of schemes were not available.

The run-of-river diversion scheme on the Gellibrand River at Norman Park is listed last in Table 5. The scheme is very expensive as a scheme on its own. In combination with schemes that have a storage component (e.g. groundwater or off-stream storage) a run-of-river scheme could be economically attractive. However, there are no simulation results available yet to be able to quantify its yield in combination with other schemes.

The RWC offers the following comments on possible schemes to augment the GDWB water supply system to 1995. Not all the information necessary for decision making is available at this time.

Barwon Downs Stage 2

This scheme is No. 7 in the economic ranking at present. The scheme is the most investigated alternative of the twelve least cost schemes and if constructed would probably have a minimal interaction with the environment. The GDWB has not at this stage applied to the DME for authorization to construct the additional production bores required for the scheme. However, the GDWB are optimistic that it will obtain the necessary authorization and licence for additional extractions. The RWC has no objections to this scheme, but points out that its attractiveness depends on the allowed extractions, which will be limited by the long term recharge rate to ensure that the resource is not "mined".

Wurdee Boluc Enlargement by 20 000 Ml

Of all the lowest cost schemes available, enlargement of Wurdee Boluc Reservoir is probably the scheme with the least unknowns at this stage. However, the unknowns of particular importance are:

- the incremental yield of the scheme in combination with other schemes;
- the effect that increased diversion of flows from the upper Barwon tributaries to an enlarged Wurdee Boluc Reservoir might have on the operations of the Lake Colac/Lough Calvert and Lake Corangamite drainage schemes.

Upper Barwon Tributary Development

There are six schemes involving dams on upper Barwon tributaries which rank among the twelve least cost schemes. Their costs cover the full spectrum from least cost - dams on Callahans Creek (Site 3), Dewings Creek (Site 1), East Barwon River and Pennyroyal Creek - to highest cost - the dam on Matthews Creek. All the schemes give significant yields ranging from 2 900 Ml/a to 4 800 Ml/a.

However, the estimates of yields and costs are very preliminary and no information is available on likely yields if schemes were combined nor on the effects the schemes might have on the drainage schemes.

Kawarren Groundwater

The DME are still investigating this resource and the investigations are not expected to reach a reliable stage of completion prior to the end of stage one of the Inquiry. Development would have to be staged with small increments in yield involved in each stage, and carefully monitored and controlled with respect to possible effects on stream-flows.

At this stage it would appear that the Committee will not be in a position to make a decision on development of the Kawarren resource until stage two of the Inquiry.

Run-of-River Diversion

The run-of-river diversion scheme on the Gellibrand River is not attractive on its own. However, the scheme might be shown to be attractive in combination with schemes ranked in the top twelve in Table 5.

For example, a run-of-river scheme might combine favourably with Kawarren groundwater development or a scheme involving major storage development in the Gellibrand River basin.

Given that decisions on both Kawarren and a major storage in the Gellibrand River basin are matters for stage two of the Inquiry, any determination of the final capacity of a run-of-river diversion must also be deferred until then.

Need for Allocation from Gellibrand River Basin to Geelong

There is no doubt that the water resources in the Gellibrand River basin are considerable and development by Geelong in the long term would appear inevitable.

On the basis of the information available at the present time it seems that there are probably sufficient options available to the GDWB to meet expected demands ("Low" demand projection) to 1995 without going to the Gellibrand River.

However, the GDWB might not be authorized to develop the Barwon Downs groundwater field significantly further. And Wurdee Boluc enlargement and/or development of the upper Barwon tributaries in combination might not provide sufficient additional yield.

In addition, if Geelong's demand were to increase at a rate closer to the "High" demand projection, then the combined yield from the non-Gellibrand options in the least cost alternatives might not be sufficient to 1995.

The options available for development of water resources in the Gellibrand River basin are:

- Kawarren groundwater*
- run-of-river diversion*
- major surface water storage.*

The Kawarren groundwater scheme and the run-of-river diversion scheme have already been discussed.

On the basis of present information the scheme involving a major storage on the Aire River at Hall Ridge is more economic than any of the Gellibrand storage schemes. In addition the costs for storage schemes on the Moorabool River and on the Aire River at Upper Aire lie within the range of costs for the Gellibrand storage schemes. It is difficult to draw any firm conclusions from this information due to the fact that the estimates of yield and cost for the Gellibrand storage schemes have been prepared on the basis of considerably more detailed data than was available for schemes on the Aire and Moorabool Rivers.

Further work will therefore have to be undertaken before any firm conclusions can be reached. Hence the RWC does not believe, on the evidence available as at August 1984, that the Committee would be justified in going any further in stage one of the Inquiry than recognising Geelong's possible need to extend its headworks into the Gellibrand River basin, and noting that it would not be inappropriate for the GDWB to seek the reservation of the Kawarren groundwater resource, under the terms of the recently amended Groundwater Act 1969 for its possible use once the resource has been quantified. Any further detailed consideration of schemes to develop the water resources in the Gellibrand River basin should be deferred to stage two of the Inquiry.

IMPLICATION FOR OTHER INTERESTS

Future augmentation of the GDWB's water supply headworks system will have implications for the environment and for other interests which the RWC has responsibility for, such as private diverters, the Otway water supply system, and drainage schemes. The RWC also has a specific interest in groundwater management through its responsibility for licensing groundwater extractions.

Environment

Major diversion of water from the Gellibrand River by schemes to augment Geelong's water supply would have the capacity to cause significant effects on the river regime. Of particular concern to the RWC are the potential impacts on:

- (1) the river as a habitat for fish and invertebrates;
- (2) water quality; and
- (3) the estuary.

Environmental studies arranged for by the RWC in recent years have attempted to provide baseline information on these aspects.

The study by the Fisheries and Wildlife Division on fish in the river will be most useful in this regard. As has already been mentioned, the Division has produced a range of minimum environmental flows which the RWC sees as providing the initial basis for determination of habitat related constraints on yields of diversion schemes and for conditions regarding operation of those schemes. The level of the suggested minimum flows in the river reach immediately below where Geelong could install new works is such that supply to the RWC's Otway water supply system would not be affected by any diversions and water quality in the river would be maintained.

The RWC has had a study carried out of the Gellibrand River estuary, and the Fisheries and Wildlife Division also gave some consideration to the needs of the estuary in its study. It is not clear at this stage what levels of flow would be required to flush the salt-wedge out of the estuary and keep the mouth open. There are other influences such as tidal and meteorological factors to be considered as well as flow. Further studies will need to be carried out before any major diversions of water from the Gellibrand River are authorized.

Private Diverters

As indicated in the Background Information Paper there are thirty-two private diverters in the Gellibrand River catchment who have annual permits to divert water for irrigation purposes. The total authorized area under irrigation is 282 ha, involving an authorized diversion of 1 075 Ml/a. There are also 69 annual permits currently issued for domestic and stock and industrial purposes involving about 220 Ml/a.

It is the RWC's view that the present summer flows for private diversion are virtually fully committed and that any significant increase in authorized diversions during the low flow period will have to wait until some regulation of streamflows is possible. Annual permits would still be issued for diversion of water to

off-stream storages during winter. Since there has been little interest shown by landholders in obtaining increased diversions for irrigation it is difficult to predict what the demand might be if a major storage were constructed in the Gellibrand River basin. However, likely future demand for irrigation, having regard to the limited availability of suitable areas, could increase from the current level of 1 075 Ml/a to about 2 600 Ml/a. Any allocation of water to meet such an increase in demand would have to be considered in stage two of the Inquiry.

With regard to stage one of the Inquiry, the RWC would be concerned to ensure that existing private diverters would not be disadvantaged by any proposal to divert Gellibrand water to Geelong.

In the case of a run-of-river diversion scheme, the imposition of minimum environmental flows of the order suggested by the Fisheries and Wildlife Division would be more than adequate to ensure downstream diverters are not affected. However, it should be noted that unless specific allowance is made for extraction by diverters, the environmental requirement may not be met at all points along the river.

In the case of groundwater extraction from the Kwarren area there may be some concern that watertable levels might be affected thereby reducing streamflows in the Love Creek catchment. The RWC has recently carried out a survey of major springs in the area and is proposing to install additional stream-gauging stations for monitoring purposes. Current indications are that extraction of groundwater in the Kwarren area is unlikely to have significant effects on the streamflows. However, both the DME and the RWC would see it as essential that any groundwater extraction in the area be comprehensively monitored and controlled.

With regard to the Barwon River there are seventy-seven private diverters along the river who have annual permits authorizing the diversion of up to about 1 900 Ml/a for irrigation and domestic and stock purposes. In addition all landholders who have land abutting the river have riparian rights entitling them to divert water for domestic and stock purposes without needing a permit. There are also a number of landholders who have permits to divert up to a total of about 140 Ml/a from some of the upper tributaries of the Barwon River on which possible dam sites are being investigated by the GDWB.

Under current conditions, problems do exist for private diverters with regard to water quality in the river, particularly for domestic and stock use.

The RWC is therefore concerned to ensure that in evaluating possible schemes to further develop the water resources of the Barwon River basin consideration is given to the maintenance of adequate compensation flows below any diversion sites. It is worth noting that in regard to current diversions of flow from the east and

west branches of the Barwon River, the GDWB has an agreement with the RWC to maintain certain compensation flows in the river for the benefit of downstream users.

Otway Water Supply System

The Otway water supply system meets a water demand of 9 300 ML/a and serves a population of 34 700. These figures represent the 1983-84 situation and are slightly in excess of those given in the Background Information Paper.

As pointed out in the Background Information Paper the Otway water supply system is dependent for its supply on run-of-river diversion from the Gellibrand River. The RWC could not support any proposals to divert water from the Gellibrand River which might reduce the security of supply to the Otway system. Hence any schemes to develop the water resources of the Gellibrand River basin to augment the GDWB's water supply system must take into account the needs of the Otway system.

For example, the adoption of the Fisheries and Wildlife Division's suggested minimum flows for the Gellibrand River at Bunker Hill would be one way to ensure that diversions to the Otway system would not be affected by any diversion scheme upstream.

The implications that the minimum flows suggested by the Division for the river between Carlisle River and Burrupa have for the Otway system have already been discussed earlier in this submission.

The DME is currently investigating groundwater in the Childers Cove area for possible use by the RWC to augment the Otway system in the 1990's. If the development of that groundwater resource were shown to be unsatisfactory or insufficient to meet demands in the foreseeable future, then the Otway system would have to be augmented by further development of the Gellibrand River resource. Hence with regard to future allocations of Gellibrand River water, consideration should be given to the possible future demands on that resource by the Otway system and other current users as well as by the GDWB.

If the Childers Cove groundwater development scheme were to proceed consumers in the Otway system, particularly in the City of Warrnambool, would probably have to accept water with a higher salinity than they had previously. The upper limit acceptable could be 500 mg/L TDS, which is in accordance with water quality guidelines normally accepted in Australia. In that context the adoption by the GDWB of an absolute maximum salinity in its supply to consumers of 350 mg/L could possibly be considered too conservative.

Drainage Schemes

There are two major public drainage schemes operating in the region, namely, the Lake Colac/Lough Calvert System and the Lake Corangamite Reclamation Works, both of which impact on the Barwon River. The two schemes are described in some detail in the Background Information Paper.

The current operating rules for the Lake Colac/Lough Calvert System provide for releases of saline water to be made to Birregurra Creek, a tributary of the Barwon River, during the non-irrigation period from May to September, providing such releases do not raise the salinity of the river at Winchelsea above 1 000 mg/L TDS.

At the present time there would appear to be limited scope available for any tightening of the rules governing the operation of the scheme without reducing its effectiveness. The diversion of additional water from the upper Barwon catchment by the construction of additional storage to augment the GDWB's water supply system would reduce flows in the Barwon River at Winchelsea and hence could have an impact on the operation of the drainage scheme. Operational arrangements would have to be agreed on such that any impact on the scheme was minimal.

The Lake Corangamite Reclamation Works effectively involve the prevention of as much as possible of the flows in Woody Yaloak Creek from reaching Lake Corangamite. The flows are diverted by channel to Warrambine Creek, a tributary of the Barwon River. Operating rules allow for the discharge of the diversion channel to be maintained irrespective of the flow in the Barwon River, provided that the following salinity levels are not exceeded at Geelong as a consequence of such diversions:

<u>Period</u>	<u>Salinity (mg/L TDS)</u>
November-April	1 500
May	2 500
June	3 500
July-August	4 500
September	3 000
October	2 000

There is possibly some scope for tightening up the above controls without seriously reducing the effectiveness of the scheme. Consideration has been given to moving the control target from the site at Geelong to a point on the Barwon River just downstream of the confluence with the Leigh River to provide more efficient operation of the scheme.

Any proposal for further development of the water resources of the upper Barwon catchment would need to take account of the consequential effects on these drainage schemes. It is understood that this is a matter which will receive specific attention during subsequent phases of the Inquiry.

5.18 The RWC then went on to draw the following conclusions in relation to the selection of the most appropriate resources (at page 21):

Some limited development of the surface water resources of the upper Barwon River catchment (including Wurdee Boluc Reservoir enlargement) and further development of groundwater resources (at Barwon Downs and Kawarren) offer the best opportunities for augmentation of the GDWB's supply system to 1995.

The DME and the GDWB need to proceed with their current investigations of the groundwater schemes referred to in (3) in order to adequately establish their yields and costs as well as any possible effect on streamflows.

Investigations by the GDWB of schemes to further develop the upper Barwon tributaries should continue, with appropriate consideration being given to the provision of compensation flow and to any effects such development might have on the operation of the Lake Corangamite Drainage Scheme and the Lake Colac/Lough Calvert System.

Depending on the outcome of continuing investigations, especially in regard to yield, the GDWB may need to establish surface water headworks outside the Barwon River basin by 1995, particularly if the "High" demand projections were to eventuate.

Investigations of the surface water resources of the Gellibrand, Aire and Moorabool rivers by the RWC and the GDWB and groundwater resources of the Gellibrand River basin by the DME should continue and be programmed to provide appropriate information on possible development schemes during stage two of the Inquiry. In this regard conjunctive use of Kawarren groundwater resources with run-of-river diversion from the Gellibrand River would be worthy of more detailed investigation.

5.19 The above conclusions by the RWC are not in total agreement with the view of the GDWB. The RWC does not believe, on the evidence available as at August 1984, that there is any justification in stage one of the Inquiry for GDWB to be either allocated water from the Gellibrand River basin or authorized to install a diversion pumping station on the Gellibrand River.

5.20 The submission and evidence by the DME provided a detailed insight into groundwater resources in the Otway region and highlighted a number of important points with regard to these possible resources:

- (1) The nature of underground aquifers in terms of storage capacity and natural recharge rates can only be accurately determined by pumping water at high rates from the aquifer for extended periods over several years and at the same time monitoring climatic conditions and the effects of removing the groundwater on water levels in nearby boreholes, spring and stream flows and local ground movement.

Acquisition of information and a refinement of assessments would occur progressively over a period of several years of operation.

- (2) Although considerable work has already been carried out to evaluate the Barwon Downs and Kewarren groundwater fields, neither these fields nor those further down the Gellibrand catchment have been sufficiently stressed, to enable accurate long term estimates to be made of their capacity, perennial yield or detailed mode of behaviour.
- (3) The various groundwater fields in the Gellibrand River basin each have different characteristics which need to be further evaluated before any decision is made on which is the most suitable for use as a potential source for long term water resources.
- (4) It is possible to use some underground aquifers in much the same way as a surface reservoir, recharging the aquifer artificially in winter from excess river flows and pumping water out of the aquifer during summer periods, especially during periods of drought.

- (5) The water used to artificially recharge an aquifer may have to be treated before it is introduced into the aquifer as may water removed from an aquifer if it is then to be used for particular purposes.
- (6) The possibility exists that pumping water from the Kwarren borefield and other borefields in the Gellibrand River basin could effect flow in the Gellibrand River. Therefore the interaction between the river and the groundwater aquifers needs to be thoroughly tested.

Department of Water Resources

5.21 The Department's submission contained the following comments (at page 3):

Economic and Financial Assessment of Alternatives

The economic/financial evaluation of the various proposals does not provide a satisfactory overview of the various proposals to augment supply to the Geelong and District Water Board, since the annual costs only cover the operation and maintenance costs, and do not include the capital servicing costs. Also, it is not clear whether the operation and maintenance costs include replacement costs, where appropriate.

From the information available, a number of suitable combinations could be chosen to meet demands up to 1995. In most cases this would require staged development of different proposals. A more appropriate economic analysis could then be undertaken, to determine the "present worth" of each alternative, as a guide to the choice of the most appropriate alternative, after taking account of other factors such as the environmental effects.

Environmental Assessment of Alternatives

The Department's attitude to the allocation of water resources is that full and proper environmental evaluation should be undertaken before significant allocations of water are made. Such an environmental evaluation should adopt an "ecosystem" approach, to ensure that all significant species and their habitats are considered; minimum flow studies are only a part of this evaluation. This is particularly important where the allocation of water involves the construction of major works such as dams in areas where the natural water environment is relatively unmodified and large parts of the catchment are still in a natural or semi-natural state.

One the major initiatives of the State water planning process is to develop methodologies and then to identify areas of conservation significance in the State using criteria such as habitat diversity, rarity and naturalness. This will ensure that catchments, streams, wetlands and riparian lands that have significant conservation values are recognised before decisions are made that would significantly change those values.

Although this work is in its infancy, it is proposed that the south-western region be evaluated as a high priority, to enable the significance of the Gellibrand catchment to be properly evaluated. Such work would be a valuable input to the second stage of the Natural Resources and Environment Committee's inquiry.

The areas of recreational value in the region should also be identified, as an input to decision-making. As part of the State water planning process, a methodology for identifying and ranking the recreational values of water bodies is being developed.

In view of the above, it is considered that the diversion of water from the Gellibrand, or the construction of a dam on that river, would properly be best considered as part of the second stage of the NREC inquiry, provided that other proposals are available to meet the demands of the Geelong region prior to 1995. (Based on the proposal put forward by the Geelong and District Water Board, this would appear to be feasible.)

Environment Protection Authority

5.22 The Authority made the following comments in its submission:

We are not proposing to formulate a specific State Environment Protection Policy (SEPP) for the Barwon River catchment although this was our intent until recently. Instead our resources are being directed at preparing a single SEPP to cover the Victorian catchments not already covered by SEPP's.

Resolving issues such as the salinity limit/flow regime for the Barwon River will rely heavily on integrating decisions on water resource allocation with environmental quality considerations. Our main concern is that in the development of catchment water resources an appropriate minimum flow be set in order to maintain habitat values and water quality. The Background Information Paper recognises this need in the case of the Gellibrand River. For the Barwon River, which may be classed as brackish to saline in its lower reaches, it is important that water resource development and management does not further aggravate this situation.

Information on the effect on salinity levels is considered essential before any decision is made to utilize Barwon catchment waters for augmenting supplies. These effects should address both peak and average salinities. Conceptually it is possible to offset peak salinities through the release of minimum flows from storage. This warrants investigation.

Your paper recognises that a joint GDWB/RWC/EPA water quality data collection programme has been operating for the past two years. A full report on these data is scheduled for release in the latter half of 1985. Limited analysis of the data could be undertaken in the interim if this was considered helpful to your committee.

Colac District Water Board

5.23 In respect of the possibility of storages being constructed in the Gellibrand catchment, the Board made the following submission (at page 6):

- The Board would require the assurance that it would continue to have control over the regulation of both its West Gellibrand and Olangolah Dams and would not be required to release water to supplement any proposed new dams. The Board should have the sole right to decide if and when water is released.
- The Board should continue to have easement rights along the route of its main pipeline and be able to undertake augmentation and maintenance works as necessary.
- The Board should not be held responsible for water quality problems resulting from the operation of its works although every reasonable care would be taken and close co-operation maintained with the appropriate authorities -
 - e.g. (i) operation of scour - high iron content
 - (ii) maintenance of main pipeline.
- The Board should be consulted and its requests considered in regard to any works which may effect its assets -
 - e.g. (i) Crossings of the main pipeline. If possible Gellibrand Scheme G5A is adopted, the Board would not favour that part of the main supply pipeline affected by the storage remaining in its present location. Based on a very preliminary investigation of contour levels, approximately 1 500 lineal metres of 525 diameter concrete lined mild steel pipe would be required to be relocated at an estimated cost of \$300 000.

- (ii) *The Board considers that a detailed examination should be carried out on the effects that increased use of groundwater has on springs that provide stream flow to the Gellibrand River system.*

Mr. W. J. Roberts – Barwon Downs

5.24 Mr. Roberts made the following submission and gave evidence to the Committee:

My family property is in close proximity to the Barwon Downs Groundwater Project that is being constructed by the now Geelong Water Board. I take this opportunity to bring to your Committee's attention several aspects that have and could affect us during the construction stage and any future works and operations.

- (1) *This project has severely damaged the natural environment and our life style in this once peaceful and picturesque area.*
- (2) *The Barwon Downs groundwater stage 1 borefield has been placed adjoining shire road reserves giving easy access. As noted in the Background Information Paper, stage 2 proposal of three bores and associated works are situated in an off-road position, one of these being in very close proximity to homes. The positioning of these bores would require acquisition of large areas of property and all weather roads constructed. Farms would be cut in to and divided severely. Alternative positions should be investigated.*
- (3) *The surrounding district has a large number of springs that service farmers needs supplying stock, domestic, dairy and irrigation. With large quantities of water removed by the Geelong Water Board groundwater project, these springs could be affected.*
- (4) *The shire roads of gravel surface in the area have deteriorated with large volumes of heavy traffic.*

We request your Committee to seek reassurance from the Geelong Water Board that the best interests of the surrounding landowners be upheld.

The Barwon and Leigh Rivers Advisory Committee

5.25 The Committee's submission expressed the following concern (at page 2):

A number of the possible schemes discussed under the heading Surface Water, Barwon River Basin are of relevance. These schemes are those to dam the Upper Barwon tributaries, to divert from the middle or lower Barwon or to dam the Leigh River. In all of these cases concern is registered to ensure that adequate compensation flows are permitted to pass these sites to meet environmental and beneficial requirements both as to adequate quantity and quality.

Lake Corangamite Drainage Scheme Advisory Committee

5.26 The Committee's submission included the following statement:

Increased development, both urban and rural, together with improved drainage in the catchment areas of these lakes (Corangamite, Gnarpurt and Murdeduke) has resulted in higher run-off and larger peak inflows to the lakes. It is therefore imperative that the diversion scheme outfalling to the Barwon River be maintained and operated so as to prevent or reduce the extent of flooding of freehold lands on the margins of these lakes.

The Committee considers that flows in the Barwon River should not be reduced to the extent whereby diversion from the Woady Yaloak system would need to be restricted to meet water quality constraints. It is noted that flows in the Barwon River have been decreasing over the years, probably due to the increasing number of onstream and onfarm storages built in recent dry periods together with increased diversions from the river. It is therefore considered that if any additional storage is contemplated within the middle to upper reaches of the Barwon River or its tributaries, the effects of such works on the Corangamite diversion system should be evaluated.

Lough Calvert Drainage Trust

5.27 The Trust made a submission containing a draft of a "master plan" setting out the background of the trust's objectives and achievements and a discussion of how these objectives might be pursued in the existing and foreseeable environment. The sections of the master plan relating to operating requirements outline steps the trust is now considering to lessen the effects

of its drainage operations on the Barwon River system and to improve the operational performance of the system. In its covering letter, the trust made the following particular points related to development of water resources to augment the GDWB system (at page 2):

The Trust has been aware for a number of years of the consideration by the Geelong and District Water Board of various sites to augment its town water supply, two of these being related to the middle Barwon area. Because of the drainage into the middle Barwon from the Lough Calvert system, careful consideration of the feasibility of these sites needs to be undertaken with consultation with the Lough Calvert Drainage Trust. It is noted in your background information paper that the cost, both capital and annual operating, for development of water supply sources from the middle Barwon is fairly high as far as the cost per litre of water supplied to Geelong and, consequently, it would be expected that any developments in this area of the river are at this stage only related to planning for water supply purposes to beyond 1995.

Shire of Winchelsea

5.28 The Shire raised several matters related to land acquisition which are discussed later in this report. The Shire Council also made the following comment (at page 2):

Any projects implemented should definitely not reduce the average flow in the Barwon River which in turn could reduce farming productivity down-stream and disrupt farm management (the Barwon quite often forms property boundaries).

Shire of Bannockburn

5.29 The Council made the following comment in its submission about the development of the resources of the Barwon, Leigh or Moorabool rivers (at page 1):

Council is particularly concerned that if further use of either the Barwon, Leigh or Moorabool rivers is contemplated for the establishment of extra water storages, it is extremely important that the riparian rights of property owners fronting these rivers are documented and protected.

Shire of Barrabool

5.30 The Shire's submission contained the following statements (at page 1):

This Council naturally is primarily interested in the effect of any future proposal for control and use of water resources on the inhabitants of this Municipality: However, Council realises that the Gellibrand basin resource is an important additional water resource for the Geelong region as a whole in the future. The rural industry is mindful of current dilemmas facing it in the deterioration of water quality within the Barwon River system over the past twenty years. Many submissions and reports have documented claims of deterioration and the unsuitability of water for irrigation use, the death of streamside vegetation and in some cases stock and fish life. Monitoring of the Barwon River system indicates that a large proportion of the flow in the river is lost in streamflow to Bass Strait without use.

In a report to the Minister for Water Supply in November 1980, the Geelong Waterworks Trust and Geelong Regional Commission stated "the Gellibrand development will be costly and at best is only likely to provide sufficient additional yield until about the year 2000 at which time other resources, such as the Barwon River, would need to be utilised". This Council is vitally concerned that the quality of water in the Barwon River system is not allowed to further deteriorate to such an extent that by the year 2000 when it is suggested it will become an important resource, it is unable to be used. Council would contend that as some concern is presently being expressed as to "nutrient input to the river system (of the Gellibrand system) is creating a potential water quality problem" and in light of the suggested high cost of using this resource for the Geelong region that concentration should be directed on harvesting the excess flow in the Barwon River system and on improving the quality of the water in this system as a first priority.

Stream salinisation is common throughout the middle and lower reaches of the Barwon River basin; however, annual stream flows are reasonable predictable. This Council would suggest that achievement of potable water by desalination from the Barwon River system by the year 2000 would have significantly greater advantages for perhaps similar costs to that of diverting the Gellibrand River Basin into the Region catchment.

Council is concerned that any proposal to augment the Gellibrand River Basin for the future use of the Geelong Region will mean the allocation of financial resources away from other rapidly deteriorating alternative water resources such as the Barwon River Basin which will still be required by the year 2000.

Shire of Bellarine

5.31 The Shire made the following submission:

Council has considered the background information paper and requests the Committee to take into consideration the rapid growth within the Bellarine Peninsula and the need to ensure that adequate supplies of water are available not only from the headworks but also within the Peninsula itself. Council also requests that your Committee address itself to methods of re-using and saving water especially in the case of future and proposed sewerage schemes.

Shire of Otway

5.32 The Shire requested the Committee to take into account the following (at page 8):

- *The Shire of Otway is totally opposed to the approval of another run-of-the-river diversion on the Gellibrand River unless this is complementary to a major back-up storage.*
- *That in allocating the resources of the Gellibrand River allowance be made for an increase in demand for existing urban water supplies and for irrigation purposes based on recommendations to be obtained from the Rural Water Commission.*
- *Further investigations be made into the potential, in both the short and long term, of the Aire River system as a source of water supply for Geelong.*
- *No allocation of the Kewarren groundwater resource be made at this time pending finalisation and publication of the investigations currently in progress.*

5.33 In the body of its submission, the Shire also made the following points (at page 5):

It is known that during periods of low flow in the Gellibrand River in both 1967-68 and 1982-83 licence holders have voluntarily shut down their pumps to ensure continuity of supply to both the North Otway and South Otway water supply systems.

The nature of the Otways catchments and the river systems is such that moderate to severe flooding is a frequent occurrence. Property damage, lost production and public utility destruction results because of unregulated river conditions.

At the other end of the scale, low flow conditions in the rivers in the Autumn period, combined with on-shore winds resulting in barring of the river mouths, causes large scale inundation and salting of productive land particularly in the lower reaches of the Gellibrand and Aire Rivers.

The construction of major water storages together with the regulation of river flow as a result of effective Catchment Management would give a measure of control over this problem.

Shire of Hampden

5.34 The Shire submitted the following for the Committee's consideration:

Council is aware that in 1982 the Gellibrand River almost reached such a low level at the northern take-off that the water flow was not sufficient to meet the requirements of the northern users of the Otway Water Supply System.

It is considered by Council that if any water is to be diverted from the Gellibrand River to augment the Geelong Water supply system that this diversion should be located downstream of the South Otway pipeline.

Council further contends that the diversion of any Gellibrand River water to Geelong should not be of sufficient quantity to adversely affect the inter-relationship between the extensive aquifer system and river flows.

As the Gellibrand River contains the best population of native freshwater blackfish in Victoria, any diversion of water to Geelong should also not be of sufficient quantity to endanger the continued existence of blackfish in the Gellibrand River.

Shire of Leigh

5.35 The Shire included the following comment in its submission (at page 2):

Council supports in principle, the proposals to dam the Leigh River and pump out of the river at Inverleigh. However, Council is concerned that these dams have an environmental effect on the river downstream and this should be carefully considered in both the

design and management of dams. The quality of rivers is becoming a greater public issue and Council submits that rivers such as the Leigh River should not be dammed for water supply purposes only but also to improve the summer flow and water quality of the stream.

Mrs. J. Forrester - Apollo Bay

5.36 Mrs. Forrester made the following submission:

One proposed dam site that gives me particular doubt is G5A Upper Gellibrand as it appears from the map on p.62 that this would involve flooding of the Upper Gellibrand Gorge, a favourite area of both archeological, geological - botanical interest. It contains old aboriginal sites, a wide variety of ferns and the northernmost known (to me) site of *Northofagus Cunninghamii* in the Otways. Apart from that it is very beautiful - not often used, because there is no track, other than by local botanists and occasional school groups. Only a short distance upstream is the FCV camping ground and Stevenson's Falls, both very popular tourist spots. No mention has been made either of the study carried out last year but not yet finalised, of botanical significance of the various dam sites, carried out by SRWSC and the Arthur Rylah Institute.

Another factor which has not been discussed is public education on water conservation. The reduced usage in drought times shows that considerable savings can be made. As someone reliant on rain water/spring water storage, I am appalled at the wasteful attitude of most city dwellers. Tanks for garden use could be a great water saver even in industrial areas. The 11.8% "other" water use p.44 seems excessively high. Stress placed on such factors could reduce the need for environmentally damaging water diversion from the Otways. With development of Portland and Warrambool progressing, surely the south-western water resources of the Otways such as the Aire valley would be best reserved for those areas, rather than costly tunnelling or piping through environmentally significant forests and unstable soils. Development of north-eastern streams in the Forrest/Barwon Downs area would appear far more logical. The low level of the Gellibrand River in 1982 would indicate that great caution should be shown before any significant amounts of water extraction are planned for that stream. 62 Ml/p.a. at Bunker Hill is $\frac{1}{2}$ present flow mean average but twice the flow in drought conditions.

Ministry for Planning and Environment

5.37 The Ministry's submission contained the following comments (at page 1):

- *That future decisions on allocation of water for Geelong from the Gellibrand River should be integrated with decisions on the Otway system (e.g. joint operation of a dam).*
- *That no water should be allocated to Geelong from the Gellibrand River until studies on minimum flows to maintain environment quality of the river are completed.*
- *That the Aire River should be allowed to run free.*

Department of Conservation, Forests and Lands

5.38 The Department's submission contained the following comments from the various services forming part of the Department about potential future water resources for Geelong (at page 4):

Fisheries and Wildlife Division

- (i) *The Gellibrand River is one of the major angling areas in Victoria, it is a unique coastal river from a geomorphological viewpoint and is the most important river in Victoria for black fish.*

To preserve fish habitat values, certain minimum flows should be adopted. (Refer paragraph 2.13 of this Report)
- (ii) *The Carlisle River catchment is highly significant from a flora, fauna and geomorphological viewpoint. To retain these values disturbance in this catchment should be avoided.*
- (iii) *Lake Connewarre Game Reserve is highly significant as:*
 - *a major angling and hunting area;*
 - *an area of high value for estuarine fish species;*
 - *an area that supports a diverse salt marsh vegetation unequalled elsewhere in Victoria.*
- (iv) *Lake Elizabeth is a site of national significance in the headwaters of the Barwon River. Any disturbance to its catchment would be detrimental.*

- (v) The Aire River valley is an area of State Significance (geological/geomorphological) and has outstanding value.
- (vi) If extensive use of groundwater is likely at some future time, the relation between groundwater utilization and the availability of surface water in swamps and rivers should be investigated. Wetland areas are essential for wildlife and rivers are essential for fish. We need to know whether groundwater utilization affects surface waters before any large scale commitments of groundwater are made.

State Forests and Lands Service

- (i) The hardwood forests of the Otways are one of the most important timber producing areas in the State. Harvesting prescriptions, under a policy of multiple use which currently applies to other water supply catchments in State Forest in the region, would adequately protect water quality and yield to proposed water storages.

Selection of storage sites in the Gellibrand and Aire River catchments should seek to minimise the area withdrawn from hardwood production.

- (ii) The Aire River catchment contains areas of highly productive softwood plantations under public ownership. Possible schemes in the Aire and Halls Ridge areas would have significant impacts on the availability of log supplies to Colac-based forest industries.
- (iii) Of the proposals considered in the Gellibrand River catchment the Upper Gellibrand River site and the Charley Creek site would have the most significant impact on forest resources. Claims for compensation from private landholders could be considerable, particularly at the Charley Creek site where the estimated value of existing private plantations and private land suitable for plantation establishment is approximately \$250 000.

National Parks Service

- (i) Any water removals from the Gellibrand and Aire River systems should be managed to minimise adverse impacts on the river estuaries which contain important fish and bird breeding habitat, provide a range of outdoor recreational activities and attract large numbers of tourists and other visitors to these areas. The lower sections of these estuaries are included in the Otway National Park.
- (ii) Small-scale diversions in the upper catchments, such as the suggested stage 1 diversion at Norman Park, may not substantially affect conditions in the estuary provided that diversions were made in the wetter months.

- (iii) Any sustained large-scale diversions from these river systems would most likely have substantial and possibly extremely serious adverse impacts on their estuaries. Dams G5A, G4A, G6, G9 suggested for the Upper Gellibrand, particularly in dry years, would divert a very significant proportion of the total stream flow in the river, reducing water qualities in the estuaries. Water qualities are already marginal for body contact recreation in summer. Any further reduction in water qualities can be expected to greatly reduce visitor numbers and may have a substantial impact on the regional economy.

In the Aire River system any substantial reduction in stream flow velocities in winter can be expected to result in a build up of sediments in the estuary and to a reduction in water qualities in the summer months. This would have serious implications for natural values, tourism, recreational opportunities and the regional economy.

City of Warrnambool

5.39 The Council's submission contained the following comments (at page 1):

- *Extraction of the Kawarren area groundwater should not proceed until extensive investigations are made on the possible effect of flows into the Gellibrand River system via springs, downstream from Kawarren, and also flows into the Curdie Vale/Childers Cove aquifer are determined.*
- *Before diversion of surface waters is approved, the estimated costs per megalitre of water delivered to Geelong would need to be accurately established. For example, page 59 Run-of-River scheme to be \$20-25 M. capital costs for, initially 1 000 Ml/a.*

To this must be added the operation and maintenance costs which are likely to be significant due to extensive pumping. To obtain more than 1 000 Ml/a, further major capital expenditure is required to construct additional storages to hold excess winter runoff. It is considered that extraction of surface water from the Gellibrand system in summer could not be done without adversely affecting river flow and thus existing users, particularly in dry years, or in future years with increased Otway system demand.

Ms. Y. Walters - Apollo Bay

5.40 In giving evidence Ms. Walters suggested the following (at page 188):

The aim of this Committee must be to solve the problem of supplying Geelong with its water needs. It should not grab short-term bandaid measures as they appear. More dams and more aquifers may appear to solve the problem for the moment, but they will not in the long-term.

I would like to give three alternatives that could be looked at. The first is the desalination and cleaning up of the Barwon River, and considering the way that water is used. Perhaps that is the best solution in the long-term. We would like to know the costing of this. We need to know how much it costs to create a dam and we need to know the cost of desalination of the lower reaches of the Barwon River.

The second alternative is to look at wastage at the point of consumption. Some people have put in their own systems to supplement their water supply. Even if people collected only sufficient water to flush their toilets, that would be a step in the right direction. Many farmers collect their own water; they do not use town water at all.

We could look at the possibility of charging more for industrial use or irrigation use of potable water. It is a disgusting state of affairs, that we go to all this trouble to get drinkable water down to a city and then allow someone to use it in bulk for irrigation and industrial uses.

The third alternative is the possibility of the two-pipe system supplying people with drinking water and non-drinking water. That is a far more sensible solution than the cost of treating sewerage, an expensive and backward measure. Non-drinking water could be supplied for washing purposes.

Mr. J. Smith - Otway Action Group

5.41 In giving evidence Mr. Smith made the following comments (at page 111):

I cannot overstress the conservation status of the Aire Valley. It has been mutilated in the past by timber and other industries and it is an extremely important zone. Within the boundaries of that valley there are representatives of vegetation that is very similar to the vegetation types in South-West Tasmania. Any attempt to dam the Aire Valley -although I can see the importance of water for the surrounding district -would be a catastrophe in any location other than perhaps the location that has been suggested.

There have been three dam sites suggested for the Aire Valley, one in the middle section, one in the lower section, and one just as the valley leaves the State forest area. The sites in the Hall Ridge area and in the Aire gorge would destroy the quality of the area forever. The dam suggested on the northern end of the Aire valley where the pine plantations are could be a possibility. I do not know how effective it would be for gaining water from the surrounding area.

Mr. & Mrs. Amor - Apollo Bay

5.42 In giving evidence Mrs. Amor on behalf of herself and her husband made the following request (at page 196):

In the Committee's consideration of stage 2 of the inquiry, may we respectfully request the Committee to consider the following matters: The area of the Otways bounded by the coastline from a point of just east of where the Gellibrand River flows to the sea and to Cape Patten; the inland boundary loosely defined by approximately Turton's Track to the west and expanding to the east to take in the headwaters of streams flowing to the sea and recognition that the above area has special features and resources that benefit Victoria. We request the Committee to consider those matters rather than the infinitesimal difference it would make to the future water resources of Geelong.

The resources of the area should be directed to the following development ideals: Preservation of the river systems in their natural state on a heritage basis so that future generations can also experience their beauty; help to provide recreation facilities in fulfilment of the Government's responsibilities in this direction; enable the Government to develop its tourism industry's attractions as part of the Government's vision that tourism is to become one of the major industries of the State and thus would enable the Government to solve the economic collapse of the area, because of the failure of the timber and farming industry.

Mr. T. Newton - Apollo Bay

5.43 Mr. Newton expressed concern in his submission about the large number of dams proposed for the Otway area. He believes that such dams might produce some very undesirable and unexpected results and cited experience on the Colorado and Murray.

Mr. W. A. Bowker and Mrs. Y. M. Lawson - Princetown

5.44 Mr. Bowker and Mrs. Lawson made a submission by letter and appeared before the Committee on behalf of the owners of six properties adjacent to the Gellibrand estuary. The following comments were contained in evidence given by Mr. Bowker and Mrs. Lawson (at page 202):

Mr. Bowker:

Mrs. Lawson has a property next door to our own. We operate in the farm tourism field as well as running a commercial farm and we live on the mouth of the estuary of the Gellibrand River. Approximately 6 000 people have gone through our farm this year. These tourists come to see Princetown, the Gellibrand River, the Otways and Port Campbell National Park. The river is utilized for tourism, boating, swimming, stock and domestic water purposes. My family has been on that part of the river for approximately 125 years. A number of changes have occurred with the flow of the river during that time. I wrote the letter because I was concerned, particularly after the drought period of the last few years, that the flow in the river never re-established itself. The majority of our gardens and lawns was killed by pumping of the water in the two year period after the drought. A salt slug has come up the river, passed our property and has worked its way four or five miles up the river.

Property owners are now concerned about the lack of flow during the summer period both for tourism and for the commercial farmers. All farmers on the river at that end are affected. The pastures are running out and the main cause is the lack of flow combined with the effect of the sandbar on the river. In 1982 there were nine sandbars; in 1983 there were five sandbars, and in 1984 there have been six sandbars to date. The complicating factor with the lack of flow in summer is that it takes so long for a head of water to develop behind the bar that the flats are inundated for up to five weeks. The Shire of Otway indicated that the old ocean road, which they look after, is also inundated. For a five week period property owners in our area drove through that water to take out children to school. We have had to travel through the area to collect milk, papers, tourists and it is no longer a joke. Cars are affected because it is a salty stretch of water.

I believe the main problem will be that if there is another diversion placed on the Gellibrand River without adequate safeguards regarding the minimum flow coming down the river, the bars will not stay open and the time taken for the river to build up and clean the sand out will become longer.

I understand that members of the Committee came down that road along the river. Last week it was under four feet of water all along that road. The winter flow is not the problem; it is the lack of summer flow that is causing the problem.

The main purpose in writing the letter was to make the Committee aware of the problems and to ensure that if any dams are constructed on the river sufficient flow is guaranteed to satisfy the irrigators on the river. As a farm management consultant, I advise several clients and I have been informed that they are able to reverse the flow of the Gellibrand River when all the pumps are going at the one time. That is hearsay evidence, but is a worry to me if irrigators can reverse the flow during the summer period.

If more water is pumped out of the Gellibrand River consideration must be given to a retaining wall at the mouth of the river at Princetown to stop the sea action pushing the sand into the river mouth. A retaining wall existed for many years (the remains of which were exposed during the last flood) but was carried away during the big floods in 1951.

Mr. Bowker and Mrs. Lawson produced photographs of the flooding and explained the frequency and sequence of events occurring in the Gellibrand River estuary. In particular, Mrs. Lawson made the following comment (at page 204):

It is only since the pump was put on the river at Chapple Vale that we have had so many bars. In previous years there have only been two a year, but since so much water has been coming out of the river and not enough flow has been going down, more and more bars have occurred each year. Two years ago I visited Chapple Vale and my daughter and I stood in the river two hundred yards down from where the pump is and the water in the river did not cover our ankles.

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CHAPTER SIX

SELECTION OF MOST APPROPRIATE ADDITIONAL RESOURCES TO BE USED TO MEET PREDICTED REQUIREMENTS TO 1995

The Upper Barwon Tributaries

- 6.1 The information submitted to the Committee during the first stage of this inquiry about the potential for harvesting additional water resources from the Upper Barwon tributaries was very limited.
- 6.2 However, based on the information presented, the Committee has concluded that the harvesting of additional surface water resources from this area in conjunction with the construction of additional off-stream storage capacity holds out the best hope of providing the majority of the necessary resources in time to meet the GDWB supply system needs to 1995.
- 6.3 Detailed investigations are now required to assess the various options available and to determine, in particular, whether the resources are capable of meeting the predicted shortfall in system capacity to 1995.
- 6.4 The investigations mentioned above will need to take into account the needs of downstream water users, particularly during periods of low flow. Salinity levels in the middle and lower reaches of the Barwon are of critical importance during the summer months.

Barwon Downs Groundwater

- 6.5 The DME indicated that it was not prepared to extend the existing groundwater licence until the system had been heavily stressed for an extended period. The Department also indicated that consideration should be given to artificially re-charging the aquifer as a means of increasing the potential yield from the borefield. Artificially re-charging the aquifer may require pre-treatment of the recharge water.
- 6.6 The Committee draws attention to the comments by the GDWB contained in Appendix 6 - attachment 2, about the time required, the necessary preparation work and the operating costs of conducting extended high-rate pumping tests.
- 6.7 The GDWB has so far considered the Barwon Downs groundwater as a means of supplementing surface water supplies in years of low in-flow to their surface water storages. The DME has suggested that the groundwater aquifer be used as a storage filled up each winter by excess surface water run-off and utilised throughout each year in a manner similar to that applying to the use of a surface storage.
- 6.8 The overall effects on the effective water supply capacity and costs of supply in the GDWB system resulting from this alternative approach need to be evaluated.

Gellibrand Catchment

- 6.9 Evidence by the DME indicated that the surface and ground water resources of the Gellibrand Basin are probably directly inter-connected. Insufficient information is available at present to enable quantitative estimates to be made of the effects of abstracting either groundwater or additional surface water during period of low flow.

- 6.10 Evidence by landholders and the Shire of Otway indicates that the operation of the river estuary is affected by summer flow rates.
- 6.11 In recent years the summer flow rates have been low and may have caused the salt wedge to travel further back up the estuary from time to time and for flooding of estuarine wetlands to occur more frequently and for longer periods of time.
- 6.12 The low flow rates have been caused in part by normal changes in the weather pattern but this may have been aggravated by increased extraction for the Otway water supply system and by increased extraction for irrigation purposes.
- 6.13 Flow in the Gellibrand River was less than the estimates of minimum flow requirements for fish habitat in the middle reaches of the Gellibrand made by the Fisheries and Wildlife Division for considerable periods of the year in three years out of the last sixteen years. The information base for these estimates was collected prior to the 1982-83 drought. These estimates should be reviewed.
- 6.14 During winter months the Gellibrand River frequently carried very large quantities of water. In the Committee's opinion some of this water could be harvested without significant effects occurring either in the estuary or in the catchment. Harvesting of winter flows for use during the summer in times of low flow can only be carried out if additional storage is provided somewhere in the system either above ground or in an underground aquifer.
- 6.15 Numerous dam sites on the Gellibrand River and its tributaries have been investigated over the last decade or so. By 1979 only three sites were being investigated: two on the Gellibrand River (G5 and G7), and one on the Carlisle River (G9). However, the two sites on the Gellibrand River were discarded in 1980 due to potential leakage and slope stability problems in

their storage basins (refer SRWSC evidence to PWC March 1980). Four alternative dam sites have been investigated over recent years, namely:

- (1) Upper Gellibrand site (G5A)
- (2) Lardner Creek site (G4A)
- (3) Charleys Creek site (G6)
- (4) Carlisle River site (G9)

The SRWSC carried out sub-surface drilling at the G4A, G6 and G9 dam sites in May 1984 to investigate foundation conditions. A full report on that drilling program and further studies of the geology in the storage basins was not available during the first stage of this inquiry. However, preliminary indications are that foundation conditions are generally poorer than those assumed in the preparation of estimates of costs presented in the background information paper, with the possible exception of the G4A site. Hence, the costs for storage construction at the sites in the Gellibrand catchment will need to be reviewed during the second stage of this inquiry.

6.16 The Gellibrand basin contains large reserves of good quality groundwater. Potential exists for harvesting some of this groundwater and/or using part of the aquifer as a large underground reservoir. Such a reservoir could potentially be recharged partly by natural recharge and partly by artificial recharge using the excess surface waters available in the catchment during periods of high flow. Care would have to be taken to ensure that the aquifer would not naturally recharge itself from the river system during periods of low flow.

6.17 The amount of, and recharge system for, underground water can only be determined by extracting groundwater at high rates in a carefully controlled manner from the aquifer and monitoring the effects. Sustained testing over a period of several years is often best carried out by feeding the extracted water into a supply system. Thus, to some extent, the capacity and characteristics of an underground supply system can only be found out after capital has been committed to a major development project.

- 6.18 Evidence given by the DME indicates that the Kwarren site may not be the optimum long-term location for a major borefield in the Gellibrand River basin. Sites further down the river valley in the Moorbanool groundwater basin may provide greater output with less environmental effect.
- 6.19 Evidence given to the Committee indicates that a very considerable amount of investigation work which may take several years and a detailed review of alternative possibilities based on that work is required before any further allocation of water resources in the Gellibrand basin is made.

The Aire River

- 6.20 Evidence given to the Committee showed that at first glance harvesting of water from the Aire River is a possible alternative by either the construction of a surface reservoir or the use of aquifers as underground storage in the Gellibrand basin. In particular, diversion of water through a tunnel from the Aire River would save some of the pumping costs associated with off-stream or underground storages in the Gellibrand basin. The physical potential for a large volume on-stream storage would appear to be high.
- 6.21 Regulation of water in the Aire River could alleviate some of the flooding problems on freehold land at the mouth of the Aire River and need not significantly affect scenic areas such as the falls. However, it would affect some of the more inaccessible parts of the catchment which have a significant conservation value.
- 6.22 This alternative has only received a very preliminary examination. At this stage, it should be retained as a comparative option when evaluating schemes for harvesting water from the Gellibrand basin.

The Moorabool, Leigh, Lower and Middle Barwon Rivers

- 6.23 The options for water harvesting in these areas are minimal either because of the amount of water harvesting already occurring or because of water quality problems. In the long term some scope may exist for use of poor quality water after it has been treated but, at present, this has to be ruled out because of the costs involved.

The Otway System

- 6.24 It is highly probable that the Otway system can be supplemented by use of groundwater from a borefield developed at Curdie Vale; further work is required to verify this possibility.
- 6.25 The Committee notes however that present predictions of growth in the Otway system and estimates provided to the Committee of groundwater availability indicate that the Otway system may eventually need to extract more water from the Gellibrand River than is currently occurring. The Committee understands that further evaluation of available groundwater in the Curdie Vale area may show that greater use can be made of this resource although this may require the construction of a duplicate pipeline to Warrnambool.
- 6.26 The increased extraction of water will need to be reconciled with the potential effects of this level of extraction on the operation of the estuary. The Committee will review this further during stage two of the inquiry.

CONCLUSIONS

6.27 Specific detailed proposals for the augmentation of the GDWB supply system have not been placed before the Committee during the first stage of the inquiry. It has become apparent that considerable further work is required before it will be possible to define the optimum way of augmenting the GDWB supply system. Consequently, the Committee is only able to recommend general priorities which should be placed on further investigations.

6.28 The first stage of the inquiry has established that even if the lowest of the forecast requirements eventuates, then the GDWB will require additional water resources before 1995. The first stage of augmentation will need to be in service by 1988. Consequently, a determination is required in the near future as to how the augmentation of the GDWB system might best be achieved. A critical factor in this determination is a decision about the water quality conditions to be achieved in the lower reaches of the Barwon River. The Committee proposes to hear further evidence on this matter during the second stage of the inquiry by which time some of the higher priority investigations should have produced results.

RECOMMENDATIONS

6.29 The Committee recommends that:

- (1) The GDWB should give a high priority to investigating the possibility that its additional water requirements to the year 1995 could be met from the following:
 - (a) Surface water resources of the upper Barwon tributaries;
 - (b) Increased off-river storage capacity in the Barwon River basin; and
 - (c) Artificial recharge of the Barwon Downs aquifer.

This investigation should include consideration of the effects of any proposals on water quality in the middle and lower reaches of the Barwon River.

- (2) The EPA, RWC, DCFL and the GDWB should evaluate information collected about salinity of rivers in the Barwon catchment and draft a preliminary policy for maintenance of water quality in the Barwon River. This should be submitted to the Committee during the second stage of this inquiry.
- (3) A longer term programme of investigation should be continued by the RWC and the DME to evaluate the potential of ground and surface water resources in the Gellibrand and Aire River catchments and of groundwater resources in the vicinity of Ballarat.

This should be co-ordinated with an assessment of conservation and environmental values and implications by the DCFL.

This evaluation should include a review of the use of both surface and underground storage possibilities.

- (4) No further allocations of surface or groundwater should be made from the Gellibrand River basin until further investigation work has been completed, a definite need to use these resources has been established and specific works are proposed.
- (5) Investigation of the borefield at Curdie Vale should continue in the hope that a high proportion of the future requirements of the South Otway system can be met from this source.

- (6) An investigation should be carried out of the potential effects of increased extraction for the Otway water supply system and other potential water resource developments on the Gellibrand estuary.

- (7) The Minister for Water Resources should ensure that both the short and long-term investigations necessary for completion of this inquiry are adequately co-ordinated and that priorities are allocated within the limits of available time and resources.

* * *

CHAPTER SEVEN

MANAGEMENT OF WATER RESOURCES AND CATCHMENTS

INTRODUCTION

7.1 Various issues related to the management of water resources and catchments were raised during the inquiry. These issues are raised in this chapter but in most cases will require a more detailed review during the second stage of the inquiry.

SUBMISSIONS AND EVIDENCE

Geelong and District Water Board

7.2 In its evidence, the GDWB made the following two particular requests of the Committee (at page 7):

Recommend that, having due regard to the recent amendment of the Groundwater Act 1969, the Barwon Downs and Kwarren groundwater resources be allocated in principle to the Board and that the determination of any restrictions on the use of those resources be made no later than December 1985.

Recommend that the Board be allocated 50 000 Ml/a from the surface water resources of the Gellibrand River basin to provide a sound basis on which the Board may proceed with long-term strategic planning for its water supply headworks development beyond the mid-1990's.

Department of Conservation, Forests and Lands

7.3 The Land Protection Service included the following comments in the Department's submission:

(Appendix 1)

At times it is necessary to control certain land use or land management activities within water catchment areas in order to protect the quality and quantity of water derived from the catchments. In some circumstances catchments are closed to all other uses than water production, but this measure is not general in the Otways catchments. A system of multiple land use is more usual, with proclamation of the catchments under the provisions of the Soil Conservation and Land Utilization Act and the Land Utilization Act and the Land Conservation Act, and implementation of land use determinations where necessary to protect water quality and quantity. These controls are administered by the Soil Conservation Authority, which is a part of the Land Protection Service.

(At page 4)

The development of groundwater resources and surface water storages within the Gellibrand catchment would require special land use planning and management controls.

Should a diversion and/or an additional storage be approved for the Gellibrand River, the Gellibrand Catchment Land Use Determination would need to be amended. This would be necessary to provide the new headworks and reservoir with effective protection from silting and to protect water quality and water yields.

Department of Planning and the Environment

7.4 The Department submitted that (at page 2):

That there is an urgent need to upgrade planning controls and improve catchment management in the Shire of Otway.

7.5 The Department also raised the following possibility (at page 2):

... possible implementation of the Regional Water Strategy using the new Planning Act.

Shire of Leigh

7.6 The Council included the following comment in its submission (at page 1):

The Bannockburn Water Board supply water to the towns of Shelford and Teesdale and surrounding areas in this Shire. Council is concerned that the management of the Bungal Dam is to be given to the Geelong Water Board and the Ballarat Water Board. Council contends that as the Bannockburn Water Board is also a contributor and user of the dam that they should have some input into the management either by a direct representative or Government Nominee.

Shire of Bannockburn

7.7 The Council included the following comment in its submission (at page 1):

Council is concerned that in the establishment of such storages and their associated catchment areas, further restrictions will be placed on landowners above the proposed storages, and every endeavour must be made to keep restrictions to a minimum, particularly if the restrictions will affect the productivity of the landowners' property.

United Dairyfarmers of Victoria

7.8 In giving evidence on behalf of the Birregurra Branch, Mr. Bennett outlined the conflict of interest which exists between local farmers who divert water from the Barwon and its tributaries and the GDWB. He made the following statement (at page 170):

A Committee was set up by the United Dairyfarmers of Victoria to discuss the question of the Barwon River catchment being included in the Geelong water supply. The Committee felt that the State Department responsible for the interests of all water bodies should retain full control of the Barwon River catchment area.

The Geelong and District Water Board has the sole purpose of acquiring water for Geelong. Most people in the Birregurra area are not convinced that Geelong needs the amount of water it is seeking. The situation has reached a stalemate.

7.9 The Council's submission included the following comments (at page 3):

While the function of the Parliamentary Committee is to inquire primarily into the augmentation of water supply for Geelong there are a number of relevant issues which need to be considered. It is the submission of the Otway Shire Council that any allocation, or commitment, of resources to the Geelong region should carry with it a direction for the immediate implementation of total catchment management for the water supply catchment or river system involved.

Such catchment management should include responsibility, not only for the provision of urban water supplies, but also for river improvement, regional drainage and flood plain management within the total river system catchment.

It is only in this way that the present fragmented and unco-ordinated approach to catchment management, of which the Gellibrand River system is typical, can be overcome and due weight given to the variety of interests involved.

7.10 In giving evidence and in answer to questions from the Chairman, Mr. McMahon, the Otway Shire Engineer, and Councillor L. J. Newcombe made the following comments about a body to implement total catchment management (at page 158):

Mr. McMahon:

There are a number of bodies which should be vitally concerned with catchment management. The bodies which should be represented include the Ministry of Water Resources and Water Supply, the Rural Water Commission, other water supply authorities including Colac and Geelong, the Soil Conservation Authority, the Department of Conservation, Forests and Lands, and local councils which would represent those residents of the area that would be affected by any decisions made. All of those authorities could be represented on that body that would then advise the umbrella body, which would be the Department of Water Resources. There should also be a revenue-raising authority with regard to rating properties; that is, privately and State owned land, to raise money to manage the stream.

The Chairman:

Would they also have a land use planning function?

Mr. McMahon:

Such a body would need to have a major input into land use planning because that would be vital to management of the catchment area.

The Chairman:

Would that responsibility be above the planning power of the council?

Mr. McMahon:

If the council accepted the concept, it would have to give a lot of weight to the opinions of such a body.

The Chairman:

To the extent of a veto?

Mr. McMahon:

The Town and Country Planning Act would not allow that veto. However, in a question of an appeal before the Planning Appeals Board, I should imagine the board would take the view that a catchment authority would be above the local interests that sometime impinge on planning decisions. The catchment authority would have an overview.

Cr. Newcombe:

There have been extensive discussions on the establishment of an advisory committee and the council has always arrived at the solution referred to by Mr. McMahon. However, the decision should not be left only to the water users on any part of the rivers.

The Chairman:

You are arguing that the body should encompass more than water users?

Cr. Newcombe:

Yes.

Mr. Burgin:

To the extent of municipal representatives?

Mr. McMahon:

That would be essential because it would be the only way that local residents would be represented, unless they were elected separately in the same way that some of the representatives are elected to drainage authorities.

Mr. Burgin:

What role would Warrnambool play on that body; would it be simply represented by the Rural Water Commission or would it be a part of that body as well?

Mr. McMahon:

Cr. Newcombe is a member of the Otway Regional Water Advisory Council and he would be in a better position to answer that question.

Cr. Newcombe:

I believe the City of Warrnambool would have to play an active role because that city is the largest drawer from the Gellibrand River. This year the City of Warrnambool has constructed another storage at a cost of \$1 million to supplement its water supply. The City of Warrnambool and the Rural Water Commission would have to be totally involved in that concept.

The Colac District Water Board

7.11 The Board's submission contained the following statements relating to the Gellibrand catchment:

(At page 6)

The Board would require rights in regard to catchment management particularly as it holds freehold title to a substantial area. This matter is currently the subject of negotiations with the appropriate State authorities.

(At page 7)

The Board recognises the value of the Gellibrand River for water supply purposes and suggests that this value is only as good as its Otway catchment. The importance of preservation of the

catchment for maximum and unpolluted run-off cannot be too highly stressed and this Board submits that all present and future water users should stand united in an endeavour to ensure that no outside agencies impair the Otway watershed to the detriment of the Gellibrand River.

Mr. Maxwell and Mr. Riches - Kwararren

7.12 Mr. Maxwell and Mr. Riches gave evidence and submitted the following petition signed by 61 people:

We the people of Kwararren and district wish the Natural Resources and Environment Committee note that we the undersigned, being landholders, tenants and residents in the district want to have a written guarantee of the following points in the event that the Geelong and District Water Board augment their water supply from this area:

- (1) No interruption of dairyfarming activities;*
- (2) No restriction or interruption of stock movement;*
- (3) No effect on dairy buildings or residences;*
- (4) No effect on present stock watering;*
- (5) That all normal seasonable water levels be maintained in all rivers, creeks, springs, dams and water tables;*
- (6) Not interfere with dairy, stock and domestic water licences;*
- (7) Maintain effluent disposal as it is under present regulations;*
- (8) No interference with existing irrigation systems (i.e. horticultural, cropping, pasture);*
- (9) Future power lines follow existing routes;*
- (10) Pipelines to be kept to existing Government road easements;*
- (11) Any water treatment plant be located in Crown land outside the area. This would remove the possibility of objectionable odour caused by water treatment;*
- (12) Minimum of interference with the existing environment;*
- (13) Adequate compensation to be paid in the event of acquisition, damage and inconvenience.*

7.13 In evidence, Mr. Maxwell and Mr. Riches made the following comments (at page 179):

Mr. Riches:

After hearing what the other people have said here, there are just a couple of points I should like to make. It has been brought to my notice that in that area we are under a determination of land use under the Soil Conservation and Land Utilization Act 1958, which sets out what we can and cannot do. It seems to me from what the people in the area have said that we are primarily concerned with keeping going what we have got in our own little area. We might be a little self-centered, but that is how I think we see it.

We do not want the Geelong and District Water Board to be able to put pressure on us to change our land use and make us unviable or push us out of the area. We want our land use to be kept as it is. It is a fear we have. You might know better and say our fear is groundless, but that is what we do fear.

.....

Mr. Maxwell:

There is a lot of concern about whether we will have restrictions placed on us. As someone was saying before, there might be restrictions about pesticides and superphosphate; about how we farm our farms, virtually. As well as that, certain areas might not be able to be dairied on because of water quality concerns and things like that. That is just from the farming side, without people in the towns being affected because of pipelines and so on when the big development project comes on.

That is why we want those thirteen points to be registered by you and taken into consideration.

Mr. Burgin:

How would you see that type of management best being obtained - with the water boards having control of the area or with an overall managing body of some kind making these decisions?

Mr. Riches:

Possible, to get a democratic system, you would have to have a representative from all the groups that are affected. Personally, I am not in fear of the Geelong and District Water Board but I - how would you say it - think it seems to be a very powerful body that does not take in the interests of the average person. It goes its own way and tries to push things through.

..... You have suggested quite often today that an overall body, encompassing everybody with an interest in it, should make these decisions. I would rather see that than see someone like the Geelong Water Board coming the strong-arm.

K. H. & M. A. Armistead

7.14 Mr. & Mrs. Armistead made a submission which covered substantially the same ground as the petition presented by Mr. Maxwell and Mr. Riches.

Mr. R. J. Smith - Australian Conservation Foundation

7.15 In evidence, Mr. Smith made the following comments (at page 109):

Sixty percent of the total catchment area of the Otways has been set aside for logging and most of those areas are class 4 - that is, major erosion hazard zones. For many years, the Otways have been regarded from the point of view of timber availability as a priority over and above the water priority. People to whom I have spoken - and I noticed this in the comments that were made by witnesses prior to the last witnesses - have been under the impression for a long time that logging and water collection can be undertaken in the same place. From comments I have now heard, many people are beginning to come to the view - and this is especially so in Australia and in the Otways in particular - that areas should be managed primarily for their water quality and secondly for timber extraction. In fact, timber extraction could probably come even further down the list considering that it is of falling importance in the Otways area.....

I would seriously question any more opening up of catchment areas in the Otways for logging and I suggest that the areas that are already open for logging should be reduced in size in the future.....

We have, and so have many other conservation groups in the area, been asking for a long time for an Otway strategy plan to be devised to plan for the future of the Otways, as has been done in the Upper Yarra area. We believe that is extremely important. No one can fully understand the Otway situation until something like that has been done and has been co-ordinated through Government departments, various conservation groups and public comment. I am suggesting an overall perspective. We believe the rush to look at Geelong's water supply must be slowed down and the whole area looked into.

Ms. Y. Walters - Apollo Bay

7.16 Ms. Walter's submission contained the following comment (at page 1):

No real discussion of Geelong's water supply can be made without addressing a study to the current logging activities and where they occur. Proclaiming the very sensitive areas near dams banned to logging would protect these dams and still allow the rest of the forested slopes to judicial tree harvest.

West Moorabool Water Board

7.16 The Board's submission contained the following comments:

(At page 1)

Background

In the mid-1960's Geelong and Ballarat were independently seeking to establish a reservoir on the Moorabool River in order to augment their water supplies.

Subsequently, the West Moorabool Water Board Act of 1968 provided for the constitution of a Board to construct, maintain and operate water storage works on the West Moorabool River.

The Board completed construction of Bungal Dam in 1973 and has since supplied water to Geelong via an offtake on the West Moorabool River at She-Oaks and following completion in 1976 of a major pumping station by The Ballarat Water Commissioners at the Dam, supplied water to Ballarat.

Entitlement to Water from Lal Lal Reservoir

The Act provides that until Ballarat's requirements are equal to two thirds of the available water, as last determined, the Board shall provide all Ballarat's requirements and the requirements of Geelong up to an amount equal to the difference.

The Act further provides that when Ballarat's requirements reach a point where they are as nearly as possible equal to two thirds of the available water, the Governor-in-Council may determine the proportions in which the available water will thereafter be shared.

The Act also provides that in the event of Ballarat receiving more than two thirds, then Geelong shall be entitled to be reimbursed part of the amount contributed by them, i.e. Ballarat could "buy out" Geelong.

It is envisaged that Ballarat's requirements are likely to reach two thirds of the available water just after the turn of the century.

(At page 3)

It is pertinent to point out that the Board has no control over the area downstream of the Bungal Dam to She-Oaks and thus the supply to Geelong is at risk, particularly because of the increasing development in the area. Possible alternative supplies for Geelong should preferably not be exposed to public contamination.

Shire of Buninyong

7.18 The Council made the following submission (at page 1):

It is submitted that the water boards are not the appropriate authorities to assume responsibility for all river improvement, regional drainage and flood plain management works. The Board's responsibility is to its ratepayers to provide water supply and sewerage services and to assume additional responsibilities not of interest to their ratepayers would be unsatisfactory as accountability would be lacking.

These additional roles must remain with local government which is accountable to those with an interest in these works. These works are also complementary to other local government responsibilities and should not be separated. Local government is geared to accept this role.

There is no real basis for water boards to take over the management of catchments and of streams within this district.

7.19 Elaborating on these comments when giving evidence on behalf of the Council, Councillor J. Parkin made the following remarks (at page 104):

Cr. Parkin:

With regard to the planning of water management, the quality of the water should be taken into account first and a long term management plan evolved.

The Shire of Buninyong is involved in the Bungal catchment area which covers both Ballarat and Geelong and is managed by the West Moorabool Water Board. A good deal of valuable land surrounds the catchment area. Much of that land has been privately owned and put to a variety of farming uses.

The Ballarat and Geelong water boards are not the appropriate authorities to exercise control. Both of those water boards were established primarily to provide water supply and sewerage services only. Water catchment areas could not be adequately handled by those boards.

There was considerable trouble when, prior to the Bungal Dam being built, there was inadequate preparation and endeavours were made to control the catchment areas. When the matter arose, the shires of Ballan, Bungaree and Buninyong formed a joint planning committee to plan for the control of the catchment areas. I am the chairman of that joint planning committee. I believe the municipalities are the best bodies to control planning and drainage rather than the water boards.

The Chairman:

You said the shires were concerned that the Bungal Dam was constructed prior to addressing the issue of what impact land use would have on water quality. What sorts of issues should the Committee be concerned with, based on your experience with Bungal Dam?

Cr. Parkin:

The Soil Conservation Authority did a survey of the area and discovered that the streams in the catchment area leached nutrients which got into the dam water. The Authority stated that the nutrients would enter the dam water even if the entire area was retained as a national park.

It was not land use that contributed to those nutrients. Studies should have been undertaken before the dam was constructed. Appropriate measures should have been taken to correct the situation.

The Chairman:

The present management structure is working satisfactorily and, therefore, it should not be altered?

Cr. Parkin:

The West Moorabool Water Board should be retained as the managing body to control the dam and the catchment area. That power should not be vested in the separate water boards.

The Chairman:

Given that at some stage in the future it is envisaged that Geelong may not require water from that source, does the council have any views on which management body should take over that role?

Cr. Parkin:

A body similar to the West Moorabool Water Board should be that body. The Ballarat Water Board has a charter to supply urban water and, therefore, it is not in a position to undertake any other work.

DISCUSSION

7.20 A series of management issues were raised during the course of the first stage of the inquiry and are highlighted by the evidence and submission quoted in the preceding section of this chapter. These issues will need further debate in the second stage of the inquiry during the development of a regional water strategy plan. The issues are grouped for discussion purposes under the following headings:

- (1) Allocation of water resources.
- (2) Funding of water resource investigations.
- (3) Control of water resources tapped by several water supply authorities.
- (4) Balancing the needs of water and land users in terms of both quality and quantity of water.
- (5) The interaction of drainage authorities and water supply authorities.

Allocation of Water Resources

(a) Groundwater

7.21 The GDWB asked the Committee to recommend that the Barwon Downs and Kewarren groundwater resources be allocated, in principle, to the board and that the determination of any restrictions on the use of those resources be made no later than December 1985.

7.22 The *Groundwater (Reserves) Act 1984* amended the *Groundwater Act 1969* so that the Governor in Council may reserve a specific volume of groundwater from a particular area or aquifer for use by a water supply authority.

7.23 Specifically, the Act also states:

49B. (1) The Minister for Minerals and Energy and the Minister for Water Resources shall not recommend (to the Governor in Council) that an Order be made specifying an annual reserve volume of groundwater with respect to any area or aquifer unless they have -

(a) obtained a report containing -

(i) an estimate of the total annual volume of groundwater available for extraction in that area or that aquifer;

(ii) a statement of the annual volume of groundwater in that area or that aquifer which has already been authorized for extraction; and

(iii) an itemised estimate of the extent of future demands for extraction of groundwater for each foreseeable class of use in that area or from that aquifer;

(b) caused a notice to be published in the Government Gazette and in a newspaper circulating throughout that area -

(i) stating the proposed recommendation;

(ii) advising where a copy of the report referred to in paragraph (a) may be obtained; and

(iii) inviting public comments and submissions to be made within 90 days of the publication of the notice; and

(c) obtained and considered a summary and evaluation of all comments and submissions received under this section.

Kawarren Borefield

7.24 In the Committee's opinion the report for a proposed reserve at Kawarren required by Section 49B(1) of the *Groundwater Act 1969* on the proposed reserve should also detail:

(i) The estimated natural recharge rates for the groundwater; and

- (ii) The estimated effects on the Gellibrand River and springs operating in the neighbourhood, of annually removing the reserved amount of water.

- 7.25 The case for reserving the Kwarren groundwater should be judged on the information put forward in the report required by the Act. At this stage insufficient information is available on which to make an informed judgement about the size of the reserve or the effect of extracting groundwater at a particular rate.
- 7.26 The Committee believes that further evaluation of the Moorbanool sub-catchment is necessary before any decisions are made about exploitation of groundwater in the Gellibrand catchment. Evaluation of the comparative effects of groundwater extraction from the various alternative borefields combined with their long-term resource potential may result in the Kwarren borefield not being chosen as the preferred source of water to meet long-term requirements.
- 7.27 The Committee would like to see further evidence on this matter during the second stage of the inquiry.

Barwon Downs Borefield

- 7.28 The GDWB already has a groundwater licence for the Barwon Downs borefield and the DME has indicated that it would not be prepared to extend these licence conditions until the field has been more thoroughly stressed and artificial recharge has been investigated. The Committee believes that the DME is correct in its stance.

7.29 The reservation of groundwater in the aquifer tapped by the GDWB at Barwon Downs by an Order in Council would have little or no effect as such a reservation could only cover the amount of water for which the GDWB is currently licensed and would not therefore promote the Board's future interests. It is unlikely that an application from other persons or organisations for a licence to extract water from the aquifer already tapped by the GDWB would be successful because all the safe available water from this particular aquifer has already been allocated to the GDWB.

(b) Surface Water

7.30 The *Water Act* 1958 vests the water resources of Victoria in the State and charges the DWR with ensuring that these resources are managed in the ways which are most beneficial to the people of Victoria and in a socially and environmentally responsible manner.

7.31 The methods of water allocation available to the Department and the Governor in Council vary from approval of the construction of waterworks to licensing of diversions, to the allocation of water rights to irrigators.

7.32 Allocation of water from the Lal Lal Reservoir is set out in the West Moorabool Water Board Act 1968.

7.33 In the past, allocation of water to waterworks authorities has been either by Act of Parliament or, more generally, by an Order in Council describing the works and authorizing the construction of the works subject to any conditions to be applied to the works. Prior to the issue of an Order in Council, details of the proposed waterworks were required to be advertised and made available for public comment. Petitions received were forwarded to the Governor in Council.

- 7.34 There are no provisions in the *Water Act 1958* for allocation of surface water resources to a water board prior to the authorization to construct the works. An amendment to the *Water Act* in a manner similar to the 1988 amendment of the *Groundwater Act* would be necessary if such a prior allocation was to be made.
- 7.35 The GDWB is seeking that 50 000 MI/a of surface water resources of the Gellibrand River basin be allocated to the board to provide a sound basis on which the board may proceed with long-term strategic planning for its water supply headworks development beyond the mid-1990's.
- 7.36 There is little doubt that provided suitable headworks were installed to harvest winter flood flows without affecting summer flows in the river, 50 000 MI/a could be extracted from the Gellibrand River without any significant effect on the catchment, the estuary or other water users. Storage capacity would be required so that water harvested could be used throughout the year.
- 7.37 With the discovery of good quality borewater at Curdie Vale, it is difficult to envisage any other serious competition at this time for the use of the winter surface flows in the Gellibrand River. If such competition emerges, it will have to be judged on its merits against Geelong's requirements at that time irrespective of any prior allocations to Geelong.
- 7.38 The Committee believes that it is essential that both the ground and surface water resources of the Gellibrand River basin, the surface water resources of the Aire River, and the groundwater resources adjacent to Ballarat be thoroughly investigated in terms of providing for the long-term supply to the Ballarat-Geelong-Warrnambool water supply system. The question as to how such investigations should be funded is discussed in the following section.

7.39 The Committee is anxious not to pre-bias the findings of future investigations in this respect and is of the opinion that any premature allocation of the water from surface or ground water resources in the Gellibrand River basin will serve no useful purpose. Water should be allocated at the time when headworks are approved.

Funding of the Water Resource Investigations

7.40 Funding of water resource investigations was discussed during the inquiry but was not raised as a major area of contention. This was partly because the Victorian water industry is in the middle of a major re-organisation and partly because a variety of reasonably satisfactory arrangements had occurred in the past. In general terms, the DME has conducted most groundwater investigations and the former State Rivers and Water Supply Commission investigated major surface water storage sites and collected stream-gauging data. Some funds for groundwater investigations have been provided by the Commonwealth Government from time to time.

7.41 The level and nature of investigation works carried out by local water supply authorities as opposed to investigations carried out by the SRWSC depended upon:

- The skills available to the authority;
- The state of finances in the authority;
- The magnitude and complexity of the proposed works;
- The urgency of the works; and
- Whether the works would have a significant effect upon other land or water users.

7.42 In all cases the works had to be finally approved by the SRWSC before the Minister recommended that the Governor in Council approve them.

- 7.43 One of the reasons behind the GDWB asking for allocation of specific water resources from the Gellibrand River basin was that this would mean that it could commence significant investigation work for pumping systems and storages with less potential risk that the costly investigation work would prove unprofitable and hence would add to the burden borne by their ratepayers.
- 7.44 The costs of investigating the Gellibrand River basin ground and surface waters, the Aire River surface waters and ground waters adjacent to Ballarat will run into several million dollars. Some of the results of these investigations will benefit directly or indirectly water users and landholders in other parts of the south-western region of Victoria. It could well be argued that these costs should be borne either by the region or by the State.
- 7.45 The costs of investigating the upper Barwon tributaries and the enlargement of Wurdee Boluc Reservoir are likely to be of most direct benefit to the consumers supplied by the GDWB.
- 7.46 The Committee is of the opinion that the new DWR should draw up some clear guidelines for the funding of future water resource investigations.

Control of Water Resources Tapped by Several Water Supply Authorities

- 7.47 In the ultimate, the State has the responsibility of deciding upon both the short and long term allocation of water from any particular resource.
- 7.48 In practice, there is a need at the operational day to day level for there to be a close degree of co-operation between the various local water supply authorities when utilising water from common or interconnected sources.

The operating rules applied during the winter period will affect the degree of flexibility available during a drought period.

- 7.49 The current level of co-operation between Ballarat and Geelong is good and the following remarks are not intended as criticism of that relationship but more to indicate areas of concern which may arise as surplus surface resources become scarce.
- 7.50 For instance, in the operation of the current Ballarat-Geelong system, it could be considered a reasonable proposition that the system should be operated for the joint and equal benefit of both cities. In times of stress, water restrictions should be placed concurrently on both cities and the allocation of water from the shared Lal Lal Reservoir would be arranged, so that the reserve water levels available from all sources for both cities are depleted at the same relative rates. Operation of the joint systems in this way may at some stages result in additional costs to one or other system because, for instance, of the need to pump borewater for longer periods than would otherwise be the case. The safety factors in one system may be increased and in the other decreased as a result of operating the joint system as described.
- 7.51 Further consideration of the implications of operating a joint system might lead to the need for common pricing structures and, in turn, to common levels of water treatment.
- 7.52 If Geelong starts to take water from the Gellibrand River basin, the arguments for increased co-operation and commonality of supply conditions extends to include the majority of the south-western region. A case could be made for a regional water supply authority.

- 7.53 A regional water authority would assist in resolving problems associated with the funding of long-term investigations of water resources. A further problem experienced by the majority of the local water authorities in the State with the exceptions of the Melbourne and Metropolitan Board of Works and the Geelong, Latrobe Valley and Ballarat water boards, is the ability to retain and maintain an adequate level of technical expertise. This expertise has been supplied in most other cases by the employment of part time consultants and by the availability of some degree of technical assistance and oversight of the now-defunct State Rivers and Water Supply Commission. It is expected that the role of the SRWSC will be continued to a lesser or greater degree by some combination of input from the new DWR and RWC.
- 7.54 There are equally good reasons for maintaining water supply authorities as presently constituted based on the major centres which they supply, and providing for consultative mechanisms operating between these authorities. The pressures to provide the service required by the individual local populations are much greater in this situation and the variations in the charges for the service can be debated locally in terms of the specific benefits provided.
- 7.55 There is some evidence to indicate that during the next decade or two a better degree of co-operation and a much higher degree of technical expertise will be required in the south-western region as a whole. There are several ways of achieving the necessary result.
- 7.56 The Committee does not intend to make any recommendations on this matter during the first stage of this inquiry. The matter is raised as an issue for some further debate during the second stage of the inquiry.

Balancing the Needs of Water and Land Users in Terms of Both the Quality and Quantity of Water

- 7.57 Many submissions indicated the need for a balanced approach to catchment management. There is little or no disagreement that this is necessary; the problem is how to achieve it.
- 7.58 It is only rarely possible for the land management and planning authorities and the water supply authorities to be one and the same body.
- 7.59 Frequently, water is being supplied either from one catchment to users in another or from an area at the head of a catchment to users in the lower reaches of the catchment. The water users are remote; they live in a different kind of environment and have different priorities to the landowners in the water supply catchment.
- 7.60 The number of landowners in a water supply catchment is normally relatively small when compared with the number of people using water supplied by the local water supply authority. The landowners in catchments frequently feel disadvantaged when asked to make changes or to refrain from doing certain things. The supply authority often appears to be able to make major changes to the landholders' environment without any real consultation or compensation. The water supply authority becomes an ogre against whom war is to be waged.
- 7.61 Some of the difficulties associated with the balancing of the needs of water users and landholders are inevitable and cannot be avoided. Resolution of some of these problems will be easier if a framework has been established within which long term expectations are established for the area, debate can occur and means of arbitration are available.

- 7.62 Part of this framework should be the establishment of a strategy plan for the catchment area. This plan would link the requirements of the water users with the requirements of the catchment landholders and the local planning and land management authorities. The strategy plan would probably best be formulated and administered under the aegis of the *Planning Act* and may require the formation of some form of advisory committee representative of all interests for its formulation, administration and review from time to time.
- 7.63 In formulating a strategy plan, it may be desirable that the merits of implementing various degrees of water treatment be debated in relation to the merits of various levels of land use control.
- 7.64 For many small water supply catchments, the strategy plan may be very simple. However, as each catchment has its own unique characteristics and problems, a strategy plan is worth formulating as it becomes one of the operating criteria for the water supply system.
- 7.65 Strategy plans should not be seen as inviolate statements incapable of change. As new circumstances arise, they should be thoroughly reviewed.

The Interaction of Drainage Authorities and Water Supply Authorities

- 7.66 The drainage authorities of the south-west of Victoria are unique in Victoria in that they control the discharge into the Barwon River of large quantities of water which is frequently highly saline. The water is collected from a large catchment area and congregates in shallow lakes, such as Lake Corangamite. If the water is not released from these lakes via the drainage system, they spread over very large areas of land and, in doing so, prevent its use for agricultural purposes in the short term. Salt carried by the water may cause long-term reductions in the productivity of the land even after the water has been drained away.

- 7.67 Because of the salinity of the drainage water, rules have been established to limit discharge of the water to periods when flows in the Barwon River are sufficient to provide adequate dilution.
- 7.68 Rules have been established for minimum discharge rates from the West Barwon Dam and diversion weirs on the upper Barwon tributaries. Construction of additional storages on the upper Barwon tributaries could affect the minimum flow rates of good quality water from these sources in a manner either beneficial or adverse to the salinity of the middle and lower reaches of the Barwon and hence the rules for discharge of drainage water from the major drainage schemes.
- 7.69 The quality of water in the middle and lower Barwon has been affected by factors other than the drainage and water supply schemes. The development of land in the catchment and the high salt content of some local soils have both contributed to the increased levels of salinity which would probably have been fairly high under natural low flow conditions.
- 7.70 There is obviously a need to review the operating rules for discharge of water from the drainage systems in conjunction with the possible development of additional storages on the upper Barwon tributaries and this will form part of the second stage of the Committee's inquiry.
- 7.71 The structure of the management of the drainage authorities is not commented on here as this has been the subject of recommendations by the Public Bodies Review Committee and is currently being reviewed by the Minister for Water Supply.

RECOMMENDATIONS

7.72 The Committee recommends that:

- (1) Groundwater at Kawarren should not be reserved under the *Groundwater Act 1969* for Geelong until adequate information is available about the size of the reserve and the effects of extracting groundwater at various rates.
- (2) Groundwater contained in specified aquifers at Barwon Downs could be reserved under the *Groundwater Act* for Geelong; however, the Committee believes that there is no benefit to be gained from reserving this groundwater and it recommends that no action be taken in this matter.
- (3) Allocations of surface waters should only be made at the stage when proposed works are formally approved by the Governor in Council.
- (4) The Minister for Water Resources should establish a policy for the funding of future water resource investigations.
- (5) Strategy plans could be drawn up in the long-term for each of the water supply catchment areas under the aegis of the *Town and Country Planning Act 1961*.

Consideration should be given to forming advisory committees that are representative of all interests to assist in the formulation, administration and review from time to time of these strategy plans.

Strategy plans could include a policy defining the emphasis to be placed on water treatment as opposed to land management in the particular catchment in order to achieve adequate water quality in the supply system.

CHAPTER EIGHT

PLANNING BLIGHT AND THE COMMUNICATION GAP

INTRODUCTION

8.1 Stuart Morris in his report on Land Acquisition and Compensation to the Minister for Planning dated January 1983 defined (planning) blight in the following way (at page xix):

Land is said to be affected by blight if -

- (a) *the saleability or value of the land is affected by the possible future acquisition of the land for a proposed public project; and*
- (b) *the landowner has no existing right to claim compensation.*

If the landowner can compel immediate compulsory acquisition or obtain town planning compensation his land should not be regarded as affected by blight.

8.2 Stuart Morris indicated that blight has occurred in relation to numerous major public projects and occurs because of the size of the project and the degree of public participation before firm decisions are taken. He went on to make the following recommendations (at page xx):

- (a) *That the Government establish guidelines for the conduct of public discussions regarding major public works proposals to avoid lengthy delays and hardship to persons who may be affected by planning uncertainty.*
- (b) *The adoption of modern, fair compensation laws for compulsory acquisition to reduce the fear that, upon ultimate acquisition, the landowner will be inadequately compensated.*
- (c) *Statutory authorities should have the power to purchase land affected by blight.*

- (d) *Land should be reserved, and not zoned, if it will definitely be required for public purposes within a reasonable period.*
- (e) *The Town and Country Planning Act should be amended so that when land is reserved for the purposes of a specific purpose Authority (e.g. S.E.C.) that Authority be obliged to pay any town planning compensation regardless of whether the reservation was imposed with its consent. This will make reservation/zoning decisions more in accord with the spirit of town planning legislation.*
- (f) *Finally it is recommended that the Minister for Planning have the power, on the request of an owner, to declare that land is proposed to be reserved for a public purpose for the purpose of s. 42(5) of the Town and Country Planning Act - thus enabling a compensation claim for loss on sale. The Minister should make the declaration if he is satisfied that the owner is substantially affected by blight, having regard to specified criteria.*

8.3 As a result of public consultation and discussion following the release of the Stuart Morris report, the Government has made available for public comment a "Proposal for Land Acquisition and Compensation Bill 1984".

8.4 It is expected that following a review of the public comment, the revised Bill will be placed before Parliament in the Autumn Session of 1985.

8.5 It is also expected that proposals for a new Planning Act will be made available for public comment in the Autumn Session of Parliament of 1985 and that a Bill will be placed before Parliament in the Summer Session of 1986.

SUBMISSIONS AND EVIDENCE

Mr. R.E. Ives of Pennyroyal

8.6 Mr. Ives made a submission and gave evidence to the Committee.

- 8.7 Mr. Ives and his wife purchased 126 acres at Pennyroyal Creek in October 1973. They have half-completed a house on the property and were hoping to live permanently on the property in their retirement. Five years ago, they were informed that there was little chance that a reservoir would be built on the Pennyroyal Creek. This inquiry has indicated that the possibility of such a reservoir being built is now somewhat greater.
- 8.8 Mr. Ives indicated that he had experienced difficulty in finding out detailed information about possible dam sites.
- 8.9 Mr. Ives was anxious to know what he should do about completing his house, what limitations would be placed on breeding cattle on his property and what compensation would be allowed if a dam was constructed. Mr. Ives requested that a decision be made quickly so that he could plan for the future with some certainty.

United Dairyfarmers of Victoria - Birregurra Branch

- 8.10 Mr. N. Bennett, Mr. A. J. De Jong and Mr. K. H. Robbins gave evidence on behalf of United Dairyfarmers and indicated that the local landholders were particularly concerned about the possibility of dams being constructed on Dewings and Pennyroyal Creek (at page 169):

The number of dairyfarmers involved is fairly small, but when one totals the grazing land, the number of cattle and sheep, the number of small farmlets, retirement houses around the area and so on, it amounts to a considerable number and it will be a large impact on the community.

The major problem is knowing what will happen and being informed about the position together with the matter of compensation. Farmers want to find out whether a dam will be built on their property, even if it is in five years' time. Our community is a farming community and that community does not want to wait around for five years or so until the Government makes up its mind whether it wants to put a dam in or put the farmers out of business. Five years is a long time as far as farmers are concerned. Farmers require care and adequate compensation. Farmers put a lot more into their land than just the value of the land. There are considerable hours put into farming that one does not get paid for and those sorts of things are not considered in compensation.

Shire of Winchelsea

8.11 The Shire made the following submission:

1. *The Shire of Winchelsea ratepayers and residents have expressed concern at the possible disruption to their properties and communities by the proposals being put forward in stage 1 of 'Augmentation of Geelong's Water Supply to the Year 1995' without prejudice to various arguments for or against. This Council strongly advocates that the position be quickly resolved before land values are depressed with a consequent reflection in the Municipality's finances and a reduction in the equity of property owners.*
2. *Council supports the UDV (Birregurra Branch) submission.*
3.
 - (a) *If land is to be acquired for projects associated with the augmentation of Geelong's water supply, then negotiations and payments should be made as soon as possible to enable property owners to either relocate or continue to occupy the property/s on a 'lease back' basis.*
 - (b) *Care needs to be taken in the selection of a valuer who possesses substantial rural valuation experience.*
 - (c) *The valuer selected should also be conversant with compensation type valuations - ie. take into consideration such matters as social and family disruption, fragmentation of farming properties and similar.*
 - (d) *That as little disruption to the social and community life of the various areas should be allowed to take place.*
 - (e) *Land acquisition within the Shire of Winchelsea should be kept to a minimum in order to avoid substantial rate revenue reduction.*

Mr. and Mrs. Roberts of Kewarren

8.12 Mr. and Mrs. Roberts wished to sell their property in Kewarren and had been advised by their solicitor that a copy of the Notice of Determination of Land Use for the Gellibrand River Water Supply Catchment under the *Soil Conservation and Land Utilisation Act 1958* should be attached to any bill of sale.

Two estate agents and their solicitor had advised Mr. and Mrs. Roberts that the Land Use Determination would make their house harder to sell.

Mrs. D.L. Young of Kawarren

- 8.13 Mrs. Young is an elderly widow living in Kawarren and was very concerned about the effects of the inquiry and related news items on the value of her property. Mrs. Young wished to arrange her affairs while she still had the ability to do so. Her submission read as follows:

I am interested, as a small home-owner, to know the plans of location of the proposed pumping station, treatment plant and above-ground weir and pipeline at Kawarren; if it will affect my property and selling value, and whether I will be reimbursed fully on value should it be acquired for pipeline use.

DISCUSSION

- 8.14 The Committee believes that that some degree of planning blight will occur when major new public works are being considered. The revision of the land acquisition legislation should go some way towards alleviating the problem but there will always be some people caught in the web of uncertainty at least for a limited period of time. This period may be of the order of several years and can be of great importance to those who are at a critical stage in their life, e.g. just about to retire, recently widowed etc.
- 8.15 In many cases the problems of those affected would be reduced if the correct and most recent information was readily available and some form of counselling was provided.
- 8.16 The Committee understands that the GDWB took positive steps to inform and meet with landholders prior to consultants carrying out recent investigations in the upper Barwon tributaries.
- 8.17 The Committee noted that the provision of such services is more difficult for authorities where such a requirement only occurs at infrequent intervals. A further difficulty arises in the Gellibrand catchment in that three authorities

have some potential responsibility for communication and it will not always be clear as to which authority should take the prime responsibility.

8.18 The Committee considered whether it ought to assume a more active and definite role in ensuring that an adequate and co-ordinated information and counselling service is available during the course of such an inquiry as this.

8.19 The Committee concluded that it should assume some responsibility for ensuring that an adequate information and counselling system is in place. However, the prime responsibility for organising such a service should lie with the appropriate Government Department, in this case the DWR. The Department should not necessarily attempt to carry out the work itself but should co-ordinate the resources within, in this case, the GDWB, the RWC and the DME.

RECOMMENDATION

8.20 The Committee recommends that the DWR should ensure that adequate and co-ordinated information and counselling services are available to landholders who might be affected by possible future water related works when such works become subjected to public review and, in particular, to ensure that investigatory works and the examination of alternatives does not cause landholders stress which could be avoided or at least reduced by adequate communication.

Committee Room

31 October 1984

APPENDICES

1. List of written submissions.
2. List of witnesses appearing before the Committee.
3. Extract from Agreement re: Transfer of Bellarine system headworks.

Release of Water from storages and diversions to the Barwon River.
4. Copy of Order in Council dated 14 March 1962 directing the release of water to East and West Moorabool Rivers from Moorabool, Korweinguboora and Bostock Reservoirs.
5. Letter to Geelong and District Water Board from Natural Resources and Environment Committee requesting further information.
6. Reply from Geelong and District Water Board to Natural Resources and Environment Committee request.
7. Water Board/Municipality restructuring details.

* * *

LIST OF SUBMISSIONS

Mr. K. H. & Mrs. M. A. Armistead
Australian Hydrogeologists International Pty. Ltd
Ballarat Water Board
Ballarat Water Commissioners
Bannockburn District Waterworks Trust
Barwon and Leigh Rivers Advisory Committee
Mr. W.A. Bowker
Colac District Water Board
Department of Agriculture
Department of Conservation, Forests and Lands
Department of Water Resources
Mrs. J. Forrester
Geelong and District Water Board
Geelong Regional Commission
Mr. S. Hill
Mr. R.E. & Mrs. L.M. Ives
Lake Corangmite Drainage Committee
Lough Calvert Drainage Trust
Ministry for Planning and Environment
National Waterwell and Drilling Association of Australia
Mr. T. Newton
Mr. W.J. Roberts
Rural Water Commission
State Rivers and Water Supply Commission
United Dairyfarmers of Victoria (Birregurra Branch)
Ms. Y. Walters
West Moorabool Water Board
Mrs. D. Young

Municipalities

Shire of Buninyong

Shire of Ballarat

Shire of Bannockburn

Shire of Barrabool

Shire of Bellarine

City of Colac

Shire of Hampden

Shire of Leigh

Shire of Otway

City of Warrnambool

Shire of Warrnambool

Shire of Winchelsea

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LIST OF WITNESSES

Geelong24 September 1984

Mr. G.J.G. Vines)	Geelong and District Water Board
Mr. H.B. Hunter)	
Mr. L.H. Barrow)	
Mr. I.W. Gibson		Geelong Regional Commission
Mr. C.R. Lawrence)	Department of Minerals and Energy
Mr. R. Lakey)	
Mr. J. Leonard)	
Mr. J.K. Curtin		Department of Water Resources
Mr. K.O. Collett)	Rural Water Commission
Mr. J.M. Franklin)	
Mr. W.P. Dunk)	Department of Conservation, Forests and Lands
Mr. R.M. Gowans)	
Mr. J.B. Koehn)	
Mr. J.J. Hodges)	
Cr. J. Parkin)	Shire of Buninyong
Mr. N. Barrett)	
Mr. R.J. Smith		Australian Conservation Foundation

Colac25 September 1984

Mr. G.R. Borwick	)	Colac District Water Board
Mr. J.T. Wilkinson)	
Mr. I.C. Everest)	
Cr. N.B. McDonald	)	Shire of Winchelsea
Cr. J.G.D. Tuck)	
Mr. D.J. Carter		City of Warrnambool

Mr. A. Cavenagh	)	Lake Corangamite Drainage
Mr. R.J. Hester	)	Scheme Advisory Committee
Cr. L.J. Newcombe	)	Shire of Otway
Mr. K.V. McMahon)	
Mr. W.J. Roberts		Private Individual
Mr. N. Bennett)	
Mr. A.J. DeJong	)	United Dairyfarmers of Victoria
Mr. K.H. Robbins	)	(Birregurra Branch)
Mr. R.J. Maxwell	)	Private Individuals
Mr. L.C. Riches)	
Ms. Y. Walters		Private Individual
Mr. R. & Mrs. F. Amor		Private Individuals
Mr. W.A. Bowker	)	Private Individuals
Mrs. Y.M. Lawson)	
Mr. R.E. Ives		Private Individual
Mr. & Mrs. M.W. Roberts		Private Individuals

EXTRACT FROM AGREEMENT RE:

TRANSFER OF BELLARINE SYSTEM HEADWORKS

Agreement made on 19th July, 1955 between State Rivers & Water Supply
Commission and the Geelong Waterworks and Sewerage Trust

The Trust shall

in order to permit the supply of water to landholders whose properties abut on the Barwon River or any of its tributaries and who require water for stock or for domestic, irrigation or industrial purposes -

- (i) cease to divert any of the natural flow of water in the East and West branches of the Barwon River when the rate of flow of that River immediately below the junction of those branches is less than Three cubic feet per second: (7.35 MI/day)
- (ii) cease to divert any of the natural flow of water in the said East and West branches and in any tributaries of the Barwon River between the junction of the said branches and the township of Winchelsea when the rate of flow of the Barwon River at Winchelsea is less than Six cubic feet per second: (14.7 MI/day)
- (iii) during any period when the rate of flow of the Barwon River at either of the points mentioned in sub-paragraphs (i) and (ii) of this paragraph is less than the rate specified in respect thereof, ensure that the discharge from any storage on the Barwon River upstream from Winchelsea is not less than the stream inflow to that storage; and

in order to measure the stream inflow into each storage on the Barwon River upstream from Winchelsea, provide instal and maintain a continuous stream gauge recorder of a type approved by the Commission and located conveniently near each storage.

GEELONG WATERWORKS AND SEWERAGE TRUST

*At Government House, Melbourne, the fourteenth
day of March, 1962*

PRESENT:

His Excellency the Governor of Victoria

Mr. Bloomfield

Mr. Turnbull

Whereas by section 400 of the *Water Act* 1958 it is amongst other things provided that the Governor in Council may from time to time give any general or specific direction to any local governing body for the purpose of more effectually enforcing the construction, maintenance and continuance of the waterworks within the waterworks district of such authority in accordance with the plan thereof and the provisions of the said Act or for regulating, as may seem advisable, the diversion or appropriation of water from any natural sources of supply: And whereas under the provisions of the *Geelong Waterworks and Sewerage Act* 1958 there is constituted an authority known as the *Geelong Waterworks and Sewerage Trust* and the boundaries of the area supplied by the Trust were in and by such Act defined and limited: And whereas under the provisions of the said *Geelong Waterworks and Sewerage Act* the Trust is deemed to be a local governing body within the meaning of the *Water Act* 1958 and any corresponding previous enactment: And whereas the sources of water supply for the said Trust include the East Moorabool River and the West Morabool River upon which there is constructed the Moorabool Reservoir and the Korwinguboorá and Bostock Reservoirs respectively: And whereas it is deemed expedient that the supply of water into the said rivers below such reservoirs be regulated.

Now therefore His Excellency the Governor of the State of Victoria, by and with the advice of the Executive Council of the said State, doth hereby direct that, for the purposes hereinbefore mentioned, such works be so adjusted and regulated from time to time by the said Trust as to cause water to be discharged into the respective rivers below such works in the following quantities:

1. During the months of December, January, February and March in each year -
 - (a) At the outlet of the Moorabool Reservoir - $\frac{3}{4}$ cubic foot per second.
 - (b) At the outlet of the Korweinguboorra Reservoir - $\frac{1}{4}$ cubic foot per second.
 - (c) At the outlet of the Bostock Reservoir - $\frac{1}{2}$ cubic foot per second.

2. During the months of April, May, October and November in each year -
 - (a) At the outlet of the Moorabool Reservoir - $\frac{1}{2}$ cubic foot per second.
 - (b) At the outlet of the Korweinguboorra Reservoir - $\frac{1}{6}$ cubic foot per second.
 - (c) At the outlet of the Bostock Reservoir - $\frac{1}{2}$ cubic foot per second.

3. During the months of June, July, August and September in each year -
 - (a) At the outlet of the Moorabool Reservoir - $\frac{1}{3}$ cubic foot per second.
 - (b) At the outlet of the Korweinguboorra Reservoir - $\frac{1}{18}$ cubic foot per second.
 - (c) At the outlet of the Bostock Reservoir - $\frac{1}{9}$ cubic foot per second.

Provided that at all times when the inflow to all or any of the said reservoirs is less than the quantities specified above, a quantity equivalent to the actual measured inflow into such reservoir or reservoirs shall be discharged therefrom into the said rivers.

And the Honourable Wilfred John Mibus, Her Majesty's Minister of Water Supply for the State of Victoria, shall give the necessary directions herein accordingly.

N.G. WISHART,
Acting Clerk of the Executive Council

The flows given in the Order in Council can be expressed as follows:

RESERVOIR	Minimum Daily Release MI/day		
	December January February March	April May October November	June July August September
Moorabool	1.84	1.23	0.41
Korweinguboora	0.61	0.41	0.14
Bostock	1.23	1.23	0.27



NATURAL RESOURCES AND ENVIRONMENT COMMITTEE

7TH FLOOR,
100 EXHIBITION STREET,
MELBOURNE, VIC. 3000

TELEPHONE 63 7149
63 7154
TELEX AA 34656

3 October 1984.

Mr. G. Vines,
Engineer in Chief,
Geelong and District Water Board,
61-67 Ryrie Street,
GEELONG. 3220.

Dear Mr. Vines,

The recent public hearings at Geelong and Colac on 24 and 25 September 1984 raised several issues which the Committee wishes to pursue further with your Board. These are:

- (1) The possible order of magnitude and time-scale of the effect of water conservation measures on your Board's predictions of future water demand.
- (2) The effect of reviewing future water demand by separate consumer categories particularly in view of the large proportion of industrial water consumed in Geelong.
- (3) The submission by the Department of Minerals and Energy and, in particular, the effects of implementing the recommendations relating to the need to stress and artificially recharge the Barwon Downs groundwater system before any extension of licence conditions is granted.
- (4) Investigations which need to be carried out by the Board and others during Stage 2 of the Committee's inquiry, and priorities which should be allocated to various components of this work.
- (5) The Committee would appreciate a copy of your Board's by-laws setting out the method of charging for water.

The Committee has to report to Parliament by December of this year on the first stage of this inquiry. In practice, the Committee will have to report before Parliament rises from this sitting. This is expected to be in early November.

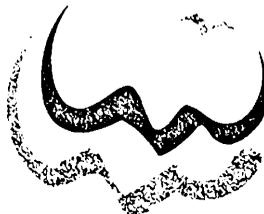
Consequently, the Committee will not have time to hold further public hearings and requests your written comments on the above matters as soon as possible.

If you have any queries on the matters raised in this letter, please do not hesitate to contact either myself or, preferably, in the first instance, the Committee's Director of Research, Malcolm Knight.

Yours sincerely,

R. I. Knowles, M.L.C.
Chairman

GEELONG AND DISTRICT WATER BOARD



61-67 Ryrie St. (P.O. Box 659)
Geelong 3220.

Telephone (052) 26 2500
Telex 39187

Our Ref: GNSE/AK/40/220/0003A

Your Ref:

Enquiries To: Mr. H.B. Hunter

October 16, 1984

The Hon. R.I. Knowles, M.L.C.,
Chairman,
Natural Resources and Environment Committee,
7th Floor,
110 Exhibition Street,
MELBOURNE VIC 3000

Dear Mr. Knowles,

re: Inquiry into Water Resources Management in Victoria

I refer to your letter dated 3rd October 1984 in which you requested the Board to provide further information on several matters associated with Stage 1 of your Committee's Inquiry covering the augmentation of Geelong's water supply to the year 1995.

A response to items 1 and 2 in your letter concerning the Board's water demand predictions is given in Attachment 1. You will note that a "lower bound" of predicted consumption has been derived assuming certain water conservation measures can be achieved and assuming a constant household headship ratio in lieu of the increasing ratio previously used in the Board's evidence.

The overall effect of the revised approach is to:

- (a) reduce the "low" prediction of water consumption in the year 2001 by some 8 400 ML/a to 53,300 ML/a; and
- (b) defer the timing for the next headworks augmentation by up to two years.

Attachment 2 provides comment on the evidence submitted by the Department of Minerals and Energy in relation to groundwater development, as requested in item 3 of your letter.

In essence, an extensive programme of investigation and monitoring is required, involving considerable expenditure, in order to establish the feasibility of further groundwater development at Barwon Downs, Kawarren, Gellibrand and Carlisle. That programme will take several years to implement and will require the commitment of considerable resources by both the Board and the Department of Minerals and Energy.

October 16, 1984

In answer to item 4 of your letter, Attachment 3 contains a listing of a number of investigations which the Board considers should be undertaken during Stage 2 of the Inquiry. Details relating to the groundwater investigations are also included in Attachment 2.

In response to your request (item 5) for a copy of the Board's By-laws setting out the method of charging for water, I have to advise that information has already been forwarded to the Committee's Director of Research, Mr. M. Knight.

Please let me know if you require any further explanation of the attached information.

Yours faithfully,



G.J.G. Vines,
Engineer-in-Chief

Encs: Attachments 1, 2 & 3

GEELONG AND DISTRICT WATER BOARDRE-ESTIMATION OF WATER DEMAND PREDICTIONSOCTOBER 1984

In response to a request from the NREC, the growth of water demand within the GDWB supply area has been re-assessed to allow for:

- (a) the estimation of the growth of demand by major users separately from the domestic and other non-major users;
- (b) a constant household headship ratio over the period of projection in lieu of the increase previously used; and
- (c) the possible effects of water-saving measures.

This re-assessment is considered to provide a reply to items 1 and 2 of the NREC's letter of 3rd October 1984.

The foregoing process has produced a new estimate of the growth of demand which is lower than the "low" estimate in the Board's evidence to the NREC in September 1984. This new lower estimate could be regarded as a lower bound to the growth predictions while the previous "low" estimate could more appropriately be regarded as the expected growth of demand. The "high" prediction in the evidence could be regarded as an upper bound to the predictions corresponding to the occurrence of accelerated growth.

The revised estimates were produced as follows:

1. Number of Services

The growth of the number of households in the Geelong Region was estimated using the demographic model and data previously used to derive the figures in the Board's evidence except that the household headship ratio was assumed to remain constant throughout the period of analysis rather than to increase as previously assumed.

To derive an estimate of the number of future connections (services), it was assumed that the number of services supplied by the Board would increase in the same proportion as the increase in the number of households in the region. These figures are shown in Table 1.

2. Growth of Major User Demand

The growth of demand by major water users in the industrial, woollen mill and food processing categories was extracted from the Board's consumption reports for the years 1968/69 to 1983/84 and is shown in Table 3 and Figure 1. This category does not include large schools or hospitals and a major user is regarded as an establishment drawing more than 100 ML/d.

A general downward trend in total consumption in this category can be noted and is caused principally by the closure of several large woollen mills and food processors. The trend line of this data was extrapolated to the Year 2001 and the resulting predictions are shown in Table 3.

3. Growth of Demand by other than Major Users

(i.e. domestic, general industrial and commercial use, etc.)

The consumption by users other than the previously mentioned "major users" was calculated over the same period and is shown in Table 3 and Figure 2. An increasing trend in annual consumption per connection from this category of user was noted amounting to 100 KL over the 10 year period 1970 to 1980. Of this 100 KL, an amount of 60 KL occurred in a relatively short period between 1969/70 and 1972/73, and is considered to be an effect of recovery from the period of restrictions in 1967/68. In addition to this 60 KL, a further general increasing trend was noted amounting to an increase of annual consumption of 40 KL during the 10 year period. The trend line of this general increase was extrapolated to the year 2001 and the resulting predictions are shown in Table 2.

4. Estimate of Water Demand without Water-saving Measures

The estimate of the water demand, before allowance for water-saving, in the years 1981 to 2001 is shown in Table 4. This estimate is slightly lower than the "low" estimate given in the evidence due principally to the omission of any allowance for an increase in the household headship ratio with a consequent decrease in the number of connections predicted.

5. Allowance for Water-saving Measures

There are available some avenues whereby more efficient use of water could be achieved, although the extent to which savings would result is difficult to quantify. Nevertheless, some estimates have been included here which will at least provide an indication of the general magnitude of savings possible and also indicate the areas of greatest potential for further savings.

The MMBW has carried out some studies and reported upon these in its report "A Water Supply Strategy for Melbourne, November 1982". This report was used as a guide in preparing the estimates herein.

5.1 Dual Flush Toilets

The MMBW estimated that a saving of 17 KL per household per annum could be achieved by the use of dual flush toilets. If such units were installed in all new households in the GDWB'S area of supply, a saving of about 400 ML/a could result by the year 2001. While the maximum efficiency of use of these fixtures might not be

achieved this may be counterbalanced by the installation of such units in some existing households.

5.2 Showering

The MMBW estimated that an annual saving of 13 KL per household per annum could be achieved by the use of reduced flow shower heads which would restrict the water flow from the present 9 litres per minute to 5 litres per minute. If such units were installed in 20% of households in the GDWB'S area of supply a saving of 200 ML/a would be achieved by the year 2001.

5.3 Washing Machines

The MMBW estimated that an annual saving of 12 KL per household could result from the use of water-efficient washing machines. If these were installed by 20% of households in the GDWB'S area of supply, a saving of 200 ML/a could be achieved by the year 2001.

5.4 Garden Watering

The MMBW estimated that the annual garden watering component of the supply had increased by about 45 KL per household between 1971 and 1981, and based its estimates of water saving on a substantial return to the 1971 rates of use, giving an annual saving of 40 KL per household.

The reasons for the increase in water use are not clear but are probably related to the modern trend towards garden suburbs, both residential and industrial, in contrast to the style of development common 50 to 100 years ago. It may be, then, that the trend towards the higher water use is not so much a wasteful attitude but is a more integral part of the modern lifestyle and not easily reversed.

The need for garden watering is related to the use of exotic plants, particularly grass for lawns and playing fields. The natural environment receives no artificial watering and it could be argued that to use only local indigenous plants would remove almost entirely the need for garden watering. This would be unrealistic as some lawns and kitchen gardens and other exotic plants would still be required in the domestic setting together with lawns in public areas such as playing fields and parks. The proposition would also be unlikely to receive extensive public acceptance.

In the Geelong area the average annual garden use is approximately 150 KL per connection, and to remove this from the year 2001 water requirement would save approximately 14 000 ML/a. If it is assumed that around 25% of that reduction is possible then the annual saving would be 40 KL per connection which is the same figure as taken by the MMBW.

Some care must be exercised in assessing the effectiveness of the garden watering component. Garden watering is the principal use which is restricted during a drought and so the effectiveness of restrictions would be lessened if the consumers were already using water-saving measures in their gardens. That is, whereas a saving of consumption of 40% was achieved in the 82/83 drought with the present regime of use of water in gardens a lesser reduction would have been achieved if efficient garden watering was already being practised. Some reappraisal of the Board's Safe Annual Yield criteria may therefore be necessary if more efficient use of water in gardens became a reality.

5.5 Major Users

In the 1982/83 drought major users achieved an overall reduction in annual consumption of 1500 ML. For the purpose of these estimates it was assumed that 50% of the drought savings could be maintained on a permanent basis.

5.6 Pay-for-use

The pay-for-use system would provide some incentive to ensure that the water-saving measures previously discussed are implemented. Possibly other areas of saving (dripping taps, long showers etc. in the domestic setting and water recycling in industry) would receive appropriate attention by water users resulting in additional savings but for this estimate it was assumed that the savings would be limited to those already discussed.

5.7 Summary of Water Savings

The possible overall extent of water saving is shown in Tables 5 and 6. Table 5 shows the effect if each measure was implemented to its maximum extent throughout the Board's System, including replacement of existing appliances. This is not feasible but the figures are presented to show the total quantity of water which may be subject to change. Table 6 shows the probable maximum savings likely to be achieved from each measure introduced. The very dominant influence of garden watering is shown in both Tables.

Table 7 summarises the likely overall water consumption allowing for probable maximum water savings. These estimates may be looked upon as the "lower bound" to the Board's water demand predictions and are shown graphically in Figure 3.

5.8 Effect on Headworks Development Strategy

Figure 4 illustrates a revised headworks development strategy based on meeting the "lower bound" of the demand predictions and assuming the sequence of development to be the same as shown in the Board's

current (Dec. 1933) 10 Capital Works Programme (see Fig. 26 of the Board's submission to the Inquiry.)

It can be seen from Figure 4 that the timing for the next headworks augmentation would be approximately December 1988 based on the "lower bound" predictions.

GEELONG AND DISTRICT WATER BOARD

TABLE 1 - ESTIMATION OF CONNECTIONS SUPPLIED: 1981-2001
 ("LOW" RATE OF GROWTH)

YEAR	Predicted Households in Region *	Percent increase of households and connections (1981 base)	Estimate of connections supplied
1981	54 445	0	67 269
86	60 168	10.5	74 332
91	65 570	20.4	80 991
96	70 481	29.5	87 113
2001	74 571	37.0	92 158

* constant headship ratio

TABLE 2 - PARAMETERS USED FOR ESTIMATION OF FUTURE WATER CONSUMPTION : 1981-2001

YEAR	Annual Consumption per connection for non-major users ML/a per connection	Annual Consumption by Major Users ML/a
1981	0.50	6 400
86	0.52	6 000
91	0.54	5 700
96	0.56	5 400
2001	0.58	5 000

GEELONG AND DISTRICT WATER BOARD

TABLE 3 - HISTORICAL WATER USE 1967/68-1983/84

(KL per annum)

MAJOR INDUSTRY, FOOD PROCESS- ING & WOOLLEN MILLS	67/68	68/69	69/70	70/71	71/72	72/73	73/74	74/75	75/76	76/77	79/80	80/81	82/83	83/84
Shell	1 527	1 424	1 510	1 513	1 748	2 176	2 012	2 458	2 273	2 354	2 588	2 759	1 953	1 955
Alcoa	575	554	398	371	489	630	1 322	1 002	1 103	961	966	963	796	708
Aust. P. Cement	407	482	456	525	729	669	637	545	456	506	520	297	416	463
Phosphate Coop	337	366	338	290	312	397	374	227	179	263	319	298	385	372
Ford Motor Co.	844	794	991	971	1 224	1 158	1 035	855	913	885	738	500	317	437
Excelsior)														
Godfrey Hirst)	29	75	159	273	353	267	283	226	329	302	456	458	305	255
Jacksons)														
Protean)	321	342	490	509	573	487	543	472	554	462	151	106	159	-
Rylands	219	171	244	163	169	206	223	293	139	137	132	144	118	129
Vic. P. Cement														
Blue Circle	28	?	29	34	37	52	64	85	78	86	123	111	70	?
Int. Harvester	233	136	162	161	152	est. 125	124	119	166	230	107	113	?	-
Birmia/Ensite)														
Ford Casting)														
Plant	136	132	219	194	356	357	452	241	339	345	146	130	104	105
M.C. Herd	113	105	133	135	159	134	160	163	125	133	175	190	216	259
Classweave)														
Federal)	102	104	120	167	229	265	218	78	39	77	-	-	-	-
Riversdale)														
Collins)	184	141	158	155	109	101	129	79	32	135	-	-	-	-
United Distil.	97	53	74	105	137	111	93	93	60	55	-	-	-	-
APD Frozen)														
Foods)														
Southwest (FF)	291	455	327	95	20	-	-	-	-	-	-	-	-	-
Steggles	-	-	-	-	-	-	-	-	-	-	126	123	88	?
Major users as above	5471	5214	5874	5637	6 739	7 037	7 427	6 711	6 576	6 713	6 547	6 192	4 769	4 683
Total Consump- tion (all users)		23033	24560	24374	25 360	31 172	31 659	32 565	34 291	33 074	33 351	37 154	28 391	?
Other than Industry		17212	19565	15737	15 621	24 025	24 152	25 954	27 705	26 361	31 304	30 962	23 612	?
Connections		45520	46713	44137	49 573	52 470	54 246	55 032	57 929	50 366	64 569	57 269	69 559	?
Consumption per Connection		0.391	0.420	0.359	0.375	0.452	0.445	0.461	0.479	0.437	0.492	0.46	0.339	?

Note:

GEELONG AND DISTRICT WATER BOARD

TABLE 4 - WATER DEMAND WITHOUT WATER SAVINGS : 1981-2001

("LOW" RATE OF GROWTH)

YEAR	No. of Connections	All Consumption other than "Major" Industries, Woollen Mills and Food Processors			"Major" Industries, Woollen Mills and Food Processors		
		Consumption per Connection ML/a	Domestic (66%) ML/a	Other (34%) ML/a	Exist. ML/a	New ML/a	Total ML/a
1981	67 269	0.50	22 200	11 400	6 400	0	40 000
86	74 332	0.52	25 500	13 100	6 000	0	44 600
91	80 991	0.54	28 800	14 900	5 700	0	49 400
96	87 113	0.56	32 200	16 600	5 400	0	54 200
2001	92 158	0.58	35 300	18 200	5 000	0	58 500

GEELONG AND DISTRICT WATER BOARD

TABLE 5 - POTENTIAL MAXIMUM WATER SAVINGS : 1981-2001

("LOW" RATE OF GROWTH)

Year	Conne- ctions No.	Dual Flush Toilets All connect- ions @ 17 KL/a ML/a	Efficient Washing Machines All connect- ions @ 13 KL/a ML/a	Efficient Showers All connect- ions @ 12 KL/a ML/a	Efficient Garden Watering All connect- ions @ 150 KL/a ML/a	Major Indust. 1500 ML/a	Total ML/a
1981	67 269	1 100	900	800	10 100	1 500	14 400
86	74 322	1 300	1 000	900	11 100	1 500	15 800
91	80 991	1 400	1 100	1 000	12 100	1 500	17 100
96	87 113	1 500	1 100	1 100	13 100	1 500	18 300
2001	92 158	1 600	1 200	1 100	14 300	1 500	19 700

TABLE 6 - PROBABLE MAXIMUM WATER SAVINGS : 1981-2001

("LOW" RATE OF GROWTH)

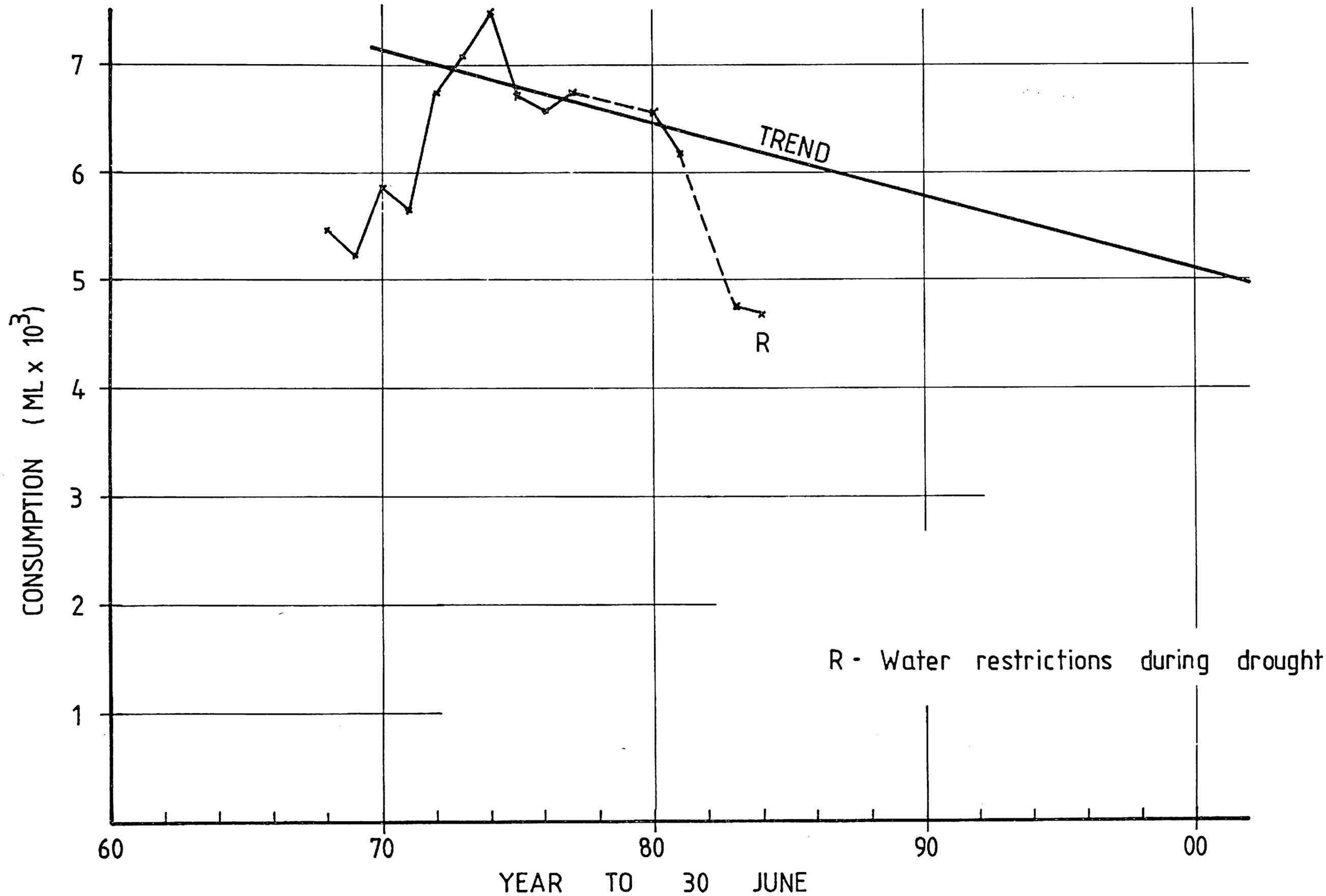
Year	Conne- ctions No.	Dual Flush Toilets All new connect- ions @ 17 KL/a ML/a	Efficient Washing Machines 20% of all connect- ions by 2001 @ 13 KL/a ML/a	Efficient Showers 20% of all connect- ions by 2001 @ 12 KL/a ML/a	Efficient Garden Watering All connect- ions by 2001 @ 40 KL/a ML/a	Major Indust. 700 ML/a	Total ML/a
1981	67 269	0	0	0	0	700	700
86	74 332	100	0	0	700	700	1 500
91	80 991	200	100	100	1 600	700	2 700
96	87 113	300	100	100	2 600	700	3 800
2001	92 158	400	200	200	3 700	700	5 200

GEELONG AND DISTRICT WATER BOARD

TABLE 7 - WATER CONSUMPTION WITH PROBABLE MAXIMUM
WATER SAVINGS : 1981-2001

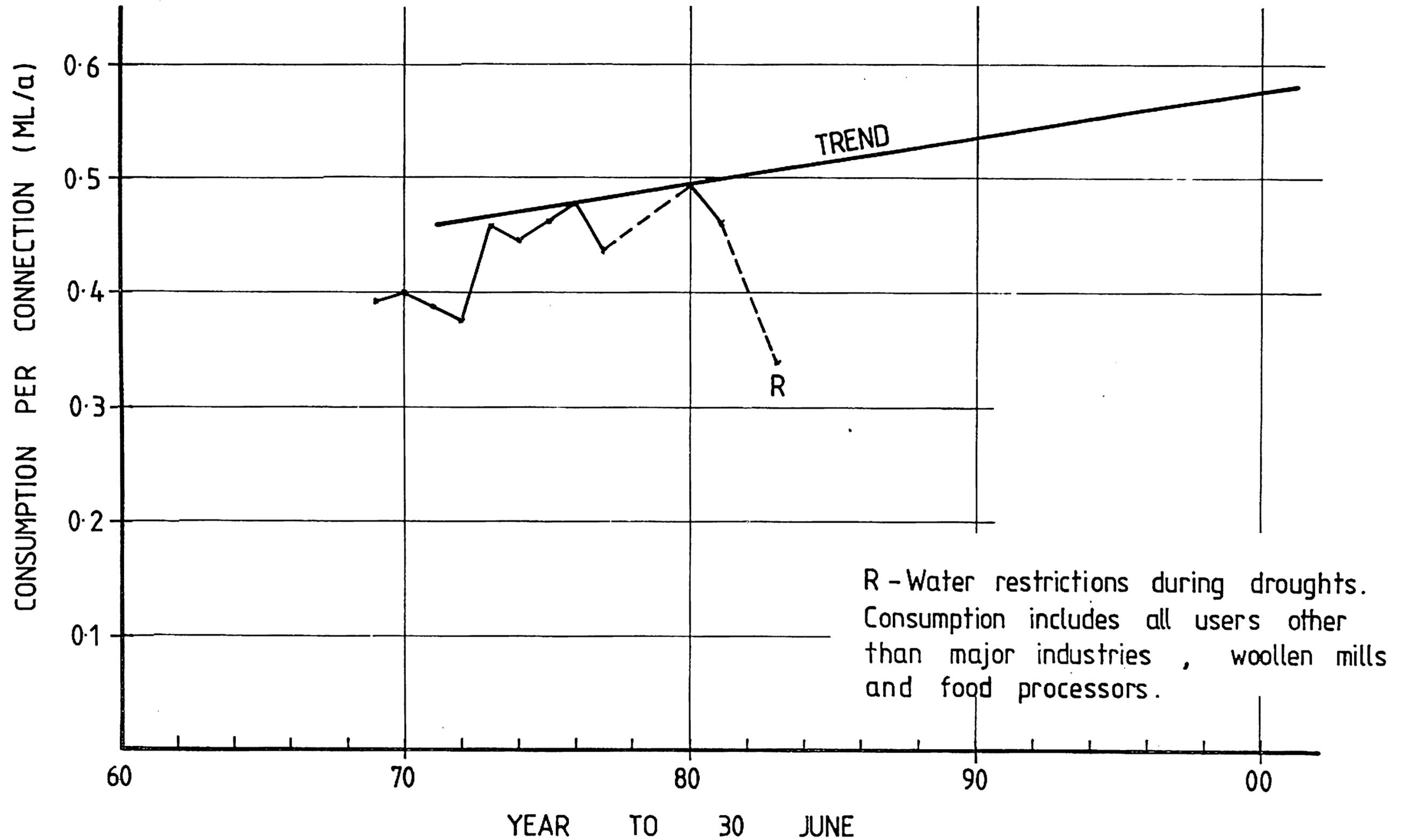
(LOWER BOUND TO DEMAND PREDICTIONS)

YEAR	Connections No.	Consumption without water Savings ML/a	Probable Maximum Water Savings ML/a	Net Water Consumption ML/a
1981	67 269	40 000	700	39 300
86	74 332	44 600	1 500	43 100
91	80 991	49 400	2 700	46 700
96	87 113	54 200	3 800	50 400
2001	92 158	58 500	5 200	53 300



GEELONG AND DISTRICT WATER BOARD
CONSUMPTION BY MAJOR USERS

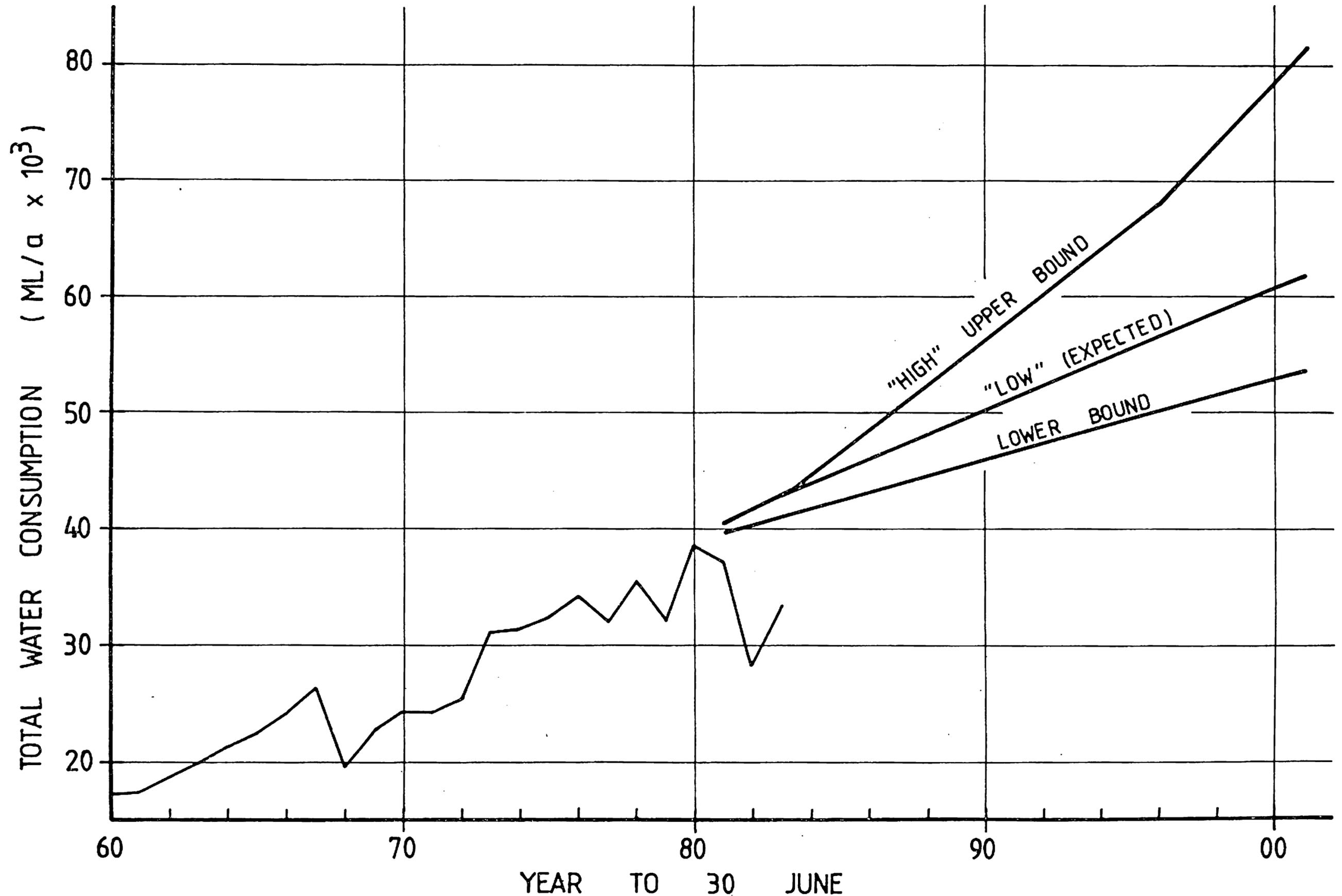
FIG. 1
(12.10.84)



R - Water restrictions during droughts.
 Consumption includes all users other than major industries, woollen mills and food processors.

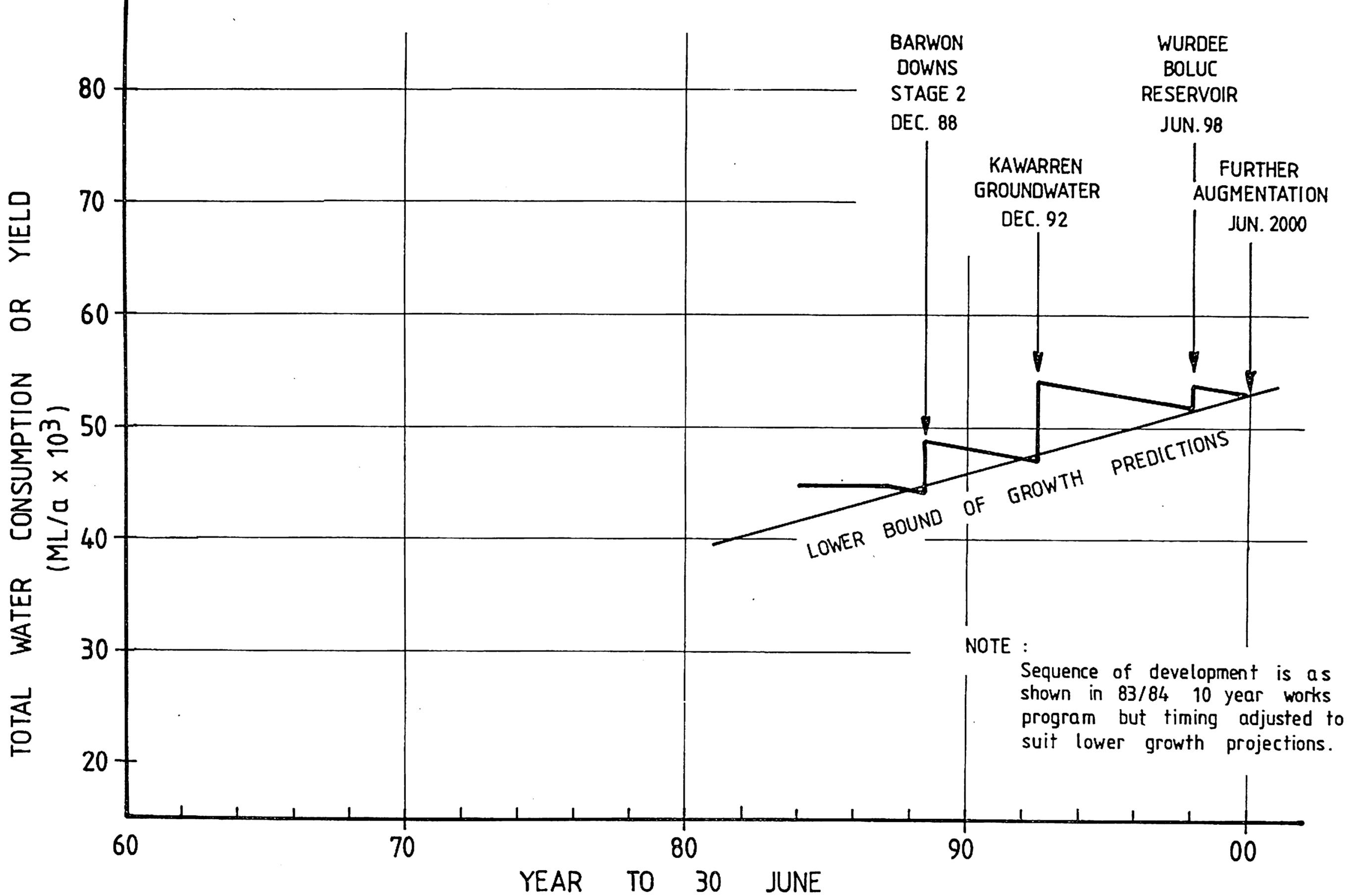
GEELONG AND DISTRICT WATER BOARD
 CONSUMPTION PER CONNECTION
 (DOMESTIC AND NON-MAJOR USERS)

FIG. 2
 (12.10.84)



GEE LONG AND DISTRICT WATER BOARD
HISTORICAL AND PREDICTED WATER CONSUMPTION

FIG. 3
(12.10.84)



NOTE :
 Sequence of development is as shown in 83/84 10 year works program but timing adjusted to suit lower growth projections.

GEELONG AND DISTRICT WATER BOARD
 HEADWORKS DEVELOPMENT STRATEGY

FIG. 4
 (12.10.84)

GEELONG AND DISTRICT WATER BOARDCOMMENT ON EVIDENCE TO NREC INQUIRY BY DME
REGARDING GROUNDWATER DEVELOPMENT

The following comments provide a reply to item 3 of the NREC's letter of 3rd October, 1984:

Barwon Downs Groundwater

The evidence given to the NREC Inquiry by the DME indicated their current thinking in regard to a possible Stage 2 development of the Barwon Downs groundwater resources.

The natural recharge to the Graben in the vicinity of Geranganete was estimated by the DME to be around 1 800 ML/a compared with previous estimates of 3 000 ML/a. For this reason, the DME are unable to recommend an increase in the Board's extraction licence (see Section 7 - Recommendations) and would require a period of monitoring to evaluate the resource (see Section 6.2.1).

This major revision of the estimate of the natural recharge rate is not unexpected, as it was revealed by the Board's own computer modelling; and results from the apparent existence of a barrier in the aquifer between Barwon Downs and Kwarren.

The DME now suggest that the Board:

- (a) seek to prove, by use of the wellfield, that the natural rate of recharge will increase adequately in response to pumping stress; and
- (b) install artificial recharge works if necessary to improve the recharge rate.

The Board concurs with the need to obtain operational data but the NREC should be aware of the high cost of this testing. In addition the proposal to test pump the field is difficult to justify, particularly if the water is not actually required to maintain the security of supply. Each year of testing, comprising about nine months operation, would cost the Board approximately \$0.5MIL, a total of \$2.0 MIL for a four year programme.

The suggestion by the DME that artificial recharge works may be required is accepted by the Board. If the enhanced recharge rate which results from pumping stress is insufficient to support further development at Barwon Downs, then specific engineering works would be necessary. Further, at the existing rate of recharge it would take the aquifer system approximately seven years to recover fully from each year's pumping with the present development (capacity 12 600 ML/a) and artificial recharge works may be desirable to ensure that the aquifer is fully recovered in preparation for a subsequent drought.

The DME spokesmen at the Geelong hearing of the Inquiry were somewhat critical of the Board's policy in regard to the proposed method of operation of the wellfield, stating that the proposed average extraction rates were well below the extraction rates permitted by the Board's licence. The policy is, however, based upon the anticipation that the DME would require the Board's long-term average extraction rate to be maintained at less than the average recharge rate.

Having been aware through their own calculations that the existing natural recharge rate was around 1 500 ML/a, the Board's engineers included suitable operating rules for the Barwon Downs wellfield when assessing the yield of the Barwon Water Supply System. In essence, these rules had the effect of reserving the groundwater resources for use in a drought and keeping the average use of groundwater over a period of about 60 years to between 1 500 and 3 000 ML/a.

If it could be proven that the average annual recharge rate would increase sufficiently under pumping stress or could be increased by artificial recharge works then it would be possible to change the operational rules to take advantage of this improved performance. However, while the yield could be increased by such changes, so would the operating costs as in most years water would be produced needlessly.

Even if a higher recharge rate is proven, it may still be preferable to reserve the groundwater capacity for use during a drought. This would require the annual pumping capacity to be increased in order to produce the water when required.

The DME, however, have refused to agree to any increase in the extraction licence, and this includes the restriction on maximum annual extraction (currently 12 600 ML/a). To ensure the viability of the next stage of development would require the maximum annual extraction rate of the wellfield to be increased to about 20 800 ML/a.

At present, further development of the Barwon Downs wellfield rates as being less desirable than several storage proposals based on the upper Barwon River tributaries. If artificial recharge works and test pumping is required as part of any further development at Barwon Downs, the ranking of that scheme could be lowered even further in comparison to surface storage proposals.

Due to the very high cost of conducting a test pumping program, and the possibility of the onset of a drought, it would be essential to properly plan the monitoring program well in advance to ensure that all likely influences are recognised and appropriately monitored. Those arrangements could take up to two years to complete, so that a full-scale test programme would commence in about October 1986.

It would also be necessary to conduct periodical reviews during the course of the test (say after each year's pumping), to ensure that the test was terminated if necessary should any undesirable effects become apparent.

Regular review would also indicate if any additional instrumentation and monitoring was required. Further, it would be essential to relate the climatic conditions during the period of the test and subsequent recovery period to those which exist over a longer period of time and a rainfall-recharge relationship may need to be developed.

Some consideration of the nature of the artificial recharge works should be carried out prior to commencement of the test pumping program as it may be desirable to conduct artificial recharge tests in conjunction with that program.

The DME's suggestion that the most suitable location for artificial recharge works appears to be in the vicinity of Boundary Creek to the west of Yeodene is supported.

Spreading basins seem to be quite appropriate and would incorporate a suitable filtering surface layer which could be cleaned simply by removing the surface layer with earthmoving equipment. These basins would be similar in design to the slow sand filters which were once commonplace in the water industry and are still used to some extent.

The injection of surface water into the aquifer in the vicinity of the wellfield is very likely to produce clogging of the aquifer. The groundwater is rich in iron, oxygen free and acidic. If aerated non-acidic water is introduced into the aquifer, the iron content is likely to precipitate out of solution leading to blocking of the aquifer or wellscreens.

Clearly, there is a large amount of planning and preparatory work to be carried out prior to any pumping program, whether it be a test program or production to maintain supply in a drought.

It is considered that the DME, aided by the Board's groundwater consultants where necessary, should develop a schedule of work to be implemented prior to the commencement of pumping. An initial appraisal indicates that the following items should be included in that schedule:

1. Ensure all existing observation bores are in working order, (some difficulty has been experienced in the past with defective and doubtful bores).
2. Install additional observation bores where necessary, particularly in the recharge area near Yeodene and the Birregurra Shelf (east of Yeodene).
3. Prepare a computer model of the aquifer with initial calibration using the data from the short 1983 pumping program, including:
 - (a) 2 layer behaviour
 - (b) leakage from storage above and below the aquifer
 - (c) leakage between the aquifer layers.

(d) seasonal infiltration in the recharge area related to rainfall

(e) confined to unconfined behaviour conversion

4. Assess the adequacy of the observation bore system using the aquifer model.
5. Install a network of rainfall, evaporation and soil moisture gauges in the recharge area.
6. Prepare a rainfall-infiltration model to ensure that climatic influences can be allowed for in assessing the induced recharge rate.
7. Ensure that all borehead instruments are appropriately calibrated and ranged.
8. Install stream gauges on streams draining the Yeodene recharge area.
9. Carry out a spring census.
10. Install an appropriate system of benchmarks to assess subsidence.
11. Review the suitability of the available systems of artificial recharge for use at Barwon Downs.
12. Set up artificial recharge trials.

The foregoing preparatory tasks are substantial and it is proposed to allow two years for preparation. Depending upon the assistance which may be available from the DME it may be necessary for the Board to commission consultants for the bulk of this work. The Board should therefore be prepared to commence test pumping in October 1986.

In 1986 a further review of the urgency of the need for the test would be made, by which time the investigations of alternative Barwon surface water sources would be further advanced. If further development at Barwon Downs rated highly at that time or there was a need to reduce the risk of restrictions, then the test pumping could be initiated. However, if the rating was low then it may be more appropriate to await the onset of a drought. It is expected, however, that the test would be conducted, commencing in October 1986 as:

- (i) The construction of the next augmentation of the Board's system may not be completed until 1988 or 1990 by which time the risk of restrictions would be higher than desirable, and the short term overuse of the wellfield would assist in reducing the risk and severity of possible restrictions.
- (ii) The construction work for the enlargement of Wurdee Boluc Reservoir or a storage on one of the Barwon

tributaries may temporarily reduce the Board's Barwon System safe yield.

- (iii) The cost of the test pumping program should be regarded as part of the cost of the Stage 2 development.
- (iv) If the aquifer performance is poor then there is a need to allow for this in the estimates of the system yield.
- (v) A drought may occur and the wellfield would be placed in operation.

Subject to a further review in 1986 of the urgency of the pumping test, it is appropriate to plan for the test pumping program to commence in October 1986. Funds for that purpose are tentatively being included in the Board's 10 Year Capital Works Programme at present under preparation.

Kawarren Groundwater

The DME has determined that the existing natural recharge rate in the aquifer in the vicinity of Kawarren is approximately 3 000 ML/a, and suggests that a 3 month pumping test be carried out to provide a better understanding of the aquifer configuration and parameters.

The Board has no disagreement with this estimated flow rate or with the desirability of the test. However, the DME has given no indication of the permissible extraction rates and hence the resulting yield to the Board's system cannot be reliably calculated. (The estimates in the Board's evidence were based upon the assumption that the licence conditions would be similar to those applying to the Barwon Downs wellfield).

The yield estimates given in the Board's evidence are therefore somewhat tentative, and are unlikely to improve in accuracy until a better indication can be given by the DME of the likely licence conditions.

The cost to the Board of a pumping test to assist with this appraisal is likely to be around \$500,000 as the Board will be required to provide the pumping installation including the power supply. The water produced cannot be taken into the Board's System as there is presently no pipeline from Kawarren. Arrangements for disposal of the pump discharge into the river system will also be required, but at least this will counteract any complaints of river flows downstream being reduced as a result of the test.

The Board has some reservations regarding the proposed rate and duration of pumping. The DME has suggested pumping the Barwon Downs wellfield for 4 to 5 years at a rate of 35 ML/d but only requires 3 months pumping at a rate of 8 to 13 ML/d at Kawarren. It is therefore expected that the test will not produce a reliable estimate of the yield of the Kawarren aquifer system.

It should also be noted that while some impact on the upper catchments of Love, Yahoo and 10 Mile Creeks may occur, it is unlikely that any leakage will be induced from the Gellibrand River in the vicinity of Gellibrand. That critical aspect of aquifer system behaviour will therefore not be assessed.

Nevertheless, the general concept of the test is accepted as it should provide valuable additional information regarding the aquifer boundaries and should enable calibration of a numerical model. However, it is considered that adequate preparatory work should be carried out. In particular, additional observation bores should be provided; existing defective bores should be rehabilitated; a study of the hydrology of the recharge area, including a spring census, should be undertaken; and a numerical model of the aquifer system should be prepared.

The design and construction of the test pumping installation is unlikely to be completed before October 1986 which should provide adequate time for the preparatory studies mentioned earlier.

Overall, it appears that the completion of the assessment of the Kawarren groundwater resources is some considerable time away and is probably subject to similar reservations as have now been applied to the Barwon Downs resources. The development of groundwater at Kawarren is also less desirable in economic terms than some surface water developments in the Barwon River Basin.

Nevertheless, a development at Kawarren will probably rate as preferable to a Gellibrand development and would therefore be carried out prior to or in conjunction with such a development.

It is therefore likely that the Board will schedule a pumping test to commence at Kawarren in approximately October 1986 and preparations will accordingly be put in hand for the conduct of that test.

Gellibrand Groundwater

It is agreed that a wellfield in the vicinity of Gellibrand township would be largely dependent upon streambed infiltration rather than on local recharge. However, it is not yet clear whether a wellfield could be devised which would be capable of inducing sufficient streambed infiltration in winter while maintaining a satisfactorily low infiltration rate in the summer. Due to the doubtful possibility of maintaining an acceptably low level of impact on the Gellibrand River and the difficulty of assessing this possible impact, the development of this groundwater source may be assigned a low priority. Nevertheless, if the DME wishes to carry out studies in this area and proposes an acceptable program of work, the Board would probably support such a program.

Carlisle (Moorbanool) Groundwater

The large recharge area in this vicinity makes the aquifer in this location attractive for development. If the perennial yields suggested by the DME prove to be available then a groundwater development in this area would probably form a viable alternative to a major surface water storage. This possibility is not only relevant to the Board's future interests but also to the NREC's regional assessment of water resources management.

Very little study of this location has taken place and it is considered that the DME should carry out a regional drilling program similar to that already carried out at Barwon Downs and Kewarren to provide a general appreciation of the aquifer potential.

The major impediments to a groundwater development near Carlisle are firstly, the distance from the Board's System and secondly, the as yet unknown interaction between the river system and the aquifer.

The aquifer is in contact with the river system at this location and discharge from the aquifer undoubtedly contributes a proportion of the summer flow in the Gellibrand River. A considerable amount of hydrological and hydrogeological work is necessary before reaching an understanding of how the aquifer and the river will react to pumping stress.

It is considered that the DME should commence investigations of the Moorbanool Basin as soon as possible in order to provide the NREC with an initial appraisal of the groundwater resources of that area before the due reporting date in 1986.

GEELONG AND DISTRICT WATER BOARDWATER RESOURCES INVESTIGATIONS TO BE
UNDERTAKEN DURING STAGE 2 OF THE
NREC INQUIRY

The following listing of investigational tasks provides a reply to item 4 of the NREC's letter of 3rd October 1984 and takes account of the NREC's responsibility for regional water resources assessment during Stage 2 of the Inquiry. Tasks are in no particular order of priority.

<u>Responsible Body</u>	<u>Task</u>
1. GDWB	Continue to investigate possible surface water resources developments in the Barwon River Basin including: <ul style="list-style-type: none"> (a) further site investigations and yield assessments for storages and/or diversion weirs on the upper Barwon River tributaries; and (b) further investigations to assess the potential of Lake Modewarre, Lake Gherang and Wormbete Creek as off-river storage sites and to compare these possibilities with the alternative of enlarging Wurdee Boluc Reservoir.
2. RWC	Undertake further site and yield investigations for a range of the highest ranking damsites in the Gellibrand River Basin (in view of the lead time required of up to 10 years to implement major storage projects).
3. RWC	Undertake site and yield investigations for possible water resources developments on the Aire River (in view of the relatively high ranking given to the Hall Ridge scheme in the GDWB's evidence to Stage 1 of the Inquiry.)
4. RWC) GDWB) EPA)	Assess progress on the Barwon River System water quality study and prepare an appraisal of the data gathered over the past two years to enable the following activities to proceed: <ul style="list-style-type: none"> (a) Investigations by the <u>GDWB</u> into the possibilities for further abstraction of potable water supplies from the Barwon system.

(b) Investigations by the RWC into the operation of the Lake Colac/Lough Calvert drainage system and the Lake Corangamite Reclamation Works and their effect on identified beneficial uses of the Barwon River.

(c) Preparation by the EPA of a State Environment Protection Policy for the Barwon catchment.

5. DME* Prepare and implement a program of works required preparatory to extended test pumping of the Barwon Downs wellfield.
6. DME* Prepare and implement a program of works required preparatory to the test pumping of the Kwarren Test Production Well.
7. GDWS Prepare the necessary production well installations for test pumping and monitoring of pump operations at Kwarren and Barwon Downs.
8. DME Prepare and implement a program of regional drilling in the Moorbanool Groundwater Basin and provide a general assessment of the possibility of a Carlisle Groundwater Development.
9. Dept. of Conservation
Forests &
Lands,
RWC Prepare an assessment of the required minimum environmental flows in the Barwon and Gellibrand River systems.

* Test pumping is timed to commence in October 1986.

WATER BOARD/MUNICIPALITY RESTRUCTURING DETAILS

SUCCESSOR BODY	PRIOR BODIES	TOWNS SERVED	CONSTITUTION DATE
Aireys Inlet WB	Aireys Inlet WWT	Aireys Inlet (W)	1.7.84
City of Ararat	City of Ararat LGB Ararat SA	Ararat (W&S)	1.7.84
Shire of Ararat	Shire of Ararat WWT Willaura SA	Elmhurst (W) Lake Bolac (W) Moyston (w) Streatham (W) Wickliffe (W) Willaura (W&S)	1.10.84
Shire of Ballan	Ballan WWT Ballan SA	Ballan (W&S) Gordon- Mt. Egerton (W)	1.7.84
Ballarat WB	Ballarat Water Comm. LGB Ballarat SA Buninyong WWT Bungaree & Wallace WWT Linton WWT Rokewood WWT Symthesdale-Scarsdale WWT	Magpie (W) Ballarat (W&S) Buninyong (W) Bungaree (W) Wallace (W) Linton (W) Snake Valley (W) Carngham-Haddon (W) Rokewood (W) Corindhap (W) Dereel (W) Enfield-Napoleons (W) Smythesdale- Scarsdale (W)	1.7.84 (except Bungaree & Wallace) (not yet restructured at at 1.10.84)

SUCCESSOR BODY	PRIOR BODIES	TOWNS SERVED	CONSTITUTION DATE
Bannockburn WB	Bannockburn WWT	Bannockburn (W) Inverleigh (W) Gheringhap (W) Lethbridge (W) Meredith (W) Shelford (W) Teesdale (W)	1.7.84
Beaufort WB>	Beaufort WWT Beaufort SA	Beaufort (W&S)	1.10.83
Town of Camperdown	Town of Camperdown LGB Camperdown SA	Camperdown (W&S)	1.10.83
Colac District WB	Colac WWT Colac SA (W) Forrest WWT Gellibrand WWT	Colac (W&S) Alvie (W) Beeac (W) Cororooke (W) Coragulac (W) Cressy (W) Warrion (W) Forrest (W) Gellibrand (W)	1.10.84

SUCCESSOR BODY	PRIOR BODIES	TOWNS SERVED	CONSTITUTION DATE
Geelong and District WB	Anglesea SA Barwon Heads SA Bellarine SA Geelong WW & S Trust Torquay SA Queenscliffe SA Winchelsea WWT Winchelsea SA Bellarine Peninsula Water Supply	Anglesea (W&S) Barwon Heads (W&S) Brimlea (W) Birregurra (W) Clifton Springs (W) Drysdale (W) Geelong (W&S) Indented Head (W) Lara (W&S) Leopold (W&S) Moriac (W) Mount Duneed Rural District (W) Ocean Grove (W) Portarlington (W) Point Lonsdale (W&S) Queenscliffe (W&S) St. Leonards (W) Torquay (W&S) Winchelsea (W&S)	1.7.84 (Bellarine SA to be restructured by 1.1.86) (Winchelsea WWT and SA to be restructured by 1.1.85)
Shire of Hampden	Lismore & Derrinallum WWT Terang SA	Lismore (W) Derrinallum (W) Terang (S)	1.10.84
Shire of Heytesbury	Shire of Heytesbury WWT Heytesbury	Timboon (W) Port Campbell (W) Simpson (S) Cobden (S)	1.10.83

SUCCESSOR BODY	PRIOR BODIES	TOWNS SERVED	CONSTITUTION DATE
Learmonth WB	Learmonth WWT	Learmonth (W)	1.7.84
Lorne WB	Lorne WWT	Lorne (W&S)	1.1.84
Mortlake WB	Mortlake WWT	Mortlake (W)	1.7.84
Otway Coast WB	Apollo Bay WWT Apollo Bay Skenes Creek WWT	Apollo Bay Skenes Creek (W&S) (w)	1.7.84
Skipton WB	Skipton WWT	Skipton (W)	1.1.84
Shire of Warrnambool	Peterborough WWT Shire of Warrnambool LGB	Peterborough (W) Caramut (W)	1.10.83
City of Warrnambool	City of Warrnambool LGB Warrnambool SA	Warrnambool (W&S)	1.10.83

SELECT COMMITTEE OF THE LEGISLATIVE
COUNCIL UPON THE VICTORIAN PRISONS SERVICE

INTERIM REPORT

Ordered to be printed

EXTRACTED FROM THE MINUTES OF THE PROCEEDINGS OF
THE LEGISLATIVE COUNCIL

TUESDAY, 9 AUGUST 1983

4. **SUSPENSION OF STANDING ORDERS-URGENCY**-The Honourable A. J. Hunt moved, that Standing Orders be suspended on the ground of urgency to the extent necessary to enable the Honourable B. A. Chamberlain to move the following motion forthwith:

"That a Select Committee of eight members be appointed to enquire into and report upon-

- 1 The state of morale in the Victorian Prisons Service as at 1 August, 1983 and subsequently;
- 2 The factors which brought about or contributed to any lowering of that morale during the years 1982 and 1983;
- 3 The respective circumstances in which four prisoners escaped from J.Division high security prison at Pentridge on 16 April, 1983 and a further four prisoners escaped from Jika Jika maximum security prison at Pentridge on 30 July, 1983 and the factors which contributed to that escape;
- 4 The circumstances of and the justification or otherwise for the transfer to other duties of the two prison officers on duty in Jika Jika at the time of the escape;
- 5 The factors which brought about or contributed to the strike of prison officers at Pentridge commencing on 1 August, 1983, and to the subsequent spread of that strike to other prisons; and
- 6 The steps which need to be taken-
 - (a) to maintain a proper level of morale in the Prisons Service;
 - (b) to avoid and safeguard against future strikes in the Prisons Service; and
 - (c) to prevent escapes from high and maximum security prisons-

the Committee to have power to send for persons, papers and records and to sit in public or private as thought appropriate by the Committee from time to time and also to authorise the publication of any evidence heard in public; three to be the quorum: and that the Council proceed to the appointment of the Committee forthwith."

Question - That this House considers the matter raised by the Honourable A. J. Hunt a matter of urgency under Standing Order No. 309A-put.

The Council divided.

AYES, 18

The Hon. W.R. Baxter
H.G. Baylor
M.A. Birrell (*Teller*)
P.D. Block
B.A. Chamberlain
G.P. Connard (*Teller*)
D.G. Crozier
B.P. Dunn
D.M. Evans
F.J. Granter
J.V.C. Guest
A.J. Hunt
R. Lawson
R.J. Long
J.W.S. Radford
Haddon Storey
H.R. Ward
K.I.M. Wright

NOES, 15

The Hon. M.J. Arnold (*Teller*)
J.L. Dixon (*Teller*)
D.E. Henshaw
C.J. Hogg
J.H. Kennan
C.J. Kennedy
D.E. Kent
J.E. Kirner
W.A. Landeryou
R.A. Mackenzie
L.A. McArthur
B.W. Mier
B.T. Pullen
M.J. Sandon
Evan Walker

And so it was resolved in the affirmative.

Question-That Standing Orders be suspended on the ground of urgency to the extent necessary to enable the Honourable B. A. Chamberlain to move his motion forthwith-put.

The Council divided.

AYES, 18

The Hon. W.R. Baxter
H.G. Baylor
M.A. Birrell
P.D. Block
B.A. Chamberlain
G.P. Connard
D.G. Crozier (*Teller*)
B.P. Dunn
D.M. Evans
F.J. Granter(*Teller*)
J.V.C. Guest
A.J. Hunt
R. Lawson
R.J. Long
J.W.S. Radford
Haddon Storey
H.R. Ward
K.I.M. Wright

NOES, 15

The Hon. M.J. Arnold
J.L. Dixon
D.E. Henshaw
C.J. Hogg
J.H. Kennan
C.J. Kennedy
D.E. Kent
J.E. Kirner
W.A. Landeryou
R.A. Mackenzie
L.A. McArthur
B.W. Mier
B.T. Pullen (*Teller*)
M.J. Sandon(*Teller*)
Evan Walker

And so it was resolved in the affirmative.

5. **VICTORIAN PRISONS SERVICE**-Pursuant to the foregoing resolution, the Honourable B. A. Chamberlain moved, That a Select Committee of eight members be appointed to enquire into and report upon-
- 1 The state of morale in the Victorian Prisons Service as at 1 August, 1983 and subsequently;
 - 2 The factors which brought about or contributed to any lowering of that morale during the years 1982 and 1983;
 - 3 The respective circumstances in which four prisoners escaped from J.Division high security prison at Pentridge on 16 April, 1983 and a further four prisoners escaped from Jika Jika maximum security prison at Pentridge on 30 July, 1983 and the factors which contributed to that escape;
 - 4 The circumstances of and the justification or otherwise for the transfer to other duties of the two prison officers on duty in Jika Jika at the time of the escape;
 - 5 The factors which brought about or contributed to the strike of prison officers at Pentridge commencing on 1 August, 1983, and to the subsequent spread of that strike to other prisons; and
 - 6 The steps which need to be taken-
 - (a) to maintain a proper level of morale in the Prisons Service;
 - (b) to avoid and safeguard against future strikes in the Prisons Service; and
 - (c) to prevent escapes from high and maximum security prisons-

the Committee to have power to send for persons, papers and records and to sit in public or private as thought appropriate by the Committee from time to time and also to authorise the publication of any evidence heard in public; three to be the quorum: and that the Council proceed to the appointment of the Committee forthwith.

Debate ensued.

The Honourable B. P. Dunn moved, That the debate be now adjourned.

Question-That the debate be now adjourned-put and resolved in the affirmative.

Ordered-That the debate be adjourned until later this day.

* * * * *

9. **VICTORIAN PRISONS SERVICE**-The Order of the Day having been read for the resumption of the debate on the question, That a Select Committee be appointed to enquire into and report upon the Victorian Prisons Service (for motion see item 5 ante)-

Debate resumed.

Question-put.

The Council divided.

AYES, 18

The Hon. W.R. Baxter
H.G. Baylor
M.A. Birrell
P.D. Block
B.A. Chamberlain
G.P. Connard
D.G. Crozier
B.P. Dunn
D.M. Evans
F.J. Granter
J.V.C. Guest (*Teller*)
A.J. Hunt
R. Lawson
R.J. Long (*Teller*)
J.W.S. Radford
Haddon Storey
H.R. Ward
K.I.M. Wright

NOES, 15

The Hon. M.J. Arnold (*Teller*)
J.L. Dixon
D.E. Henshaw (*Teller*)
C.J. Hogg
J.H. Kennan
C.J. Kennedy
D.E. Kent
J.E. Kirner
W.A. Landeryou
R.A. Mackenzie
L.A. McArthur
B.W. Mier
B.T. Pullen
M.J. Sandon
Evan Walker

And so it was resolved in the affirmative.

10. **PRISONS SERVICE COMMITTEE**-The Honourable B. A. Chamberlain moved, That the Honourables M. J. Arnold, M. A. Birrell, D. G. Crozier, D. M. Evans, C. J. Hogg, A. J. Hunt, J. H. Kennan and J. E. Kirner be members of the Select Committee to inquire into the Victorian Prisons Service.

Question-put and resolved in the affirmative.

* * * * *

TUESDAY, 6 SEPTEMBER 1983

17. **PRISONS SERVICE COMMITTEE**-The Honourable Evan Walker moved, by leave, That the Honourable J. H. Kennan be discharged from attendance upon the Victorian Prisons Service Committee and that the Honourable W. A. Landeryou be added to such Committee.

Question-put and resolved in the affirmative.

INTERIM REPORT

The SELECT COMMITTEE OF THE LEGISLATIVE COUNCIL upon the Victorian Prisons Service has the honour to report as follows:

1. On 9 August 1983, the Legislative Council resolved to appoint a Select Committee of eight members to inquire into and report upon:

1. The state of morale in the Victorian Prisons Service as at 1 August 1983 and subsequently;
2. The factors which brought about or contributed to any lowering of that morale during the years 1982 and 1983;
3. The respective circumstances in which four prisoners escaped from J. Division high security prison at Pentridge on 16 April 1983 and a further four prisoners escaped from Jika Jika maximum security prison at Pentridge on 30 July 1983 and the factors which contributed to that escape;
4. The circumstances of and the justification or otherwise for the transfer to other duties of the two prison officers on duty in Jika Jika at the time of the escape;
5. The factors which brought about or contributed to the strike of prison officers at Pentridge commencing on 1 August 1983, and to the subsequent spread of that strike to other prisons;
6. The steps which need to be taken -
 - (a) to maintain a proper level of morale in the Prisons Service;
 - (b) to avoid and safeguard against future strikes in the Prisons Service; and
 - (c) to prevent escapes from high and maximum security prisons.

2. On the same date, the Honourables M. J. Arnold, M. A. Birrell, D. G. Crozier, D. M. Evans, C. J. Hogg, A. J. Hunt, J. H. Kennan and J. E. Kirner were appointed to the Committee. The Hon. J. H. Kennan was discharged from attendance upon the Committee on 6 September 1983 and the Hon. W. A. Landeryou was appointed in his stead.

3. At its first meeting on 16 August 1983 the Hon. A. J. Hunt was elected as Chairman of the Committee.

4. The Committee's terms of reference basically relate to two separate issues, the state of morale within the prisons service generally and the escapes from Pentridge Prison on 16 April and 30 July 1983. It therefore took the view that the inquiry could most conveniently be dealt with in two separate stages and decided initially to gain a broad overview into the prisons service and the problems or factors within the service which may have contributed to any lowering of morale before proceeding with that part of the inquiry relating to the escapes from Pentridge. This interim report therefore relates only to terms of reference 1, 2 and 6.

5. At the outset of the inquiry the Committee sought and received from the Department of Community Welfare Services detailed information on the following matters to commence its examination of the prisons service:

- (a) the state of the prisons service, the problems in the service and whether they have contributed to any lowering of morale;
- (b) special problems of high and maximum security prisons;
- (c) details of the staffing of prisons, classifications of prison officers, conditions of employment and working conditions within prisons;
- (d) the current standing orders for prison officers and disciplinary codes and practices;
- (e) details of industrial issues in differing locations throughout the prisons service and their resolution;
- (f) the levels of education of prison officers;
- (g) details of basic training and in-service training for prison officers;
- (h) typical test papers of applicants for appointment as prison officers;
- (i) the number of resignations from the prisons service, giving the age of the officers and the reasons for their resignations;
- (j) the number of prisons in Victoria, their location and the categories of prisons;

- (k) the morale and behaviour of prisoners;
- (l) details of the different prisons within Pentridge;
- (m) the number of escapes from Victorian prisons; and
- (n) the comparative statistics with other States regarding escapes from prisons.

6. To assist it in the inquiry the Committee invited persons and organizations having an involvement or special interest in the prisons system to submit evidence, either orally or in writing, and, in addition, placed an advertisement in The Sun and The Age newspapers on 10 September 1983 inviting the general public to make submissions.

7. Written submissions and letters were received during the inquiry from:

Mr. M. Courtney, solicitor, Fitzroy Legal Service

Dame Phyllis Frost, Chairman, Fairlea Womens Prison Council

Ms. Y. O'Dea, Fitzroy Legal Service

Mrs. V. Case, former Sister in Charge, Outpatients, Pentridge Prison

Prison Officers' Welfare Fund

Mr. M. Bermingham, prisoner, Pentridge Prison

Victorian Association for the Care and Resettlement of Offenders

Mr. R. Semmens, Senior Lecturer in Special Education, Melbourne College of Advanced Education

Police Association

Victoria Police Force

Mr. M. Glickman, prisoner, Dhurringile Rehabilitation Centre

Mrs. J. Booth

Mr. B. H. Brookes

Mr. B. Scates

8. The Committee commenced the hearing of evidence* on 15 September 1983 and the following persons appeared during the inquiry:

Mr. B. D. Bodna, Director-General of Community Welfare Services

The Rev. Father J. Brosnan, Roman Catholic Chaplain, Pentridge Prison

Dame Phyllis Frost, Chairman, Fairlea Womens Prison Council

Mr. A. J. Bolkas, Victorian Youth Director, Bible Society

Mrs. V. Case, former Sister in Charge, Outpatients, Pentridge Prison

Mr. M. Courtney, solicitor, Fitzroy Legal Service

Brigadier V. Pedersen, Victorian Prison Chaplain, Salvation Army

Mr. J. Van Groningen, Course Director, Criminal Justice Administration, Phillip Institute of Technology

Mr. M. O'Brien, Chairman; and Mr. M. Derham, Co-ordinator, Victorian Association for the Care and Resettlement of Offenders

The Rev. T. G. Green, Chairman, and Mr. G. Howden, Assistant Treasurer, Prison Officers' Welfare Fund

The Hon. R. J. Eddy, Liaison Officer, Local Government Department

Mr. R. Semmens, Senior Lecturer in Special Education, Dr. G. Coventry, Head of Research, Victorian Institute of Secondary Education; and Professor K. Polk, Visiting Fellow, Victorian Institute of Secondary Education

Mr. W. J. Kidston, Director-General, Office of Corrections

Mr. D. Biles, Assistant Director (Research), Australian Institute of Criminology

Dr. C. K. Fay, Chairman, Prison Industries Commission Implementation Committee

Dr. G. Mc Neice, Medical Superintendent, Pentridge Prison Hospital

Mr. W. G. Johnson, Acting Superintendent, Pentridge Prison

Mr. P. H. Hannay, Chief Prison Officer, Pentridge, representing the Victorian Public Service Association

* Minutes of Evidence not printed

9. Comparative state by state correctional statistics were tabled by Mr David Biles when he appeared before the Committee and are reproduced for information as Appendix 1.

10. During the inquiry the Committee carried out inspections of Pentridge, Fairlea, Beechworth and Sale Prisons and Dhurringile Rehabilitation Centre.

11. The terms of reference for that part of the inquiry presently under review are concerned with the question of morale within the prisons service. The Committee recognizes that morale within the service is an intricate and intangible factor which cannot be readily measured. There are many attributing causes and even those vary considerably from one section of the prisons service to another and from prison to prison. Despite this degree of complexity it became clear early in the inquiry from evidence and submissions that the areas of concern were generally common to all witnesses. The Committee therefore decided, as a means of establishing a firm structural basis for the inquiry, to develop a number of "recurrent themes" which were revised regularly in the light of subsequent evidence. Witnesses appearing before the Committee were given the opportunity of commenting on such themes and the Minister for Community Welfare Services informally received a copy each time one was issued.

12. The Committee believes that the issues of concern can be summarized under the following broad headings and it is proposed to comment upon each in detail in this Report:

- (a) the state of prison buildings and equipment;
- (b) the administrative structure within Pentridge and the Department of Community Welfare Services;
- (c) the lack of clear goals and objectives for the prisons service;
- (d) inadequate staffing levels, the need for better training and selection procedures and improved public relations mechanisms;
- (e) conditions for prisoners and their rights and obligations; and
- (f) the education, work and recreation facilities available to prisoners.

13. At this stage of the Report the Committee desires to recognize that, since the commencement of the inquiry, positive steps have been taken by the Government to overcome a number of the problems outlined in paragraph 11. The establishment of the Office of Corrections with the passing of the Community Welfare Services (Director-General of Corrections) Act 1983, the greater part of which became operative on 11 October 1983, and the appointment of Mr. W. J. Kidston as Director-General is clearly the most significant step to date. It is evident to the Committee that remedial action has already been taken, or is in train, on a range of problem areas which will be referred to in this Report and the evidence tendered during the inquiry needs to be viewed in that context. In addition, the Corrections Master Plan, compiled by Neilson Associates and released in February 1984, will do much in identifying and remedying the areas of difficulty within the prisons service and providing a firm basis for the direction of policy over the next 20 years.

THE STATE OF PRISON BUILDINGS AND EQUIPMENT

14. The evidence was unanimous in its condemnation of the almost totally run-down, unsatisfactory state of prison buildings within Victoria. With the exception of Ararat Prison and Jika Jika, J Division and the Prison Hospital at Pentridge, Victoria's prisons were constructed in the 19th Century. The facilities are old and in most cases unsuited to effective security or prison management. The Committee was told, and this was confirmed by its prisons inspections, that much of the prison accommodation did not meet international standards and was a decided fire risk.

15 Pentridge is clearly the most striking example of sub-standard accommodation and the problems there are accentuated by severe overcrowding. However, there are several country prisons where the accommodation is little better, particularly those such as Beechworth which have unsewered cells needing urgent upgrading. Further, the Committee was concerned to note that Victoria's prisons were almost completely full as at 30 June 1983.

16. It is clear to the Committee that the present conditions in Victoria's prisons are probably the most significant causes of low morale within the service. The report of Neilson Associates describes our prisons as "disgraceful places in which to house people, however serious their offences and disgraceful places in which to expect prison officers to work" and the Committee wholeheartedly agrees with that conclusion. If people cannot work in decent conditions then it is unreasonable to expect them to perform their tasks consistently in an effective, highly motivated manner and with high morale. The relationship between the morale of prison officers and the effect of the conditions upon prisoners must also not be underestimated. It is a fair assumption that prisoners who feel reasonably housed and properly looked after will tend to be more contented and pose less of a management problem to prison officers than they would otherwise.

17. The Committee considers that the first priority should be to move substantially from dormitory accommodation to single cells in Victorian gaols. D and F Divisions at Pentridge are clearly unfit for human habitation and should be demolished as soon as possible. The Committee does, however, recognize that this will require very substantial funding which the Government can only provide in the context of overall priorities.

18. Evidence was also given regarding the undesirability of the location of the B Division women's annexe at Pentridge. Although the women prisoners at Pentridge were transferred there only as a result of the fire at Fairlea Prison in 1982, the Committee agrees with this contention and considers that, apart from "security risk" women prisoners housed in Jika Jika, women should be removed from Pentridge as soon as possible.

19. The Committee paid particular attention to the remand section when it visited Pentridge. Conditions there are a disgrace and quite intolerable and it should be urgently replaced. The Committee is gratified that proposals to achieve this are in hand. The remand section should preferably be demolished or at most be used for industrial or educational purposes and not for housing prisoners.

20. The Committee's attention was drawn to the vacant ward in the recently constructed hospital at Pentridge. Evidence was given regarding the difficulties presently experienced in handling psychiatric prison patients and the Committee therefore takes the view that the vacant ward should be made available without delay as a ward for such patients. It notes that the Corrections Master Plan addresses itself to the more effective utilization of the Pentridge Hospital facilities.

21. The Corrections Master Plan has made a number of recommendations regarding the redevelopment of Pentridge and other prisons, the closure of most country prisons and the construction of other new prisons. This is obviously a matter of Government policy and the Committee does not intend to comment upon Neilson Associates' proposals any further.

22. The Committee considered the perimeter security situation at Pentridge and at country gaols. Concern had been expressed to the Committee about the absence of perimeter lighting at Pentridge and the fact that some guard posts are not manned at night. This matter, which was not part of the brief to Neilson Associates, requires further serious review.

THE ADMINISTRATIVE STRUCTURE WITHIN PENTRIDGE AND THE DEPARTMENT OF COMMUNITY WELFARE SERVICES

23. Much of the evidence received related to the administrative structure within Pentridge. This prison comprises three fully enclosed sub-prisons and the Jika Jika High Security Unit. The overall responsibility for its operation lies with a civilian administrative hierarchy comprising a Superintendent, Deputy-Superintendent, Assistant Deputy Superintendent and a Secretary. The Northern, Central and Southern Sub-Prisons are each administered by a Governor and Deputy-Governor and Jika Jika by a Governor alone. Each of the four sub-prisons including Jika Jika retains a separate identity and staffing and administrative structure.

24. The evidence given to the Committee suggested that the administrative structure within Pentridge is unduly complex and the chain of command too long, and that this frequently makes it difficult to establish responsibility for a decision or to know where to go for its review. As a result, communications between prison officers and their superiors have deteriorated over a number of years with consequent lowering of morale. It was contended that the administrative structure within Pentridge needed to be simplified, the chain of command shortened and communication between officers and superiors improved.

25. The Committee was told that similar considerations applied at the departmental level and that the feeling often arose amongst prison officers (and others) that decisions were frequently made without the benefit of the practical experience of the man or woman on the job, or of adequate (or at times, any) consultations with prison officers. It was suggested that administrative arrangements within the Department of Community Welfare Services needed to be simplified and consultation ensured before the announcement of major changes.

26. The Committee does not doubt the validity of the arguments relating to the administrative structure at Pentridge. However, it appreciates that these problems are now being addressed by the new Director-General of Corrections. As part of the overall revision of the operations of Pentridge, the prison is being divided into two prisons and the central administrative structure is being abolished. In addition, the ranking structure is being rationalized and streamlined and a number of significant changes concerning the role of chief prison officer and officers above that level have occurred.

27. So far as consultation is concerned, the Committee considers that the creation and regular use of an ongoing consultative mechanism as between administration and officers would assist to avoid or resolve problems, would enable better use of a valuable input on administrative and policy issues and could contribute substantially to improved morale. Once again, it appears that the concerns in this area are being addressed and that mechanisms have been

established which should now ensure improved consultation between senior management and prison staff. Regular meetings are being held between the Director-General and all staff throughout the State and procedures have been instigated to discuss policy issues with prison officers. The Director-General told the Committee that a number of avenues for consultation with prison officers had been opened where, for example, they had been involved in the construction of prototype cells which were currently being built, the design and testing of new security fences, the design of extensions to Ararat Prison and the design of the new remand centre.

28. The fact that the prisons service was being administered from within the Department of the Community Welfare Services was also considered to be undesirable because of the difference in their essential objectives and the resultant distortion of priorities and policy. The establishment of the Office of Corrections, as a separate entity from the department, is intended to overcome this problem and the Committee is particularly pleased to note that the Director-General has direct access to the Minister for Community Welfare Services.

THE LACK OF CLEAR GOALS AND OBJECTIVES FOR THE PRISONS SERVICE

29. The lack of clear goals and objectives for the prisons service is another area of concern. It was contended that overall aims were somewhat obscure and changed periodically, and that there was little effort on the part of the administration to convey to the prison officer on the job a clear sense of the underlying objective of his position.

30. The Committee readily agrees with these views. It considers there is a definite need for the goals of the prisons service to be clarified and stated as clear objectives for all to pursue, to ensure that administrators and prison officers alike are at all times working towards common rather than disparate goals. The goals should recognize that prisons are in fact human services organizations with

multiple objectives - including punishment, humane containment and re-integration of offenders. Goals, objectives and administrative arrangements must ensure accountability at every level. It should always be remembered that accountability must operate both upwards and downwards. It should never be a device for "passing the buck" to the lowest level.

31. The Committee is gratified that the Director-General is currently engaged in developing a comprehensive and clear set of goals and objectives which it is believed will contain the elements referred to in the previous paragraph. This is not an easy task and the Committee recognizes that the goals so reached must not be immutable. They must be constantly monitored and reviewed. They will change as the perceptions of society change. The harshness once demanded by the public is no longer tolerated, yet the essence of a penal system is that it incarcerates serious offenders and must do so securely.

32. Prisons contain some of the most difficult to manage individuals in society, invariably held against their wills and necessarily deprived of many liberties. The prison environment is not conducive to easy reform. Those who see prison as the quickest road to reform are clearly mistaken. Few prisoners are improved by the experience. Many prison officers regard it as an achievement if a prisoner is discharged "no worse than when admitted". Whilst "reform" of prisoners is obviously desirable it is now generally recognized that this cannot be accepted as a realistic goal for the prisons service. The objective of the re-integration of past offenders into society is much more realistic.

33. The evidence is overwhelming that a prison sentence should be seen as a measure of last resort. All possible alternatives should be rigorously explored. Prison should be reserved for those cases where the interest of the community demands it. The evidence indicates that short terms of imprisonment (i.e., weeks rather than months) serve no social purpose, cause a disproportionate administrative work load, and tend to be counter-productive. In almost all cases, some other form of sanction would be preferable.

34. In paragraph 30 the Committee indicated its belief that punishment, humane containment and re-integration of offenders should be the main goals of a

prisons service. There are widely differing views as to the desirability of punishment as a basic aim of the service. The Committee takes the view that it is not the role of prison officers to punish offenders, but simply administer the punishment handed down by the courts. The prisoner's loss of liberty alone as prescribed by the court is surely sufficient punishment.

35. The Committee considers that a further objective of the service must be to foster, so far as is practicable within the constraints of the system, good relations between prison officers and prisoners. It believes that this can be achieved in two ways. Firstly, by the adoption of the "Management Unit System" whereby a prison is divided into smaller self-contained management and personnel units and secondly, by ensuring that the overall size of each prison is kept reasonably small. The experience in Victoria and elsewhere is that this reduces management problems and conduces to good morale amongst prison officers and prisoners alike. In this respect, the Committee notes that the Corrections Master Plan limits the size of future prisons in Victoria to 250 persons and that work is being undertaken by the Office of Corrections in the design and construction of small 30 bed units for prisons.

36. The Director-General told the Committee that in his view the first goal of the prisons service was security together with the containment of prisoners in a humane environment plus rehabilitation, but only if desired by the prisoner. He felt that if a prisoner chose to do something about improving his lifestyle whilst in prison he should have that opportunity, but that prison administrators were under no obligation to impose rehabilitation on him if he chose not to accept it.

37. A clear sense of direction which provides both stability and certainty is needed for prison officers and prisoners alike and the Committee considers this can best be achieved by clear goals, reinforced by equally clear legislation, regulations and instruments of delegation. Leadership, both at the departmental and gaol level, must ensure that the goals and objectives of the service are consistently interpreted and implemented in a humane but disciplined manner. Once those clear goals have been established the Committee has little doubt that a consensus upon goals and objectives and their achievement will contribute to a more disciplined service, a sense of identity, pride in work and increased morale.

STAFFING LEVELS, TRAINING AND SELECTION PROCEDURES AND PUBLIC
RELATIONS MECHANISMS

38. The Committee received evidence suggesting that not only were current prison staffing levels inadequate but current training programmes were not really capable of equipping prison officers to operate in a modern prison management environment. In addition, the Committee became aware of the extensive amount of overtime being worked by prison officers, either by choice or through the necessity to fill staff shortages.

39. The very nature of the prison officer's job ensures that he will be confronted daily with a variety of stressful situations not easily comprehended by the general public and for which he gets little public recognition. The evidence suggests undue levels of resignations, illness, death, marital and financial problems and alcoholism amongst prison officers. In consequence, training and selection methods and the development of abilities to cope with the pressures of the role become particularly important.

40. So far as the selection of prison officers is concerned, the Committee concludes that greater attention needs to be paid to personal and psychological attributes and general qualities of character. Selection criteria also need to recognize the changing character of modern prisoners arising largely from the increasing proportion of drug related or violent offences, the reducing average age of prisoners and their higher average educational level.

41. The Committee also believes that research needs to be undertaken into the qualities of successful prison officers to assist in formulating the most appropriate selection criteria. There has been a decided lack of research in this area to date.

42. Initial prison officer training needs to be more intensive and extensive. It needs to be supplemented by continued training for professional and administrative development and in crisis procedures. Such training would be likely to bolster morale and to better serve the goals of correctional services.

43. When he appeared before the Committee the Director-General emphasized the importance of staff training. He indicated that the Office of Corrections has established, as an interim measure, a staff training college at the old Community Welfare College at Watsonia and that the Government had decided to construct a staff training college adjacent to the first new prison constructed, as was recommended in the Corrections Master Plan. In addition, a centralized training and recruiting programme has been devised and a variety of courses will be offered.

44. The Committee also gave consideration to the promotion procedures for prison officers. It considers that, although length of service and seniority will always remain relevant criteria for advancement, procedures for advancement for prison officers need more heavily to emphasize merit, suitability and qualifications than appear to have been the case in the past. The evidence from the Director-General suggests that this problem too is being addressed and that length of service and seniority are no longer prime considerations when assessing prison officers for promotion. As a further step, the first training programmes for promotion to the rank of Senior Prison Officer have been established and the Office of Corrections will shortly complete the requirements for selected officers to be trained for advancement to the rank of Chief Prison Officer and Principal Prison Officer.

45. The Committee strongly believes that the aforementioned improvements in training and selection methods will pave the way for an improved level of communication between officers and prisoners and for increased mutual respect.

46. Whilst all the improvements already referred to should assist to improve morale and relieve friction, a better defined and structured industrial relations approach needs to be developed between the department and officers. That approach and the structures through which it will be implemented need themselves to be the subject of consultation between officers and the department and to provide for continuing consultation on working conditions and other matters which directly affect prison officers.

47. As part of these consultations, the Committee believes that careful consideration should be given as to whether the enrolment of further prison officers would be preferable to the extensive use of overtime to assist in reducing levels of stress and friction. The means of remedying abuses associated with overtime must also be considered. In the light of evidence that some officers and their families depend heavily on overtime payments, the issue as to whether a reduction in levels of available overtime should be accompanied by any review of basic salary rates will also need to be sensitively canvassed.

48. It is apparent that even if the problems of overtime were properly addressed, staffing levels in the prisons system are inadequate and should be increased.

49. Present rostering procedures (particularly at Pentridge) should also be reviewed as part of the consultative process. Some evidence has suggested that officers need to be regularly moved from division to division and job to job to strengthen the breadth of their general experience. Other evidence suggests that continued movement does not assist in the development of specialist expertise or of close and ongoing working relationships between senior and junior officer or of a desirable level of understanding of individual prisoners or of accountability or job satisfaction.

50. The Director-General told the Committee that the Office of Corrections had now established a major consultation process. A director of the Management Services Division had been appointed and work had commenced particularly in the budget area which involved questions of overtime, rostering and other administrative procedures.

51. Whatever the improvements made in the areas of salary, conditions, rostering and staffing levels it needs nevertheless to be recognized that the services of a prison officer (particularly in larger prisons) will tend to involve considerably higher levels of stress more frequently and for longer periods than are normally faced by most of the community. These will inevitably cause or

contribute to problems for some officers or their families. The Committee therefore believes that a prison officers' support unit should be appointed to assist in helping officers with problems arising in or as a result of their jobs and which currently result in reduced job satisfaction, lower morale and sometimes lower efficiency.

52. There is no doubt at all that inadequate public recognition exists of the importance and difficulties of the role of prison officers. Credit is seldom given for their contribution to the community whilst criticism is freely proffered often with little or no knowledge of the facts. Prison officers understandably tend to become particularly sensitive to such criticism, with inevitable lowering of morale.

53. The Committee considers that the establishment of a research and information unit would assist the public to become better informed by providing reasoned and dispassionate evidence for public debate and in emphasizing the constructive achievements of the prisons service. The information supplied by such a unit should provide a valuable counterbalance to the sensationalization of those issues which now often occurs. A better public appreciation of the important role and contribution of the prisons service will in turn assist to increase pride in the job within the service itself.

54. The Committee understands that a publicity and publications unit has now been established in the Office of Corrections with the aim of assisting the Director-General in disseminating policy issues and changes in administrative arrangements. This should assist in building the more positive image so lacking at present.

CONDITIONS FOR PRISONERS AND THEIR RIGHTS AND OBLIGATIONS

55. The action recommended in this Report to date has concentrated on improving working conditions, maintaining and improving morale and presenting the prisons service to the public in a better and more accurate light. It may appear

that such measures may be wholly for the benefit of prison officers. However, the Committee believes that is not so. Anything that adversely affects the morale of prison officers similarly affects the morale of prisoners. Action to improve the working conditions and morale of prison officers will tend to improve the lot and the morale of prisoners as well.

56. The evidence suggests that there are several areas where the life of the prisoner can be ameliorated whilst at the same time maintaining the balance between effective security and the penalty demanded by the community. As it indicated in paragraph 16, the Committee believes that, as a general rule, a reasonably contented prisoner is likely to pose less of a management problem than otherwise.

57. As the first step in this process the Committee gave consideration to whether the principle of consultation concerning prospective changes which affect them, could with advantage be applied to prisoners. This is a controversial issue and the evidence received was widely divergent. Changes which may appear to administrators to be small can have substantial effects upon the routine and morale of prisoners. Whether the mechanism for any consultation should be formal or informal requires careful consideration. Prisoners Representative Councils have been tried and abandoned in many prisons throughout the world, yet a number of witnesses have again recommended them. Those involved in detailed prison administration have however opposed their creation. Although the Committee could not recommend the creation of a Prisoners Representative Council as such, it considers that, despite the difficulties, endeavours should be made to develop a responsive means of consultation in the interests of avoiding unnecessary friction within our prisons and protecting prisoner's rights.

58. Other issues concerning conditions for prisoners are clearer and the Committee considers that improvements should begin from the moment the prisoner is received into the system. In addition to the Committee's abhorrence of the remand section at Pentridge overall, the reception area there is particularly deplorable and dehumanizing. The transition from the outside world is traumatic enough in any event, and the Committee considers that more sensitive induction procedures need to be developed and implemented for prisoners, particularly for those undergoing first sentences.

59. In view of the decision to divide Pentridge into two separate prisons in accordance with the Corrections Master Plan and to establish a metropolitan reception and classification prison, the Committee is satisfied that the concerns in this area will be addressed and the present system improved.

60. Concerns have also been expressed about the likelihood of further contamination of those undergoing first sentences through close association with hardened (and often vicious) criminals and "old lags". A separate prison or section for those undergoing first sentences has been proposed by some witnesses but rejected as impracticable or undesirable by others. Although the Committee agrees with the latter contention it believes that procedures for the classification and allocation of prisoners could well be reviewed with a view to minimizing the problem referred to.

61. Possible improvements to the classification system have already been considered by the Office of Corrections. The Director-General told the Committee that although the present procedures were satisfactory he believed that when additional accommodation in new prisons was provided there would be greater flexibility in the classification and placement of prisoners.

62. The censorship of prisoners' mail is another issue. The Committee understands that a policy of random censorship currently exists and although it appreciates that the scrutiny of mail to and from prisoners is justified in the interests of security, it considers that this should take place in a way which minimizes rather than increases the potential for friction. A high degree of discretion must be required from the officer who undertakes this task. The contents of mail should never be used to humiliate a prisoner but may properly be used in a tactful way to assist in his care and management.

63. Prisoners clearly desire certainty as to their legal rights and obligations which raises the issues of the hearing of charges for offences in gaol, the time for visits by legal advisors and Parole Board hearings. When a prisoner is charged with an offence which the Governor cannot determine, this is normally heard by a visiting magistrate. There is a widespread belief amongst prisoners that when

charges are heard within the gaol itself they are at a substantial disadvantage. Whether this is so or not, justice should not only be done but should also be seen to be done. Thus, wherever security arrangements reasonably permit, charges requiring the determination of a magistrate should be heard in a magistrates' court rather than within the gaol.

64. The Committee received evidence complaining about the very restrictive times at Pentridge in which prisoners had access to their legal advisors and that elsewhere such visits could take place, by arrangement, at any reasonable and convenient time. This was somewhat confirmed at Pentridge where the Committee observed in Jika Jika a legal representative being denied access to his client at 4.00 p.m. The Committee has since ascertained that the hours for legal visits are from 8.30 a.m. to 11.30 a.m. and from 1.00 p.m. to 3.30 p.m. on Mondays to Fridays but that special arrangements are made whenever possible.

65. The Committee appreciates that a potential security risk exists whenever a person visits a prison. However, it considers that efforts should be made to provide greater flexibility for legal visits. The Director-General indicated that he had received representations from the legal fraternity on this matter and that he hoped to soon provide a solution to the problem in the form of some new facility at Pentridge.

66. In addition to legal visits, the Committee believes that there is a case for appointment of suitable persons from appropriate voluntary organizations as "official visitors" to Victorian prisons, but it realizes that great care would be needed in their selection, and in the determination of acceptable guidelines for their operation.

67. With regard to the parole system the evidence has indicated that some aspects create unnecessary and traumatic uncertainties. Prisoners who have received a minimum term before becoming eligible for parole and whose prison conduct has been satisfactory may receive neither parole nor any explanation for its refusal at the expiration of the minimum period. This can occasion serious frustration and unnecessary loss of morale, and should be avoided.

68. It has also been suggested that prisoners could, with advantage, have some representation in Parole Board proceedings, but the inquiry to date has concluded that neither representation nor personal appearance are feasible in practical terms. Nevertheless, prisoners not granted parole at the expiration of the minimum period should at least have the right of personal interview with, and explanation by, the full-time member of the Parole Board.

69. In addition, the Committee believes that prisoners should have earlier pre-release contact with parole officers. This contact should be orientated towards re-integration into the community. However, this deficiency may now be remedied as it understands that the Office of Corrections has made arrangements for parole officers to have contact with prisoners at an earlier stage than in the past.

THE EDUCATION, WORK AND RECREATION FACILITIES AVAILABLE TO PRISONERS

70. Whilst physical and technological improvements and effective perimeter security are desirable as funds permit, the Committee believes that these will need to be balanced by progressive development of firm but humane "man management" techniques. These techniques should clearly include the provision of education, work, recreation and treatment programmes. It is the universal experience of successful prison administrators that prisoners who are satisfactorily occupied in this way are less likely to present security risks and are more likely candidates for re-integration. However, the evidence suggests that Victoria is lacking badly in this regard.

71. The Committee is of the view that the level of useful and satisfying activity available to prisoners needs to be increased. This includes education, trade teaching, apprenticeship, gainful employment, recreation activity and active sport. For the prisoner wishing to take advantage of the opportunity to better equip himself for later life, educational, training and employment activities should be properly co-ordinated so that they will contribute to the greatest degree to the prospective re-integration of the prisoner into the community.

72. The current education facilities in prisons are well staffed and equipped but there is a need for more systematic programming of educational, training and other activities. This is in part exemplified by the absence of education officers and training instructors during school holidays, when the needs of the prison and prisoners still remain. The Committee therefore believes that continuity of instruction should be available continuously throughout the year and that the Minister for Community Welfare Services should consult with the Minister of Education as to the best means of achieving this.

73. Although it appreciates that full employment is not possible in prisons the Committee sees scope for much improvement in work opportunities available to prisoners. Now that the Victorian Prison Industries Commission has been established it is hoped that this innovation will contribute substantially to the optimum provision of useful employment and training opportunities under reasonable working conditions. Its operation will however require the closest co-ordination between Commission and prison authorities and the establishment of very clear lines of authority.

74. Not all prisoners wish to work, nor, in accordance with the United Nations minimum standard rules concerning prison work, should they be forced to. However, the Committee believes that prisoners who voluntarily undertake work requiring effort and application substantially beyond that of their fellows, should receive some added remuneration by way of both incentive and reward.

75. As part of the more systematic programme of activities, consideration should be given to the lengthening of the prisoner's "day" wherever circumstances reasonably enable. This has operated to advantage at Fairlea, for example, in contrast to Pentridge where prisoners are usually released from cells at 7.30 a.m. and locked up again at 4.10 p.m. The prison is in fact regarded as being "closed down" for the day by 5.00 p.m.

76. The Committee realizes that significant increases in the time allowed for prisoners out of cells will require substantial increases in staff and the probable inclusion of an extra day shift. Nevertheless it is pleased to note that the Corrections Master Plan recommends that "out of cell" hours for prisoners should be increased and that a 38 hour working week be introduced.

CONCLUSION

77. In relation to its terms of reference dealt with in this Report the Committee has concluded that the state of morale in the Victorian Prisons Service could best be described as low. The factors contributing to this state of morale in 1982-83 were complex, but arose in considerable degree from the poor state of the prison system which had generally deteriorated over a long period. It is evident from the inquiry that some positive steps have already been taken to upgrade the service and to endeavour to achieve an effective correctional system administered in a humane and secure environment. This should contribute to increased morale, better performance and a considerably enhanced public image. However, the Committee believes that there is still a long way to go and a considerable commitment required from the government in terms of expenditure and policy direction.

78. With regard to the terms of reference relating to escapes from Pentridge which are not considered in this Report, the Committee has come to the conclusion that little if anything would now be achieved by it pursuing its investigations in view of the other inquiries which have been, or are being, carried out. The Committee therefore recommends that it be discharged from its responsibilities in respect of inquiring into and reporting on those terms of reference.

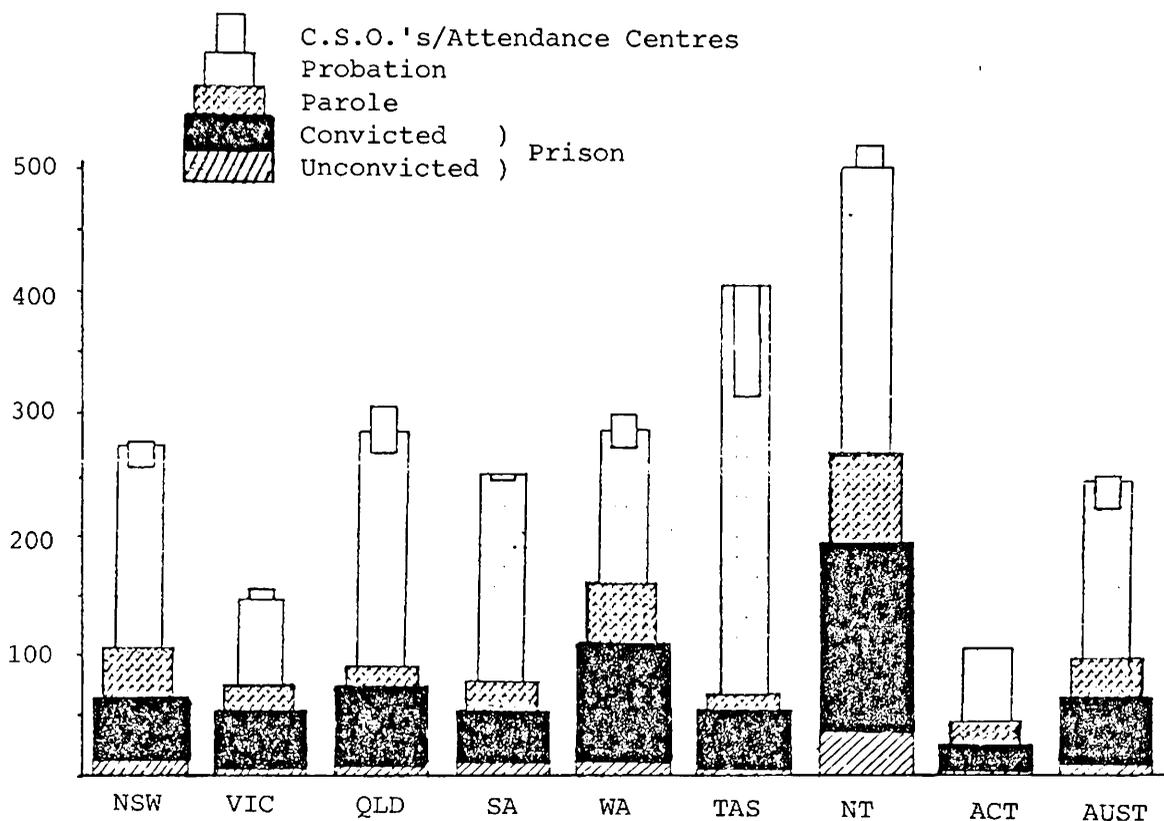
ACKNOWLEDGEMENT

79. The Committee desires to record its sincere appreciation of the efficient and generous assistance of its Secretary, Mr. Wayne Tunnecliffe, throughout the inquiry and in the compilation of this Report.

Committee Room,
19 April 1984

APPENDIX 1

AUSTRALIAN CORRECTIONAL STATISTICS, 1 AUGUST 1983



State	Prison		Parole		Probation		CSO/AC		Multi-Status		Total			
	No.	Rate	No.	Rate	No.	Rate	No.	Rate	No.	Rate	No.	Rate		
NSW	2858	51.7	649	11.7	2442	44.2	9079	164.2	1006	13.2	936	16.9	15098	273.1
VIC	1805	45.1	174	4.4	866	21.7	3083	77.1	324	8.1	-	-	6252	156.4
QLD	1624	66.5	104	4.3	472	19.3	4689	191.9	916	37.5	348	14.2	7457	305.3
SA	662	49.5	127	9.5	268	20.0	2287	170.9	79	5.9	79	5.9	3344	249.9
WA	1308	97.0	146	10.8	671	49.7	1721	127.6	375	27.8	198	14.7	4023	298.2
TAS	215	50.0	13	3.0	74	17.2	1445	336.0	394	91.6	394	91.6	1747	406.2
NT	212	161.8	40	30.5	94	71.8	309	235.9	25	19.1	1	0.8	679	518.3
ACT	51	21.9	22	9.4	39	16.7	149	63.9	-	-	-	-	261	111.9
AUST	8735	56.5	1275	8.3	4926	31.9	22762	147.3	3119	20.2	1956	12.7	38861	251.5

* This column provides details of cases where offenders are under more than one type of correctional option, such as serving a community service order while being on probation. To avoid double counting the figures in this column are deducted from the total.

Compiled by David Biles. Assisted by John Walker, John Hengst and Marjorie Johnson of the Research Division of the Australian Institute of Criminology

PUBLIC BODIES REVIEW COMMITTEE

SEVENTH REPORT TO THE PARLIAMENT

FUTURE STRUCTURES FOR WATER MANAGEMENT

VOLUME 2

FINAL REPORT:

IMPLEMENTATION ISSUES ARISING FROM

REGIONAL AND LOCAL STRUCTURES FOR URBAN SERVICES

Ordered to be printed

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1982

PUBLIC BODIES REVIEW COMMITTEE

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COMMITTEE STAFF

Mr. M. Tricarico, Secretary
Mrs. J. Anderson, Stenographer
Miss M. Chrystiuk, Stenographer

* * * * *

PREAMBLE

In presenting its Seventh Report to the Parliament the Committee indicates that the Report was agreed to by a majority of members (The Honourables M. J. Arnold, B. A. Chamberlain, D. M. Evans, J. V. C. Guest and M. J. Sandon; Mr. J. E. Delzoppo M.P., Mr. R. H. Miller M.P., Mr. N. A. Pope M.P., Mrs. P. A. Sibree M.P. and Mr. T. Sidiropoulos M.P.). The Report is accompanied by a minority report by Mr. B. J. Evans M.P., in accordance with S. 4N(4) of the Parliamentary Committees Act 1968.

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EXTRACTED FROM THE MINUTES OF THE PROCEEDINGS OF THE
LEGISLATIVE COUNCIL

FRIDAY, 2 JULY 1982

14. JOINT INVESTIGATORY COMMITTEES - The Honourable W. A. Landeryou moved, by leave, That, contingent upon the enactment and coming into operation, this Session, of legislation to establish Joint Investigatory Committees:

(d) The Honourables M. J. Arnold, B. A. Chamberlain, D. M. Evans, J. V. C. Guest and M. J. Sandon be members of the Public Bodies Review Committee.

Question - put and resolved in the affirmative.

EXTRACTED FROM THE VOTES AND PROCEEDINGS OF THE
LEGISLATIVE ASSEMBLY

THURSDAY, 1 JULY 1982

36. COMMITTEE APPOINTMENTS - Motion made, by leave, and question - That, contingent upon the coming into operation of the Parliamentary Committees (Joint Investigatory Committees) Act 1982 -

(d) Mr Delzoppo, Mr Evans (Gippsland East), Mr Miller, Mr Pope, Mr Remington, Mrs Sibree and Mr Sidiropoulos be appointed members of the Public Bodies Review Committee. (Mr. Fordham) - put and agreed to.

WEDNESDAY, 2 APRIL 1980

18. PUBLIC BODIES REVIEW COMMITTEE - Motion made and question - That the State Rivers and Water Supply Commission and each constituted water, sewerage, drainage and river improvement trust or authority, except the Melbourne and Metropolitan Board of Works, be referred to the Public Bodies Review Committee for review (Mr. Mackinnon) - put, after debate, and agreed to.

CHAIRMAN'S INTRODUCTION AND ACKNOWLEDGEMENTS

This document, as its title suggests, is the second volume of final recommendations on the Committee's first reference¹ which is:-

That the State Rivers and Water Supply Commission and each constituted water, sewerage, drainage and river improvement trust or authority, the Local Governing Bodies constituted under the Water Act 1958, the Ballarat Water Commissioners and Sewerage Authority, the Dandenong Valley Authority, the First Mildura Irrigation Trust, the Geelong Waterworks and Sewerage Trust, the Latrobe Valley Water and Sewerage Board, the Mildura Urban Water Trust, the West Moorabool Water Board and the personnel of the State Rivers and Water Supply Commission, except the Melbourne and Metropolitan Board of Works, be referred to the Public Bodies Review Committee for review.

The enormous changes that have occurred in relation to the Public Bodies Review Committee since 3 April 1982 have created uncertainty in the industry as to the current status of the reference and the direction in which the new Committee will proceed.

I wish in these introductory remarks to put rest to these fears and uncertainties by stating clearly our intentions in relation to the reference before us.

In assessing the current status of the reference and its future direction the Committee was mindful of the enormity and thoroughness of the tasks already undertaken by the former Committee, and has noted with satisfaction the very widespread acceptance which Volume One of the Committee's Final Recommendations have received.

A very small number of organisations have sought to have the recommendations contained in the Sixth Report overturned and have sought to present further evidence in support of their case. There is further comment on this point in Chapter 2, but it is sufficient to say here that the Committee has resolved that the recommendations contained in the Sixth Report should stand. It is now for the Parliament to decide if any of the Committee's recommendations should not proceed.

1. Contained in two separate instruments, a Legislative Assembly resolution of 2 April 1980 and an Order in Council of 19 May 1981.

There is still however a large task facing the Committee in respect of this reference and we currently have before us:-

- (i) a report, prepared by our scholar in residence and resident consultant, Mr. E. McL. Holmes of the Melbourne University, arising from the Touche Ross Report on Audit and Reporting Responsibilities of Public Bodies in Victoria;
- (ii) consultancy reports and papers² on central management, ministerial responsibility, irrigation, economic impact of public bodies, technical standards and watercourse management;
- (iii) responses by the industry and interested parties in relation to the consultancy reports and discussion paper as outlined above.

In its Sixth Report the former Committee foreshadowed its intentions to bring forward further reports relating to these matters. While accepting the outline of the reference as perceived by the previous Committee, the Committee wishes to place clearly on record its intention to independently assess and evaluate all material currently before it before making firm recommendations.

Earlier I passed a comment in relation to the magnitude and thoroughness of the task undertaken by the former Committee. I would like now to pay tribute to that Committee and in particular to the work, personal enthusiasm and endeavour of its Chairman, the Hon. Dr. Kevin J. Foley. Dr. Foley brought to the Committee an extraordinary capacity to quickly come to grips not only with the philosophical issues facing the industry but also with the technical detail. He could communicate with all groups with equal understanding and translate his own personal enthusiasm and ideas into language that could be understood by all.

Tribute must also be paid to the other members of the Committee. Over the twenty month period of its existence the Committee held more than 100 formal meetings, participated in 48 public hearings and discussions throughout the State (often accepting personal inconvenience to do so) and addressed themselves to some 3,000 pages of evidence and 20,000 pages of submissions.

2. For a complete list see Appendix 1.

That the former Committee's Sixth Report met with over 80 per cent acceptance and the new Government has seen fit to re-evaluate the Parliamentary Committee system and establish a new set of Committees in the image of the Public Bodies Review Committee is, I think, testimony to the success and dedication of that Committee and its staff. The new Committee is aware that it has a hard act to follow but looks forward with enthusiasm to meeting the challenge.

As Chairman I would also like to record my personal thanks and those of the Committee for the extraordinary assistance we have received from the Committee staff, who have worked unselfishly to ensure that the Committee got off to a good start. Without their dedication and personal assistance we would not be in a position to table this Report at such an early date.

ROBERT H. MILLER

Chairman

CHAPTER ONE

THE CONTEXT OF THIS REPORT

1. The Legislation and its obligations

The Public Bodies Review Committee was established by the Parliamentary Committees (Public Bodies Review) Act 1980 No. 9367, which received Royal Assent on 18 March 1980. The Act provided for a Committee of eight members drawn from both Houses of Parliament, and enabled the Council or the Assembly by resolution or the Governor in Council by Order to nominate a public body for review by the Committee. The Committee was required then to review each body so nominated and report to the Parliament on the question of whether the body should cease to exist. The Parliamentary Committees (Joint Investigatory Committees) Act 1982¹ re-establishes the Public Bodies Review Committee, retaining its powers and continuing the reference before it, but expanding its composition to twelve members drawn from both Houses of Parliament. The revised legislation requires a reference to come from the Legislative Council and the Legislative Assembly, or from the Governor in Council.

A public body is defined in the legislation as any public body established by or appointed pursuant to any Act, rule, regulation, by-law, order, Order in Council or other instrument of a legislative character.

In reviewing such bodies the Committee is required by the Act to examine any matter it considers relevant to the question of whether the body should continue to exist or not, and particularly it is required to examine:-

- (a) whether or not the objects of the body are worth pursuing in contemporary society;
- (b) whether or not the body pursues its objectives efficiently, effectively and economically;

1. The new legislation appears at Appendix 2.

- (c) whether or not the structure of the body is suited to the activities it performs;
- (d) whether or not the body duplicates the work of another person or body;
- (e) the financial and other liabilities and obligations of the body;
- (f) the staff of the body, (including officers or employees of the public service whose services are being made use of by the body);
- (g) the extent to which the body seeks information as to the effect of its activities and acts on the information it receives;
- (h) the extent to which the body considers the public interest when performing its activities;
- (i) the extent to which the body encourages public participation in its activities;
- (j) the manner in which the body handles complaints about its activities; and
- (k) the extent to which the body is prepared to improve its structure, composition or procedures.

The Committee may recommend either that a body shall cease to exist or continue, and where it recommends continued existence it may recommend a period within which the body should again be reviewed as well as changes in the structure, membership, procedures, functions, powers and duties of the body. As well, the Committee may state the objects which in its opinion the body should pursue.

On the other hand, where the cessation of a body is recommended, the Committee is required to provide recommendations as to arrangements to be made on its cessation, as to the powers, functions and duties of the body, disposal of property and staff, repeal or alteration of relevant legislation, and the handling of legal, contractual and financial arrangements entered into by the body.

The Committee may require submissions from bodies under review, and is obliged to hold a public hearing before reporting to Parliament on the question whether or not a body should cease to exist. At such hearings the Committee is required to allow any member of a body under review to give evidence to it.

Where the Committee recommends that a body should cease to exist, that recommendation automatically takes effect on the anniversary of the Report being laid before Parliament, unless Parliament expressly provides for the body to be continued.

2. History of the Reference and purpose of this Report

Since its creation, the Committee has had before it a single reference: the review of virtually the whole of Victoria's non-metropolitan water industry. That industry, divided and fragmented geographically as well as functionally among nearly four hundred separate public bodies, had developed over one and a quarter centuries without ever having been subjected to comprehensive review. It had been administered during that time by Governments sometimes more concerned with the delivery of electoral promises to particular clientele than with the overall effectiveness and efficiency of the industry; by State agencies sometimes more proficient at engineering than at economics or management, and by local authorities whose public spirit and enthusiasm was often confined by the externally imposed strictures within which they were forced to operate.

The Committee's task then was to become sufficiently familiar not only with the 400 bodies in its reference but also with the web of legislation; accounting, auditing and reporting requirements; financial management arrangements; and associated systems, from those for engineering support to those for local popular representation, to enable recommendations for the future to be made.

This task did not just involved looking at the operations of existing Waterworks Trusts and Sewerage Authorities. The Committee also gave consideration to the role of the State Rivers and Water Supply Commission in urban water retailing, to the roles of regional bodies and to the activities of municipalities supplying water or sewerage services under the powers contained in Sections 689/692 of the Local Government Act.

The Committee, in approaching its task, adopted perhaps the most intensive review process ever devised by a Parliamentary Committee in Victoria. It has been a process with a number of important components. These have included a round of public hearings held in all regions of Victoria, visits and inspections, the use of specialist consultants on a number of fundamental issues, and most importantly, the development of a process of dialogue with those groups, individuals, and organizations in the community who have identified themselves as being concerned about the future of the water industry.

This process of dialogue and consultation has been developed by the Committee in keeping with the spirit of its legislation, but is in itself a significant innovation. The Committee commenced by familiarising itself with water and sewerage administration by a process of informal visits to representative bodies in various parts of the State. Public hearings throughout the State followed, accompanied by the receipt of initial submissions from those giving evidence.

The Committee responded in turn by the issue of its Second Report in May 1981, and by the issue of a companion consultancy report on the performance and structure of water and sewerage bodies. The Second Report narrowed down future structural options to seven local and four regional possibilities; again responses were sought and obtained from bodies throughout the State. At this point, the Committee Members divided into four groups for intensive informal discussions with authorities throughout the State. These discussions continued throughout the period of the preparation of the Committee's Fourth Report.

In September 1981, the Committee moved the process of dialogue closer to finality by issuing its Fourth Report, Draft Proposals on Future Regional and Local Structures for Urban Services. In that Report the Committee recorded the discussions it had had and the provisional conclusions it had reached. Again, comment, data, and corrections were invited, and very extensive submissions were received. By this time, it had become apparent that consensus had been achieved in most parts of the State: the Committee could therefore focus on a relatively small number of contentious areas.

This the former Committee did, and in its Sixth Report, Final Recommendations: Regional and Local Structures for Urban Services, in December 1981, gave its final views on local authority restructuring. In recommending that some 339 bodies cease to exist that Committee foreshadowed, inter alia, its intention to complete those

recommendations and fulfill its statutory obligation by reporting on implementation issues.

Section 4P(3) of the Parliamentary Committees (Joint Investigatory Committees) Act 1982, obliges the Public Bodies Review Committee, where it recommends that a body should cease to exist, to make recommendations on a number of specified implementation matters. This report discharges that responsibility.

CHAPTER TWO

IMPLEMENTATION OF FINAL RECOMMENDATIONS - REGIONAL AND LOCAL STRUCTURES FOR URBAN SERVICES

The Sixth Report stated that recommendations on implementation would "be made with the benefit of many submissions and suggestions from bodies and individuals both within and outside the water industry" and invited interested parties to furnish their comments.

The comments received in response to the Sixth Report focussed on a broad range of issues and extend beyond the request for implementation comment. It is useful to briefly outline the form and extent of the response as it clarifies and places in focus the effect of the reference on the industry thus far.

As predicted in the Sixth Report the general response was favourable. Telephone calls to former Committee members and staff from Trusts, Authorities and Municipalities, have supported both the general thrust of the Report and particular recommendations in relation to their organization. The Town Clerk, City of Warrnambool, writing on behalf of the City, the Warrnambool Water Supply District, and the Warrnambool Sewerage Authority, crystallises the views of the vast majority in support of the former Committee's work when he states, "May I also take this opportunity to commend your Committee on the thoroughness of its investigations and work over the period that it has undertaken the review ..."

The majority of the small number of objections received by the Committee were from persons writing in a dual capacity as Shire Secretary and Waterworks Trust and/or Sewerage Authority Secretary. In many of these cases the bodies concerned were shell entities with the Shire providing both technical and administrative support. This Committee commends the efforts of the previous Committee to abolish bodies for which there was no substantial need and do away with the phenomenon of "the man who writes letters to himself".

Some municipalities and bodies have made further representation to the Committee in support of maintaining the status quo. In most cases the writers were merely repeating arguments presented earlier. The Committee considers that on the whole

there is insufficient new evidence to warrant the Committee putting forward any revised final recommendations. It is a matter for the Parliament to move to disallow any of those recommendations. The Committee has however made a judgment on those it considers may require particular consideration by the Minister. They are contained in Appendix 3.

The task of identifying implementation issues and potential problem areas has been made much easier by the level of response by individuals and organizations within the water industry to the Sixth Report and its direct antecedent, the Fourth Report. Both Reports invited the industry and interested parties to comment on implementation aspects. While some bodies concentrated their efforts in identifying issues that could cause particular problems to their area, other bodies took the opportunity to discuss issues in much broader detail. As a result not only have potential problems been identified but also possible solutions have been put forward for evaluation.

1. Need for and Application of Transitional Legislation

One of the most frequently discussed issues arising from the Sixth Report and its direct antecedent the Fourth Report was the state of and need for change to the content and framework of water law in Victoria.

It was clear, early in the review process, that the final recommendations of the Public Bodies Review Committee would require amendment to existing legislation and in July and August 1981 the Committee sponsored a small number of meetings on the issue of an overall legislative framework for the revision of the water law. A discussion paper was prepared which formed the basis of the discussion with the State Rivers and Water Supply Commission, the Ministry of Water Resources and the Parliamentary Counsel. A copy of that paper is at Appendix 4 to this Report.

The Committee while agreeing with the general thrust of the paper that the existing law is fragmented and unsystematic, excessively detailed, sometimes contradictory or conflicting, written in language incomprehensible to both the industry and the layman, devoid of any statement of objectives and urgently in need of overhaul, also recognises the need for transitional legislation to be in place as quickly as possible to enable an early restructuring and reform of the water industry.

While the Committee is anxious to see its recommendations translated into legislation and implemented as soon as possible the Committee recognises the constraints that make any one date for implementation or early creation of the more complex Boards impracticable.

The Committee considers that it will be necessary for there to be two instalments of transitional legislation to create the successor bodies envisaged in its Sixth Report. A first instalment of such legislation could be introduced in the 1982 Spring Session of Parliament implementing all those parts of the Sixth Report concerning which there is agreement or for which the Committee considers there is insufficient evidence to warrant any further consideration. A subsequent instalment of transitional legislation could follow in the Autumn 1983 Session, picking up legislative implications from the remaining areas of the reference (central management, watercourse management and irrigation) and finalising arrangements for those successor bodies for which there is currently disagreement or where a need for further evaluation on the part of the Government may be seen to exist (Appendix 3). The first instalment could provide for commencement dates to be assigned by Order in Council to new Water Bodies from as early as three months from the date of Royal Assent to the transitional legislation.

The Committee accepts the assurance given by the Minister of Water Supply, the Hon. D. R. White, M.L.C., at a public hearing on 22 September 1982, that prior to final implementation of provisions of this Report, all Public Bodies affected would be contacted to ensure that no further amendments to recommendations were sought.

At the hearing the Minister stated:-

" ... before any recommendation of the Sixth Report is implemented, Mr. Rogerson and officers of the task force will make a contact with officers of the water authorities to confirm their support for the recommendations. The Government will act on that confirmation and we expect that in the majority of cases that will occur. We are not using the creation of that task force, which is primarily designed to implement the recommendations, to commence another review process."¹

1. See Minutes of Evidence, p. 2764.

The Committee recommends that the Minister of Water Supply:-

- (1) institute a systematic review of the Victorian water law with a view to introducing simpler, briefer and more systematic legislation containing statements of purpose and objectives and embodying administrative detail to delegated legislation or regulation;**
- (2) introduce into the Spring 1982 Session of Parliament a Transitional Provisions - Water Act embodying the recommendations contained in this Report; and**
- (3) adopt the list contained in Appendix 5 to this Report as the bodies to which phase one of the Transitional Provisions legislation is to apply.**

2. Clarification of the Relevance of Section 4P Parliamentary Committees (Joint Investigatory Committees) Act 1982 in the context of this Report

Several sections of the Parliamentary Committees (Joint Investigatory Committees) Act 1982 relate to the cessation of existence of reviewed bodies. Section 4P(3) calls upon the Committee to make recommendations as to the arrangements that should be made in consequence of the cessation of existence of the body and the going out of office of its members. Section 4P(6) specifies the provisions to apply "where a public body ceases to exist by virtue of section 4P(4) without provision having been made by the Parliament or by the Governor in Council with respect to such of the arrangements which it is necessary to make in consequence of the cessation of existence of the body and the going out of office of its members ..."

In other words if the Committee does not make recommendations along the lines specified in section 4P(3) and if the Parliament or the Governor in Council does not act on these recommendations or make alternative arrangements to apply in respect of ceased bodies section 4P(6) should apply. This would cause disastrous and long term problems for the water industry. The clauses of 4P(6)f "all contracts agreements and arrangements to which the body is a party shall cease to have effect" and (g) "all debts

lawfully owing to the body shall be deemed to be lawfully owing to the Crown") appear to be more suitable to circumstances where a body and all its functions cease altogether rather than the present case where the functions are transferred to successor bodies.

The State Bank in its letter of 19 May 1982 in response to the Committee's Sixth Report illustrates the extent of disruption to the industry if section 4P(6) were to be applied. "We (the State Bank) are bankers to 20 Sewerage Authorities and 17 Waterworks Trusts. At 30 June 1981 facilities provided to these and other bodies for which we do not act as bankers were:-

1. overdraft limits of \$9.4 million, and
2. 620 loans (secured by mortgages over General Funds) to 91 Sewerage Authorities, 61 Waterworks Trusts and 2 combined authorities, with debts totalling \$48.7 million.

We consider that the administration of the changeover of outstanding delegations from existing bodies to their successors would be onerous and complex without legislation to allow for the successor body to take over all debts and obligations of the borrower on the same terms and conditions as exist between the lender and the original borrower" and "such legislation is necessary prior to any of your Committee's recommendations being implemented ..."

The Committee recommends that the Transitional Provisions legislation override the provisions contained in section 4P(6) of the Public Bodies (Joint Investigatory Committees) Act 1982, and allow for successor bodies to take over all debts and obligations of borrowing authorities on the same terms and conditions as existed between borrowing authorities and lenders.

3. Composition of Water Boards

Many bodies have been raising with the Committee, particularly since the Fourth Report, the question of membership of the new Water Boards. A number have put forward the view that it is the Government nominees who in many instances provide

the continuity of service and expertise on the existing Trusts and Authorities. The Apollo Bay Waterworks Trust and Apollo Bay Sewerage Authority in its letter dated 25 January 1982 sums up this view - "It is felt that the possible loss of the present 3 Apollo Bay nominees (over 40 years' combined experience) would be detrimental to the Board and the ratepayers". Others have pointed to the fact that in some cases where Shire Councillors have been appointed they are not necessarily ratepayers of the service being provided. The Gisborne Waterworks Trust in its letter of 2 April 1982 illustrates this point. "The Shire Councillors appointed to the Sewerage Authority are with two exceptions not ratepayers of the existing Sewerage bodies".

Clearly there is a need to ensure that a proper balance between experience and the need for democratically elected representatives is achieved. The Committee, therefore, supports the principle put forward in the Sixth Report that at least a majority of the membership of the proposed Water Boards should be directly elected by the consumers.

This raises the questions of franchise and electoral districts or ridings.

Arguments have been presented in support of both universal franchise and limiting franchise to the ratepayers. Universal franchise was seen as the easiest solution as all residents would be entitled to a vote and rolls could easily be extracted from the State Electoral Roll. With ratepayer franchise the level of democratic representation would be enhanced as only those persons paying for a service would be entitled to vote. The Board's membership would be truly representative of the users of the service.

The fact that some existing Trusts and Authorities provided services across municipal boundaries (they either crossed one or several municipal boundaries or serviced only a part of the municipality) and that the Councillors were not sufficiently representative of Trust and/or Authority districts were among the reasons behind the recommendations for creation in a number of areas of separate Water Boards as opposed to municipalisation of the water function. It is clear therefore that rolls and ridings based on existing municipal arrangements would not necessarily lead to democratically elected representative Boards.

The Committee considers that it is essential for a spirit of good will and co-operation to exist between the Water Board and the community it services and for the Board to

truly represent its consumers. This can best be achieved by a majority of the members being directly elected by all adult users and potential users of the service. The recommendations of the Sixth Report have addressed in part the question of Water and/or Sewerage Districts by specifying that the Water Board or Municipality should be responsible for all necessary services within a particular area. Clearly in many rural municipalities persons outside urban centres would not be seeking to be connected to a reticulated system whereas residents of urban areas not connected would be regarded as potential users. The Committee has heard evidence to suggest that narrowly defined districts have in the past hampered the development and extension of services as urban areas have extended and many instances of opposition to imposed Section 120 A sewerage schemes have been cited. The new Boards will need, as an early task, to establish rolls that will reflect consumers and potential consumers of their service. While this will necessitate the maintenance of separate rolls by each Board it should not, after the initial establishment of the rolls, cause an undue administrative burden on the bodies in the future.

The Geelong Waterworks and Sewerage Trust as convenor body for the Geelong Regional Water Board has begun to focus on the establishment of a new Board and has addressed, in particular, the problem of electoral districts. The Geelong situation, where several undertakings, including some State Rivers and Water Supply Commission functions, covering a variety of municipal areas (10 separate municipalities involved) are being amalgamated over a time-frame up to July 1984, is more complex than that facing a majority of other bodies in the State. However, the Committee commends the Geelong Waterworks and Sewerage Trust for the work it has done in establishing a new basis for consumer representation after restructuring. The paper prepared by the Geelong Waterworks and Sewerage Trust has therefore been included in Appendix 6 to this Report.

The Geelong proposal recognises the need to retain existing expertise, to ensure all consumers are adequately represented and for the Board to be a workable size. It also recognises "that electoral ridings may have to differ from those of municipalities if representation is to be relevant to the number of consumers receiving the service".

The Committee endorses in principle the view put forward in the Sixth Report that where there are a number of communities receiving a service from a Board such communities should have representation on the Board relevant to the number of

consumers receiving the service. The Committee considers that where there are a small number of separate communities spanning only one or possibly two municipalities the interim Boards should have little difficulty in ensuring that the Board to be established is consistent with this proposition. Difficulties will however arise in areas like in Geelong where there are a large number of municipalities and in the case of the proposed Yarra Valley and Dandenong Ranges Water Board where there are 12 major urban districts (Lilydale-Chirnside Park-Mooroolbark, Coldstream, Mt. Evelyn-Montrose-Kalorama, Wandin-Seville East, Healesville, Yarra Glen, Woori Yallock-Launching Place, Yarra Junction and environs, Warburton and environs, Emerald, Gembrook-Cockatoo and Monbulk-Olinda-Kallista) contained within several municipalities.

If Boards are to reflect the community they represent there must necessarily be some variation in the composition of Boards across the State. The Committee considers that the proposition put forward in the Sixth Report that Boards should not be composed of less than 6 or more than 10 members is a useful benchmark which should allow all bodies scope to develop a truly democratic and representative system.

The Sixth Report also put forward some proposals in relation to interim Boards, namely that members of current Trusts and Authorities should automatically become members of the new interim Board until such times as elections can be held. In some cases, this may prove unwieldy. The Committee suggests that in these cases, the ceased bodies should nominate a number of persons to the interim committee - and the interim management of the new Board should determine the electoral ridings, and where appropriate the division between elected and appointed members. The Committee endorses this proposal together with the proposition outlined in the Sixth Report that elections for Board members should be held at the same time as municipal elections, that is where Board members do not hold office by virtue of being councillors or Governor in Council appointments.

The Committee recommends, in relation to the composition of Water Boards, that the Transitional Provisions legislation:-

Interim Management Boards

- (a) **Allow for the creation of interim management boards of no more than 10 members from the ceased Trusts and**

Authorities. The life span of the interim management board should be no longer than 2 years without the express permission of the Minister of Water Supply.

- (b) Empower the interim management boards, with the approval of the Minister of Water Supply, to:-
- (i) establish a roll of all consumers and potential consumers,
 - (ii) recommend to the Minister the composition of the new Board,
 - (iii) recommend to the Minister electoral ridings within the sphere of influence of the Board's districts and ensure that such ridings do not allow more than 20% variation in the number of electors enrolled.

Water Boards

- (c) Allow for the establishment by Order in Council of Water Boards no less than 6 and no more than 10 members the majority of whom are to be directly elected by the users and potential users of the service. (See separate Recommendation in relation to the Latrobe Regional Water Board.)
- (d) Specify that elections for Water Boards should be held at the same time as Municipal elections.
- (e) Empower the Minister of Water Supply to ensure that:-
- (i) Water Boards hold their elections on a regular basis,
 - (ii) the roll of electors is maintained and electoral districts and ridings evaluated at least every 5 years to ensure that there is

no greater than a 20% variation between ridings in the number of electors and the district reflects all users and potential users of the service.

4. Implementation Issues Arising from Section 4P(3) of the Parliamentary Committees (Joint Investigatory Committees) Act 1982

4.1 Powers, Functions and Duties

Water Boards

Given that Water Boards are to be created, in the main, by the amalgamation of water and sewerage bodies, there can be little argument with the proposition that such boards must have, as a minimum, the same powers, functions and duties of the former Waterworks Trusts and Sewerage Authorities.

Evidence has been presented to the Committee by various individuals, municipalities, sewerage authorities and waterworks trusts which suggests a lack of co-operation between some municipalities and water/sewerage bodies in their area. There have been examples of delays and lack of co-operation in times of construction but one of the most serious complaints by individuals and sewerage authorities has arisen from control of septic and sewerage services being vested in different organizations. Individuals have found themselves financially inconvenienced when shortly after installing a septic system they found themselves subjected to a Section 120 A sewerage scheme.

As well as septic tank services, control or provision of sanitary pan services, package treatment plants or common effluent drainage systems, main drainage and river improvement have, in most instances, also been the responsibility of organizations other than water and sewerage bodies. Without wishing to pre-empt any future Committee recommendations arising from the Discussion Paper "Future Structures for Water Management: River Improvement and Drainage Trusts" which was released for comment in November 1981, the Committee sees considerable merit in moving towards multifunctional Water Boards capable of exercising the functions outlined above.

In the case of regional bodies such as Geelong, Latrobe Valley, etc. there is considerably more scope for this multifunctional approach. In the case of the smaller Water Boards, functions such as main drainage and river improvement may need to be kept separate.

A considerable number of bodies have raised with the Committee the need to allow for rate differentials. The Mooroopna Waterworks Trust and Sewerage Authority in its letter dated 23 March 1982 stated inter alia "if it is proposed that each board operate on the basis of a single entity, it will obviously be necessary to provide for differential rating levels. Whilst the principle of 'user pays' may tend to minimise variations in rating levels, significant variations may well be encountered due to the age of capital works and extent of works required to provide the service". Similarly the Shire of Mount Rouse Waterworks Trust in its letter of 1 March 1982 advised "the Trust sees the need for a separate water rate to be struck and for differential rates to be allowable within that system. ... a wide variation in methods of supply" can mean that "costs of supply can vary widely ... " Given the various methods by which capital outlay for sewerage services is recouped the need for rate differentials where sewerage authorities are being amalgamated is self evident.

A further matter to be considered under the general heading of powers, duties and functions of Water Boards is the relationship between, and the general powers over, such Boards by the Minister of Water Supply. While the Boards are responsible to their clients for the provision of services and the day to day administration of the organisation the Minister has the broader responsibility to the electorate, the Government and indeed the Parliament to ensure that policies are developed that are responsive to the needs of the State and that such policies are carried out in an efficient and effective manner.

The Transitional Provisions legislation must take cognizance of these responsibilities, enable the Minister to have access to all reports, information and documentation necessary to enable him to carry out his responsibilities and if proven to be necessary allow the Minister to intervene in the management of a Board.

The Committee recommends in relation to the powers, duties and functions of Water Boards, excluding regional Water Boards, that the Transitional Provisions legislation provide for them to be given:-

- (i) the general powers of waterworks trusts contained in Section 307 of the Water Act and elsewhere and the general powers of sewerage authorities contained in Section 120 of the Sewerage Districts Act and elsewhere;
- (ii) a new power to determine rates or charges including differential rates without necessarily using districts as the basis of any differential rating. Rates and charges to be subject to disallowance by and appeal to the Minister; and
- (iii) if the Minister so directs responsibility for the control or provision of sanitary pan services, septic tanks and package treatment plants or common effluent drainage systems.

The Committee further recommends that the Transitional Provisions legislation enable the Minister of Water Supply to issue policy directions to Water Boards, call upon Water Boards to issue such returns, information, reports, etc. as the Minister considers appropriate and specify that annual budgets must be submitted to him for approval.

Municipalities

The Sixth Report recommended the transfer of responsibility for water and sewerage services to some 70 municipalities. In these cases the questions of co-ordination between water boards and municipalities as discussed above do not arise. However there are legislative matters that need to be addressed.

Under existing legislative arrangements municipalities can undertake the water supply and sewerage functions by virtue of sections 689/692 of the Local Government Act. As well, Councils have sometimes in the past been constituted as so-called "Local Governing Bodies under the Water Act". Clearly the municipalities must have the same powers, duties and functions in relation to water and sewerage services as Water

Boards but whether or not previously existing powers under the Local Government Act should be withdrawn is not so clear cut. Councils have differing views on this subject. The general view of the Shires that provide water or sewerage services under the Local Government Act is that it is more flexible than the Water Act - there are less restraints on setting rates, there is not the requirement to employ a secretary and engineer separately and pay them in accordance with the Water and Sewerage Award, nor is there the requirement for the engineer to be qualified as a Water Engineer. It has been put to the Committee that these powers enable small communities to receive a service that the Council may otherwise find too burdensome to maintain.

The Committee notes that the services provided under the Local Government Act have been to small communities and considers that some alternative mechanism other than a separate Act should be found to enable this service to continue. (See below under Water Advisory Committees and Consumer Co-operatives.) It considers that the provisions of section 689/692 of the Local Government Act in respect of water and sewerage services are obsolete and invite administrative duplication.

While the incidence of one municipality providing a service in another municipality has been considerably reduced by the recommendations of the Sixth Report there are still a few cases where this remains, for example, organisations in the Town of Bairnsdale provide services to small areas in the Shire that are in proximity to the town. The Committee commends this form of co-operation and considers that allowance must be made in the Transitional Provisions legislation to formalise this arrangement.

One further matter that must be addressed here is the need to establish appropriate relationships between municipalities and the State Rivers and Water Supply Commission. To enable the Commission to evaluate the water industry as a whole it will require consolidated financial information and data concerning water and sewerage activities on a regular basis. The question of accounting principles and procedures for municipalities involved in water retailing and the provision of sewerage services will need to be the subject of early negotiation with relevant groups. The Committee notes that municipalities currently are required to provide the Victoria Grants Commission with details on a functional basis and that municipal accounting itself is currently under review by the Local Government Department.

The Committee recommends that Transitional Provisions legislation:-

- (i) allow the municipalities listed in Appendix 5 of this Report to have the same powers, duties and functions in respect of water and sewerage services as Water Boards;
- (ii) repeal the provisions of Section 689/692 of the Local Government Act;
- (iii) restrict the responsibility for the provision of water and sewerage services in any one area to either a Water Board or a Municipality;
- (iv) create a mechanism whereby a Municipality or Water Board can charge for services provided outside its district;
- (v) require municipalities to provide the State Rivers and Water Supply Commission with such financial or other details in relation to their water and sewerage function as may be specified by the Commission; and
- (vi) empower the Minister of Water Supply, in respect of the water and sewerage functions of a municipality, to call upon the municipality to furnish information, returns and reports etc. as considered appropriate. (See similar recommendation in relation to Water Boards.)

Water Advisory Committees and Consumer Co-operatives

A number of the objections to the recommendations contained in both the Fourth and Sixth Reports were from comparatively small bodies who felt that as they were reasonably isolated from the main centre of the new successor body the service to the

users would diminish or in the case of municipalization of the function only a small number of councillors would have any interest in water and sewerage and/or the burden on the Council would be onerous.

The Shire of Omeo and the Omeo Waterworks Trust in separate letters in response to the Fourth Report discussed the question of creating a Water Advisory Committee and as reported in the Sixth Report the Shire "acknowledges the formation of such a Committee may be an advantage in the future". The Shire Secretary of the Shire of Yea in his letter of 24 February 1982 went further when he stated "Councillors of Yea do not serve on the Trust or Authority, and I repeat our earlier comment that the recommendation will unduly add to the burdens of persons, who do not, of their own volition, serve on the Trust. For this reason, we now ask that the provisions of Section 241A of the Local Government Act¹ be extended to the Water and Sewerage Acts. Power of delegation will allow citizen participation in the management of the functions on behalf of Council".

The Committee supports the notion put forward in earlier reports that where representation of consumers on the Councils is marginal Water Advisory Committees could be established to harness and maintain in the industry, the expertise and public-spiritedness of the former Commissioners and Members, and considers that this proposition should be extended to also apply to Water Boards. This does not mean that the Committee proposes delegation of responsibility for overall policy, operations and effectiveness. Rather, Committees should be given authority to act in particular circumstances and have specified local delegations. Their prime purpose however must be as their name suggests - advisory.

The Committee has already commented that it sees little purpose in maintaining sections in the Local Government Act to allow Councils to provide services to very small communities. The Fourth and Sixth Reports commented on the possibilities of allowing small consumer co-operatives to run their own shows.

1. Section 241A of the Local Government Act confers a general power on municipalities to delegate the management of any land or works owned or leased by the municipality to a management committee.

The Committee supports this notion and suggests that it could apply to groups of consumers under the umbrella of either a Municipality or Water Board. The Committee also notes the warning put forward by the State Rivers and Water Supply Commission that while a co-operative might manage a small simple system reasonably well in the short term, to satisfactorily operate a water supply system daily attention needs to be guaranteed. Such a co-operative may not be able or willing to provide a service of adequate quality or quantity.

The Committee recommends that the Transitional Provisions legislation give Water Boards powers similar to those possessed by municipalities under Section 241A of the Local Government Act to enable:-

- (i) Water Boards and Municipalities to establish Water Advisory Committees to assist with operation of the service at a local level and provide advice to the Board or Municipality in relation to the services provided. Such Committee's delegated responsibilities must not extend to entering into any contract, legal agreement or commitment to expend funds beyond that specified by the Municipality or Water Board concerned.**

- (ii) Water Boards and Municipalities to delegate to consumer co - operatives the day to day operation of any necessary water or sewerage services in the cases where the total number of consumers served is no more than 100 or the total number of connections is no more than 30 whichever is the greater. In such cases consumer co operatives must not be empowered to enter into any contract, legal agreement or expend funds beyond that specified by the Municipality or Water Board concerned.**

4.2 Property, Contracts, Agreements and Arrangements

In the Sixth Report the Committee stated that it envisaged that all assets, legal arrangements, contracts, liabilities and agreements, etc. currently relating to the

ceased bodies would generally be transferred to the successor bodies identified in that Report.

Concern has been expressed that difficulties could arise where assets are now shared by a ceased body and a municipality and where the successor body is a Water Board - the fear being that the Board would be the authority more likely to lose out in such a situation. The Committee expects that in most cases arrangements for the division of shared assets will be settled amicably by the parties concerned. Should however any dispute arise this should be settled either by the Minister of Water Supply or by any group or committee established and authorised by him to handle disputes in the transitional phase.

Some organizations that are to take over responsibilities from the State Rivers and Water Supply Commission have expressed concern at the poor state of the assets and have sought both financial compensation, and the release to them of reserve funds notionally held in the State Treasury but attributable to the undertaking being transferred from State to local control. The Committee considers that the Government should give sympathetic consideration to requests from such bodies and that as a minimum they should have available to them the balances contained in the respective reserve funds.

The Secretary, Mooroopna Waterworks Trust and Sewerage Authority, in his letter of 23 March 1982 raised a potential problem in relation to depreciation funds and the inheritance of obsolete assets. "Authorities have been required to depreciate assets, and funds have been set aside for replacement purposes with recorded value of assets remaining "at cost". Recent amendments to the depreciation requirements allow authorities to utilize a significant portion of accumulated depreciation funds for capital works on a non-repayable basis. A new board could possibly find itself in the position of inheriting obsolete assets "at cost" without the advantage of having depreciation funds available to assist in meeting replacement costs".

The Committee is aware of the need for financial reform in the industry but considers that any question of financial adjustment is one for the Government to determine, not the Committee. The recommendations of the Committee have not been the cause of rundown obsolete equipment, they merely focus attention on their existence and the lack of proper financial guidelines in the past.

The views of the State Bank in relation to the need for successor bodies to take over all debts and obligations has been discussed earlier.

Another matter of relevance to this section is the arrangements to be made in relation to the public records owned by the ceased bodies. The Committee has sought the views of the Public Record Office of the Department of Property and Services on this matter and their complete response is contained in Appendix 7 to this Report. In brief their response:-

- (i) recognises that the records owned by a ceased body would be required for current administrative purposes by the successor body;
- (ii) suggests that records of continuing administrative or historical value that are not required for daily use should be housed appropriately by the successor body or proposed for transfer to the Public Record Office;
- (iii) puts forward options for future record control and recommends either both or a combination of the following:-
 - maintenance of the records by the successor body as a separate continuing records system dealing with matters formerly dealt with by the defunct body;
 - maintenance of the records by the successor body as a separate "closed" filing system and treatment of all new matters formerly dealt with by the defunct body within the records system maintained by the successor body.

The Committee agrees with the view expressed by the Office that the maintenance of records will depend on individual circumstances and recommends that Water Boards and Municipalities use the advice and assistance of that Office in coping with records management questions arising from the present restructure.

The Committee recommends that the Transitional Provisions legislation allow for the transfer from the ceased bodies to the successor bodies of all property, assets, liabilities, contracts, agreements and arrangements, etc. on the same terms and conditions as exist between the original parties to the agreement.

4.3 Staffing Matters - Officers and Employees

The Committee has placed emphasis on the need to take a thought-out approach to staffing matters arising from restructure and has held talks with and received inputs from most of the relevant unions and associations including the V.P.S.A., M.O.A., M.E.U., A.W.U., Bendigo Trades Hall, etc. The Committee is indeed indebted to these organizations for their positive and informed assistance.

The Committee has also been fortunate to have the benefit of views formulated by various committees established throughout the State to examine the impact of the Committee's recommendations on their various areas. Following informal discussion with Mr. E. J. Hann, M.L.A. for Rodney, on 11 January 1982 a joint committee made up of representatives of the State Rivers and Water Supply Commission and the Bendigo Sewerage Authority outlined their views to the Committee on many implementation issues including matters relating to staffing. Among the issues raised were the need to ensure that staff are not "downgraded or moved into areas of lower classification and have a drop in pay", the question of varying awards under which the employees of the Commission and Authority are currently paid and together with this the different sick leave entitlement provisions, the multiplicity of superannuation schemes, the need to be able to transfer long service leave entitlements and the option of retrenchment on the part of employees.

The joint committee also raised the matter of promotion prospects and portability within the industry. "It is assumed that the new Water Boards would have graded positions - depending on their complexities and responsibilities, so that all persons have the chance for promotion either within a particular Water Board or preferably within the Industry in Victoria." This notion has general support within the industry as a long term objective. However, some individuals and organizations have expressed the view that in selecting staff for the new Water Boards priority must be given to the

existing employees of the former bodies that have been amalgamated to create the new body.

In the course of its investigation the Committee realised that one of the barriers to mobility was the fragmented nature of industrial awards. An extreme example of this is the special Municipal Officers Association award which covers only the Bendigo Sewerage Authority. While the Committee does not consider that it is within its ambit to specify a solution to this problem it does consider that employer and employee groups should take the opportunity presented by the restructuring of the industry to move towards a more rational award system.

The Committee recommends that in respect of staffing matters the Transitional Provisions legislation include the following:-

Job security provisions:-

- (a) continued employment at existing salary and conditions of employment excluding emoluments received in respect of part-time offices held in addition to a primary full-time position;
- (b) officers and employees of existing bodies to be offered similar employment by successor bodies at existing salary and conditions of employment;
- (c) rights and entitlements (including recreational leave, long service leave, holiday pay, and superannuation) to be transferable to new body by an employee who is transferred; and
- (d) provision enabling employees of newly constituted Water Boards to remain contributors to their current superannuation scheme.

Redundancy provisions:-

- (a) where an officer or employee is surplus to the requirements of the successor body appropriate redundancy arrangements must be arranged between the body and the officer or employee;
- (b) in arriving at a redundancy agreement the Water Board, Municipality or the Melbourne and Metropolitan Board of Works must take into account the following:-
 - (i) length of service of the officer or employee,

- (ii) the age of the officer or employee,
 - (iii) the expectation that the officer or employee would have of obtaining similar employment in the district given his age, qualifications and existing work experience; and
- (c) no agreement to be deemed to have been made under paragraph (a) above, unless both parties are in complete agreement and the approval of the Minister has been obtained.

Provisions concerning the selection of staff by successor bodies:-

Transitional period to be defined as two years from the proclamation of this legislation.

In respect of the transitional period:-

- (a) interim management boards or successor bodies to prepare lists of vacancies in their new water and sewerage administration;
- (b) all officers and employees of ceased bodies to be entitled to apply for vacancies in the body which is successor to their ceased body, for which they are qualified;
- (c) a selection committee to be appointed by the successor body to fill vacancies;
- (d) the principal selection criterion for filling vacancies to be relative efficiency;
- (e) selections to be made within six months of the coming into effect of the new structure;
- (f) Ministry to be notified of list of vacancies; details of selection committees, and to determine any cases of dispute during transitional period;
- (g) during transitional period, priority to be given to existing employees within water industry; and
- (h) where there is no suitable officer or employee on the staff of a body to which it is a successor, a successor body to advertise the vacancy.

The Committee also recommends that the Industrial Relations Task Force sponsor a series of meetings with relevant water industry employer bodies

and the unions and associations involved with the objective of reaching agreement concerning rationalising the industrial awards which apply in the water industry.

5. Regional Water Boards

Thus far, in the review, the Committee's attention in relation to regional water boards has been confined to their role in the provision of water and sewerage services. In future Reports, the Committee will examine the appropriateness of expanding that role to include watercourse management, and the nature of the regional management responsibilities of such bodies.

Matters in relation to regional bodies will need to be picked up in both instalments of the transitional legislation. In the first instalment the recommendations contained in this Report, although primarily designed to meet the requirements of water boards, should also be applied to the larger regional bodies. In addition the legislation must take cognizance of their expanded districts as outlined in the Sixth Report.

Earlier in this Report attention was given to the unsystematic and fragmented nature of water law in this State. This point is no better illustrated than by reference to the regional bodies. Under the current arrangements the Geelong Waterworks and Sewerage Trust and the Latrobe Valley Water and Sewerage Board have their own Acts but especially in the case of Geelong are also still "dependent upon both the Water Act and the Sewerage Districts Act to provide authority in those areas where its own Act is silent". The Ballarat Water Commissioners derive their authority by virtue of a section found in the middle of the Water Act (s. 185), while the Bendigo Sewerage Authority was created by an Order in Council. Clearly there is scope for rationalisation.

The Committee recognises that the final form of the legislation for regional bodies will depend to a large extent on the degree to which regional bodies have comparable functions, but considers there is merit in beginning an examination and evaluation of options for such legislation at an early date, as part of the overall revision of water law proposed by the Committee.

The various options for regional management have been discussed in earlier Committee Reports and considerable support has been generated for an R⁴ type model¹ in certain areas where interdependencies and population pressures are significant and later reports will clarify in detail the multi-functional nature of their ideas.

The Latrobe Valley Water and Sewerage Board in response to the Committee's Sixth Report has detailed those legislative changes that would need to be made to its Act if an R³² type model was created in its area. A copy of the Latrobe Valley document is contained in Appendix 8. While the Committee does not wish to be seen to pre-empt its later decisions on this matter it does consider that the Latrobe Valley view should be exposed for public comment. This one matter, in relation to the proposed Latrobe Regional Water Board, that needs early clarification is that of membership. While it is essential that bodies directly involved with consumers in the provision of water and sewerage services should be directly elected by those consumers this argument does not apply with the same force to the Latrobe situation. In the Sixth Report the Latrobe Authority recommended a Board of nine:-

Chairman	Governor in Council Appointed
Member representing SECV	Governor in Council Appointed
Member representing Private Industry	Governor in Council Appointed
Member representing Trade Unions	Governor in Council Appointed
Member representing Irrigators	Governor in Council Appointed
Member/Chief Executive Officer	Governor in Council Appointed
with	
Three members representing	Elected
community, urban water users and	
conservation interests	

-
1. That is, a regional authority responsible for all water, sewerage, drainage and flood protection works in its region.
 2. A regional authority created as a second tier above separate local authorities, with responsibility for region wide issues, including the provision of common headworks and disposal facilities where appropriate.

This proposal brought some response from the local bodies who were concerned at lack of municipal representation.

Donald P. Gracey in his report to the Committee on Ministerial Responsibility and Public Bodies in Victoria expresses the view that Ministerial responsibility "is significantly, if not totally reduced" if board members are appointed "by private election or nomination". While the Committee chose to disregard this advice in relation to local bodies where local participation was seen as critical the Committee does see some merit in applying this principle to the Latrobe Regional Water Board.

The Committee recommends that the Transitional Provisions legislation as outlined in this Report include relevant amendments of the Geelong Waterworks and Sewerage Trust Act, the Latrobe Valley Act and section 185 of the Water Act, and that the districts for water and/or sewerage services as outlined in or under those Acts be extended to cover those areas as outlined in the Sixth Report of the Public Bodies Review Committee.

The Committee also recommends that the Latrobe Valley Act be amended to allow for a Board of eleven members, seven of which to be appointed by the Governor in Council, as follows:-

Chairman

Member representing SECV

Member representing Private Industry

Member representing Employee Organizations

Member representing Conservation Interests

Member representing Irrigators

Member representing Water Boards and Municipalities

Three Members to be elected representing Community and urban water users

Chief Executive Officer, to be selected by the Board

The Committee does not necessarily see this structure as being a model for future Regional Water Boards, particularly should wide ranging responsibilities such as river management, soil conservation, forest or land management be given to such Boards.

CHAPTER THREE

THE NEXT STEPS

In tabling this Report the Committee is fulfilling its obligations in relation to the urban water and sewerage part of the reference. The Committee still has before it considerable information submitted in response to the Committee's Fifth Report "Economic Impact of Public Bodies in Victoria", the consultancy studies on "Ministerial Responsibility and Public Bodies in Victoria" (Donald P. Gracey) - "Operation and Structure of Central Management in Victoria's Water Industry " (Public Service Board of Victoria) - "Technical Standards in the Provision of Water and Sewerage to Towns in Victoria " (Sinclair, Knight and Partners) - "Irrigation Management in Victoria" (Neilson & Associates) and the Committee's Discussion Paper "Future Structures for Water Management: River Improvement and Drainage Trusts". In addition, Mr. E. McL. Holmes of the University of Melbourne has prepared a comprehensive document "Managing the Water Industry: The Accounting, Reporting and Auditing Dimension". Earlier drafts of this document have been circulated to key individuals and groups in both the water industry and accounting profession and the paper reflects not only their contributions but also the considerable number of contributions of organisations in the reference who wrote in response to the Touche Ross Study on Audit and Reporting and the Committee's Third Report on the same subject.

The Committee intends, as its next step, to draw together as many of the outstanding threads as it possibly can consistent with its desire to table its next Report later this session.

CONSULTANCY REPORTS AND DISCUSSION PAPERS CURRENTLY BEFORE THE
COMMITTEE FOR EVALUATION AND CONSIDERATION

1. Audit and Reporting Responsibilities of Public Bodies in Victoria - Touche Ross - Tabled March 1981.
2. Economic Impact of Public Bodies in Victoria - Institute of Applied Economic and Social Research, University of Melbourne - Tabled October 1981.
3. Technical Standards in the Provision of Water and Sewerage to Towns in Victoria - Sinclair Knight and Partners - Tabled October 1981.
4. Ministerial Responsibility and Public Bodies in Victoria - Donald P. Gracey - Tabled September 1981.
5. Operation and Structure of Central Management in Victoria's Water Industry - Management Consultancy and Organizational Studies Division, Public Service Board of Victoria - Tabled September 1981.
6. Irrigation Management in Victoria - Neilson and Associates - Tabled October 1981.
7. Future Structures for Water Management: River Improvement and Drainage Trusts - Discussion Paper by S. E. Fitts - Tabled November 1981.
8. Managing the Water Industry: The Accounting, Reporting and Auditing Dimension - E. McL. Holmes.



ANNO TRICESIMO PRIMO
ELIZABETHAE SECUNDAE REGINAE

VICTORIA

Parliamentary Committees (Joint Investigatory Committees) Act 1982

No. 9765

An Act to make Provision with respect to the Establishment, Powers and Functions of certain Joint Investigatory Committees of the Legislative Council and the Legislative Assembly, to repeal the *Public Works Committee Act 1958*, the *State Development Committee Act 1958*, the *Joint Select Committee (Conservation of Energy Resources) Act 1976* and certain other Acts, to amend the *Melbourne and Metropolitan Tramways Act 1958*, the *Subordinate Legislation Act 1962*, the *Parliamentary Committees Act 1968*, the *Constitution Act 1975* and certain other Acts and for other purposes.

[Assented to 13 July 1982]

BE IT ENACTED by the Queen's Most Excellent Majesty by and with the advice and consent of the Legislative Council and the Legislative Assembly of Victoria in this present Parliament assembled and by the authority of the same as follows (that is to say):

1. (1) This Act may be cited as the *Parliamentary Committees (Joint Investigatory Committees) Act 1982*. Short title.

Principal Act
No. 7727.
Reprinted to
No. 9367.
Subsequently
amended by
Nos. 9476, 9549,
9554, 9695 and
9699.

(2) In this Act the *Parliamentary Committees Act* 1968 is referred to as the Principal Act.

Commence-
ment.

(3) This Act shall come into operation on a day to be fixed by proclamation of the Governor in Council published in the *Government Gazette*.

Amendment of
No. 7727 s. 1 (3).

2. Section 1 (3) of the Principal Act shall be amended as follows:

- (a) For the expression "Part I.—Public Accounts and Expenditure Review Committee ss. 4–6A." there shall be substituted the expression "Part I.—Joint Investigatory Committees ss. 4–4U.";
- (b) The expression "Part IV.—Statute Law Revision Committee ss. 37–40." shall be repealed;
- (c) The expression "Part V.—Subordinate Legislation Committee ss. 41–44." shall be repealed; and
- (d) The expression "Part VIA.—Public Bodies Review Committee ss. 48A–48I." shall be repealed.

Repeal of
No. 7727 s. 2.

3. Section 2 of the Principal Act shall be repealed.

Amendment of
No. 7727 s. 3 (1).

4. Section 3 (1) of the Principal Act shall be amended as follows:

- (a) After the interpretation of "House Committee" there shall be inserted the following interpretation:

““Joint Investigatory Committee” means the Economic and Budget Review Committee, the Legal and Constitutional Committee, the Natural Resources and Environment Committee, the Public Bodies Review Committee and the Social Development Committee.”;

- (b) For the interpretation of "Parliamentary Committee" there shall be substituted the following interpretations:

““Parliament” means the Parliament of Victoria.

““Parliamentary committee” means any Joint Investigatory Committee, the House Committee, the Library Committee and any Private Bill Committee.”;

- (c) After the interpretation of "Private Bill Committee" there shall be inserted the following interpretation:

““Public body” means any public body established by or appointed pursuant to an Act or established by or appointed pursuant to any rule, regulation,

by-law,

“Parliament.”

“Parliamentary
committee.”

“Public body.”

by-law, order, Order in Council, proclamation or other instrument of a legislative character.’; and

(d) After the interpretation of “Speaker” there shall be inserted the following interpretation:

“State” means the State of Victoria.’.

“State.”

5. For Part I. of the Principal Act there shall be substituted the following Part:

New Part I.
substituted
in No. 7727.

“PART I.—JOINT INVESTIGATORY COMMITTEES

4. (1) There shall be five Joint Investigatory Committees of the Council and the Assembly to be called—

Joint
Investigatory
Committees.

- (a) the Economic and Budget Review Committee;
- (b) the Legal and Constitutional Committee;
- (c) the Natural Resources and Environment Committee;
- (d) the Public Bodies Review Committee; and
- (e) the Social Development Committee.

(2) A Joint Investigatory Committee shall consist of twelve members of which—

- (a) not more than six of such members shall be members of and be appointed by the Council; and
- (b) not more than ten of such members shall be members of and be appointed by the Assembly.

(3) As soon as conveniently practicable after the commencement of every Parliament the members of a Joint Investigatory Committee shall be appointed according to the practice of Parliament with reference to the appointment of members to serve on Joint Select Committees of the Council and the Assembly.

(4) Seven members of a Joint Investigatory Committee shall constitute a quorum but no quorum of a Joint Investigatory Committee shall consist exclusively of members of the Assembly.

(5) A Joint Investigatory Committee shall elect one of the members of the Committee to be chairman of the Committee.

(6) The chairman of a Joint Investigatory Committee shall have a deliberative vote and, in the event of an equality of votes, a casting vote.

4A. The functions of the Economic and Budget Review Committee shall be to inquire into, consider and report to the Parliament on any proposal, matter or thing connected with public sector or private sector finances or with the economic development of the State where the Committee is required or permitted so to do by or under this Act.

Functions of
the Economic
and Budget
Review
Committee.

4B. The

Functions of
the Legal and
Constitutional
Committee.

4B. The functions of the Legal and Constitutional Committee shall be—

- (a) to inquire into, consider and report to the Parliament, where required or permitted so to do by or under this Act, on any proposal, matter or thing concerned with legal, constitutional or parliamentary reform or with the administration of justice but excluding any proposal, matter or thing concerned with the joint standing orders of the Parliament or the standing orders of any House of the Parliament or the rules of practice of any House of the Parliament; and
- (b) to consider whether the special attention of Parliament should be drawn to any regulations on the ground that—
 - (i) the regulations appear not to be within the regulation-making power conferred by, or not to be in accord with the general objects of, the Act pursuant to which they purport to be made;
 - (ii) the form or intention of the regulations requires explanation;
 - (iii) the regulations unduly trespass on rights previously established by law;
 - (iv) the regulations unduly make rights dependent upon administrative and not upon judicial decisions; or
 - (v) the regulations contain matter which in the opinion of the Committee should properly be dealt with by Act of Parliament and not by regulations—

and to make such reports and recommendations to the Council and the Assembly as it thinks desirable as a result of any such consideration.

Functions of
the Natural
Resources and
Environment
Committee.

4c. The functions of the Natural Resources and Environment Committee shall be to inquire into, consider and report to the Parliament on—

- (a) any proposal, matter or thing concerned with the natural resources of the State;
- (b) how the natural resources of the State may be conserved;
- (c) any proposal, matter or thing concerned with the environment;
- (d) how the quality of the environment may be protected and improved; and
- (e) any works or proposed works reasonably capable of having a significant effect upon the resources of the State or the environment—

where the Committee is required or permitted so to do by or under this Act.

4D. The

4D. The functions of the Public Bodies Review Committee shall be to review any public body nominated for review under section 4M (1) and report to the Parliament on the question whether or not the body should cease to exist.

Functions of
the Public
Bodies Review
Committee.

4E. The functions of the Social Development Committee shall be to inquire into, consider and report to the Parliament on—

Functions of
the Social
Development
Committee.

- (a) any proposal, matter or thing concerned with the social development of the people of the State;
- (b) how the life of individuals, families and communities in the State may be improved; and
- (c) the role of Government in promoting the welfare of the people of the State—

where the Committee is required or permitted so to do by or under this Act.

4F. (1) A Joint Investigatory Committee—

Role of Joint
Investigatory
Committees.

- (a) is required to inquire into, consider and report to the Parliament on any proposal, matter or thing relevant to the functions of the Committee which is referred to the Committee—
 - (i) by resolution of the Council and the Assembly; or
 - (ii) by Order of the Governor in Council published in the *Government Gazette*; and
- (b) may inquire into, consider and report to the Parliament on any annual report or other document relevant to the functions of the Committee which is laid before either House of the Parliament pursuant to a requirement imposed by or under an Act.

(2) The Economic and Budget Review Committee may, in addition to the powers and duties conferred or imposed on it by sub-section (1), inquire into, consider and report to the Parliament on any matter arising out of the annual Estimates of Receipts and Payments of the Consolidated Fund or other Budget Papers.

(3) A resolution of the Council and the Assembly or an Order of the Governor in Council referring a proposal, matter or thing to a Joint Investigatory Committee pursuant to paragraph (a) of sub-section (1) may specify a period of time within which the Committee is required to make a final report to the Parliament on the proposal, matter or thing.

(4) In carrying out its functions a Joint Investigatory Committee is required—

- (a) to give priority—
 - (i) firstly, to all proposals, matters or things referred to it by resolution of the Council and the Assembly; and
 - (ii) secondly,

(ii) secondly, to all proposals, matters or things referred to it by Order of the Governor in Council published in the *Government Gazette*—

before all other proposals, matters or things being inquired into or being considered by the Committee; and

(b) to comply with any limitation of time specified pursuant to sub-section (3).

(5) Notwithstanding anything to the contrary in this section, the Legal and Constitutional Committee shall give priority to considering whether the special attention of Parliament should be drawn on any ground mentioned in paragraph (b) of section 4B to any statutory rules within the meaning of the *Subordinate Legislation Act* 1962 laid before both Houses of Parliament.

4G. (1) A Joint Investigatory Committee shall hold office as such and may exercise all the powers conferred on it by this Act or otherwise for the Parliament during which it is appointed and thence until—

(a) the expiry of the Assembly by effluxion of time; or

(b) the dissolution of either House of the Parliament—

whichever of those events first happens.

(2) Subject to sub-sections (3) and (4), a Joint Investigatory Committee may sit and transact business during the period for which it holds office at such times (including times while either House of the Parliament has adjourned) and in such places in Victoria or elsewhere as are convenient for the proper and speedy despatch of business.

(3) A Joint Investigatory Committee shall not sit while either House of the Parliament is actually sitting except by leave of that House.

(4) A Joint Investigatory Committee may not, while either House of the Parliament is actually sitting, sit in any place other than a place that is within the Parliament buildings.

4H. (1) A Joint Investigatory Committee or a sub-committee of a Joint Investigatory Committee appointed under section 4L may invite any member of the Council or the Assembly (including a member who is a member of any other Joint Investigatory Committee) to be present for a purpose specified by the Committee or sub-committee, as the case may be, at the whole or any part of a particular meeting of the Committee or sub-committee, as the case may be.

(2) A member

Terms of Joint Investigatory Committees.

Committees and sub-committees may invite members of Parliament to attend meetings.

(2) A member of the Council or the Assembly who is present at a meeting of a Joint Investigatory Committee or a sub-committee of a Joint Investigatory Committee pursuant to an invitation under sub-section (1) shall not vote on any question arising at the meeting.

4I. (1) A Joint Investigatory Committee may hold a public hearing on any proposal, matter or thing being inquired into or being considered by the Committee and may allow any person to give evidence to it at the public hearing. Public hearings.

(2) Subject to section 4M (10), a Joint Investigatory Committee may refuse to hear evidence at a public hearing which in the opinion of the Committee—

- (a) is irrelevant to the proposal, matter or thing being inquired into or being considered by the Committee; or
- (b) is unnecessary to be given because of other information at the disposal of the Committee.

(3) Unless both Houses of the Parliament otherwise resolve in a particular case, a person or body shall not be entitled or permitted to be represented by counsel or a solicitor at a public hearing held by a Joint Investigatory Committee but nothing in this sub-section shall prevent a person from giving evidence on his own behalf or on behalf of a body of which he is a member or an employé.

(4) Notwithstanding anything in this section or in section 4M (10), a Joint Investigatory Committee may deliberate in private.

4J. (1) A Joint Investigatory Committee shall have power to send for persons, papers and records. Evidence.

(2) Subject to sub-section (3), unless a Joint Investigatory Committee otherwise resolves, the Committee shall take all evidence in public.

(3) The Committee may, if it is of the opinion that special circumstances make it desirable to do so, take any evidence in private and for this purpose the Committee may, notwithstanding anything in section 4I or in section 4M (10), hold the whole or any part of a public hearing in private.

(4) Without limiting or affecting the generality of section 19A of the *Constitution Act* 1975, evidence before a Joint Investigatory Committee shall, if the Committee so requires, be given on oath or affirmation.

(5) Every person required by a Joint Investigatory Committee to attend as a witness shall, in such circumstances as are prescribed, be allowed such expenses as are prescribed.

(6) Any person or body may make written submissions to a Joint Investigatory Committee with respect to any proposal, matter or thing being inquired into or being considered by the Committee.

(7) A Joint

(7) A Joint Investigatory Committee shall keep a record of all evidence given before it and determinations made by it.

Research.

4K. (1) Subject to section 4T, a Joint Investigatory Committee may commission any person or persons to investigate and report to the Committee on any aspect of a proposal, matter or thing being inquired into or being considered by the Committee.

(2) A Joint Investigatory Committee may, in lieu of or in addition to commissioning an investigation under sub-section (1), with the consent of the Public Service Board make use of the services of any of the officers or employes of the public service for the purpose of investigating and reporting to the Committee on any aspect of a proposal, matter or thing being inquired into or being considered by the Committee.

Sub-committees.

4L. (1) A Joint Investigatory Committee may appoint sub-committees of not less than four members of the Joint Investigatory Committee of whom one shall be appointed by the Joint Investigatory Committee as chairman of the sub-committee.

(2) A majority of the members of a sub-committee shall constitute a quorum.

(3) A question arising at a meeting of a sub-committee shall be determined by a majority of the votes of the members of the sub-committee present and voting and in the event of an equality of votes the chairman shall have an additional or casting vote.

(4) A sub-committee shall in relation to any proposal, matter or thing which has been referred to the sub-committee for consideration and report hold, enjoy and exercise all the privileges, immunities and powers (except the powers specified in section 4K) of the Joint Investigatory Committee.

(5) A sub-committee shall report to the Joint Investigatory Committee which may adopt the report of the sub-committee or reject that report or adopt that report with variations.

(6) In appointing a sub-committee a Joint Investigatory Committee may empower one or more members of the sub-committee to take evidence (otherwise than at a meeting of the sub-committee) with respect to any proposal, matter or thing which is referred to the sub-committee for consideration and report.

(7) In taking evidence pursuant to sub-section (6) a member of a sub-committee shall hold, enjoy and exercise all the privileges, immunities and powers of the sub-committee.

4M. (1) The Council and the Assembly may by resolution or the Governor in Council may by Order published in the *Government Gazette* at any time nominate a public body for review by the Public Bodies Review Committee.

(2) A nomination

Additional provisions with respect to the functions and procedures of the Public Bodies Review Committee.

(2) A nomination made by the Council and the Assembly pursuant to sub-section (1) may at any time be withdrawn by resolution of the Council and the Assembly.

(3) Where the Governor in Council has nominated a public body for review pursuant to sub-section (1) he may at any time by Order published in the *Government Gazette* withdraw the nomination.

(4) A public body which is reviewed by the Committee shall not be eligible to be again nominated for review until after the elapse of a period of five years beginning on the day on which the most recent review of the body by the Committee was completed.

(5) Subject to sub-section (4), every public body, whether established or appointed before or after the commencement of the *Parliamentary Committees (Joint Investigatory Committees) Act* 1982, shall be eligible to be nominated for review unless the Act or instrument by which it is established or pursuant to which it is appointed expressly provides to the contrary.

(6) The Committee may review a public body separately or together with any other public body or bodies nominated for review.

(7) Subject to section 4F, the Committee may review a public body notwithstanding that another public body was nominated for review before the first-mentioned public body and that other public body has not yet been reviewed by the Committee.

(8) The chairman of the Committee shall cause notice of the date on which the Committee commences or proposes to commence to review a public body to be published in the *Government Gazette* and in a newspaper circulating generally throughout Victoria.

(9) When reviewing the activities of a public body the Committee shall inquire into any matter which it considers relevant to the question whether or not the body should cease to exist and, without limiting the generality of the foregoing, it shall inquire into the following matters in particular:

- (a) Whether or not the objects of the body are worth pursuing in contemporary society;
- (b) Whether or not the body pursues its objects efficiently, effectively and economically;
- (c) Whether or not the structure of the body is suited to the activities it performs;
- (d) Whether or not the body duplicates the work of another person or body;
- (e) The financial and other liabilities and obligations of the body;

(f) The

- (f) The staff of the body (including officers or employés of the public service whose services are being made use of by the body);
- (g) The extent to which the body seeks information as to the effect of its activities and acts on the information it receives;
- (h) The extent to which the body considers the public interest when performing its activities;
- (i) The extent to which the body encourages public participation in its activities;
- (j) The manner in which the body handles complaints about its activities; and
- (k) The extent to which the body is prepared to improve its structure, composition or procedures.

(10) Notwithstanding anything to the contrary in section 41 (1) the Committee shall, before reporting to the Parliament on the question whether or not a public body should cease to exist, hold a public hearing on that question and shall allow any member of the public body under review to give evidence to it at the public hearing.

Reports and
discussion
papers.

4N. (1) A Joint Investigatory Committee may at any time prior to making a final report to the Parliament on any proposal, matter or thing—

- (a) make one or more interim reports to the Parliament on the proposal, matter or thing; or
- (b) publish a document pertaining to the proposal, matter or thing.

(2) A Joint Investigatory Committee may include in any report made by it to the Parliament a draft Bill to give effect to such of the recommendations of the Committee as cannot be given effect to otherwise than by an Act.

(3) For the purposes of preparing a draft Bill for incorporation in a report to the Parliament a Joint Investigatory Committee may, with the consent of the Attorney-General, make use of the services of any of the officers or employés of the public service in the Law Department.

(4) Where requested so to do by one or more members of the Committee, a Joint Investigatory Committee shall include with a report made by it to the Parliament a minority report on behalf of that member or those members.

40. (1) The

4o. (1) The chairman of a Joint Investigatory Committee shall lay each report to the Parliament of the Committee or cause each report to the Parliament of the Committee to be laid before both Houses of the Parliament within ten sitting days of the report being adopted by the Committee.

Reports to be laid before the Parliament.

(2) Where a report to the Parliament of a Joint Investigatory Committee other than the Public Bodies Review Committee recommends that a particular action be taken by the Government with respect to a matter, the appropriate responsible Minister of the Crown shall, within six months of the report of the Committee being laid before both Houses of the Parliament, report to the Parliament as to the action (if any) proposed to be taken by the Government with respect to the recommendation of the Committee.

4p. (1) The Public Bodies Review Committee shall, in reporting to the Parliament on the question whether or not a public body nominated for review under section 4M (1) should cease to exist, include in the report—

Additional provisions with respect to the reports of the Public Bodies Review Committee.

- (a) either a recommendation that the public body should cease to exist or a recommendation that the public body should continue to exist; and
- (b) the reasons of the Committee for recommending the cessation or continuance of existence (as the case may be) of the public body.

(2) Where the Committee recommends in its report to the Parliament that a public body reviewed by it should continue to exist, the Committee—

- (a) shall include in the report a recommendation as to—
 - (i) the period within which the body should again be reviewed; and
 - (ii) the changes (if any) that should be made to the structure or membership of the body, the procedures adopted by the body or the powers, functions or duties exercised or performed by the body; and
- (b) may include in the report a statement of the objects which, in the opinion of the Committee, the body ought to pursue when exercising or performing its powers, functions or duties.

(3) Where the Committee recommends in its report to the Parliament that a public body reviewed by it should cease to exist, the Committee shall include in the report recommendations as to the arrangements that should be made in consequence of the

cessation

cessation of existence of the body and the going out of office of its members including, without limiting the generality of the foregoing, the arrangements that should be made in relation to—

- (a) the powers, functions and duties exercised or performed by the body;
- (b) the property (if any) owned by the body or in which the body has an interest;
- (c) where the body is established by or appointed pursuant to an Act, the repeal or amendment of that Act;
- (d) the repeal or amendment of any other enactment referring to the body;
- (e) where the body is established by or appointed pursuant to a rule, regulation, by-law, order, Order in Council, proclamation or other instrument of a legislative character, the revocation or amendment thereof;
- (f) the revocation or amendment of any other rule, regulation, by-law, order, Order in Council, proclamation or other instrument of a legislative character referring to the body;
- (g) the officers and employées of the body;
- (h) any contract, agreement or arrangement to which the body is a party;
- (i) any legal or other proceeding or claim to which the body is a party or in which the body has an interest; and
- (j) the financial and other liabilities and obligations of the body.

(4) Where a public body is reviewed by the Committee and the Committee recommends in its final report to the Parliament with respect to that public body that the body should cease to exist then, subject to this section, on the first anniversary of the day on which the final report of the Committee is laid before both Houses of the Parliament—

- (a) the body shall cease to exist; and
- (b) the members of the body shall go out of office.

(5) Where—

- (a) a public body is reviewed by the Committee and the Committee recommends in its final report to the Parliament with respect to that public body that the body should cease to exist;
- (b) both Houses of the Parliament, after the final report of the Committee is laid before them, expressly resolve that the body shall continue to exist; and

(c) after

- (c) after it is so expressly resolved, the body is again reviewed by the Committee and the Committee recommends that the body should cease to exist—

the resolution by both Houses of the Parliament that the body shall continue to exist shall not prevent sub-section (4) operating to cause the cessation of existence of the body and the going out of office of its members unless the resolution by both Houses of the Parliament that the body shall continue to exist is expressed to override this sub-section.

(6) Where a public body ceases to exist by virtue of sub-section (4) without provision having been made by the Parliament or by the Governor in Council with respect to such of the arrangements which it is necessary to make in consequence of the cessation of existence of the body and the going out of office of its members as may be made only by the Parliament or by the Governor in Council, the following provisions shall apply to the extent to which they are capable of doing so:

- (a) Where the body was established by or appointed pursuant to an Act, that Act shall be read and construed as if it did not—
- (i) provide for the establishment of the body or the appointment of members of the body;
 - (ii) confer or impose powers, functions or duties or obligations or liabilities on the body or on its members;
 - (iii) provide for the performance by any person of any action in relation to the body; or
 - (iv) contain any provision which otherwise depends for its efficacy upon the existence of the body;
- (b) Any other Act which—
- (i) confers or imposes powers, functions or duties or obligations or liabilities on the body or on its members;
 - (ii) provides for the performance by any person of any action in relation to the body; or
 - (iii) contains any provision which otherwise depends for its efficacy upon the existence of the body—
- shall be read and construed as if it did not do so;
- (c) Where the body was established by or appointed pursuant to any rule, regulation, by-law, order, Order in Council, proclamation or other instrument of a legislative character, that instrument shall be read and construed as if it did not—
- (i) provide for the establishment of the body or the appointment of members of the body;
 - (ii) confer

- (ii) confer or impose powers, functions or duties or obligations or liabilities on the body or on its members;
 - (iii) provide for the performance by any person of any action in relation to the body; or
 - (iv) contain any provision which otherwise depends for its efficacy upon the existence of the body;
- (d) Any other rule, regulation, by-law, order, Order in Council, proclamation or other instrument of a legislative character which—
- (i) confers or imposes powers, functions or duties or obligations or liabilities on the body or on its members;
 - (ii) provides for the performance by any person of any action in relation to the body; or
 - (iii) contains any provision which otherwise depends for its efficacy upon the existence of the body—
- shall be read and construed as if it did not do so;
- (e) All real and personal property whatsoever (including, without limiting the generality of the foregoing, money and any interest in any real or personal property) vested in the body shall be vested in the Crown, subject to any existing charge or encumbrance;
- (f) Subject to paragraph (g), all contracts, agreements and arrangements to which the body is a party shall cease to have effect in relation to the body;
- (g) All debts lawfully owing to the body shall be deemed to be lawfully owing to the Crown;
- (h) All legal or other proceedings or claims to which the body is a party shall lapse insofar as they relate to the body; and
- (i) All other acts, matters and things of a continuing nature made, done or commenced by or on behalf of or in relation to the body and of any force or effect or capable of acquiring any force or effect shall cease to be of any force or effect or capable of acquiring any force or effect.

(7) Notwithstanding anything in sub-section (6), where the Treasurer of Victoria or the Government of Victoria has—

- (a) guaranteed the repayment by a public body which ceases to exist by virtue of sub-section (4) of a loan or the performance by such a public body of any obligation of a financial nature; or
- (b) granted

- (b) granted an indemnity against loss suffered as a result of the failure of such a public body to repay a loan or perform an obligation of a financial nature—

the loan or obligation shall on the cessation of existence of the body become and be repayable or performable by the Treasurer of Victoria or the Government of Victoria (as the case may be) as if the loan had been made, or the obligation undertaken, by him or it and the Consolidated Fund is hereby to the necessary extent appropriated accordingly.

(8) Where the Minister responsible for a public body is of the opinion that a person has suffered undue hardship by reason of the operation of sub-section (6) in relation to the body, the Treasurer of Victoria—

- (a) may pay to that person such amount by way of compensation as he thinks fit out of the Consolidated Fund, which is hereby to the necessary extent appropriated accordingly; and
- (b) shall lay or cause to be laid before both Houses of the Parliament within fourteen days of the payment being made if the Parliament is then sitting or, if the Parliament is not then sitting, within fourteen days of the next meeting of the Parliament a report setting out details with respect to the payment.

(9) The exercise by a Minister of a discretion under sub-section (8) in relation to the payment of compensation or by the Treasurer of Victoria in relation to the amount thereof shall not in any way be made the subject of or called into question in any proceedings before a court.

4Q. (1) There shall be a committee consisting of the President, the Speaker and the chairmen of the Joint Investigatory Committees. Discussions on functioning of Committees.

(2) The committee referred to in sub-section (1) or any two or more chairmen of Joint Investigatory Committees may meet and hold discussions with a view to securing the more efficient functioning of Joint Investigatory Committees generally or any one or more of those Committees in particular and to avoiding the duplication by one Committee of the work of another Committee.

(3) The chairman of a Joint Investigatory Committee may, for any purpose referred to in sub-section (2), disclose or publish to the committee referred to in sub-section (1) or to any other chairman of a Joint Investigatory Committee any evidence taken by the Committee or any documents presented to the Committee or any proceedings or reports of the Committee notwithstanding that that evidence or those documents, proceedings or reports have not been reported to the Parliament.

4R. (1) A Joint

Committees to publish submissions and reports of investigations.

4R. (1) A Joint Investigatory Committee shall on request make available to any member of the public—

- (a) a copy of any written submissions made to it under section 4J (6);
- (b) a copy of the report of any investigation carried out under sub-section (1) or (2) of section 4K; or
- (c) a copy of the record of any evidence given before it or determinations made by it—

unless in the opinion of the Committee special circumstances make it undesirable to do so.

(2) For making available to him any document under sub-section (1) a Joint Investigatory Committee may charge a member of the public a reasonable sum not exceeding the cost of making the document so available.

(3) A Joint Investigatory Committee shall not disclose or publish any evidence given to it in private.

Evidence may be considered by subsequent Committees.

4S. Where any proposal, matter or thing is being inquired into or being considered by a Joint Investigatory Committee and the Committee has lapsed or ceases to have legal existence before the proposal, matter or thing has been reported on to Parliament by the Committee, the evidence taken before the Committee shall nevertheless be considered by any subsequent Committee which may inquire into or consider the same proposal, matter or thing as if that evidence had been given before and for the information and guidance of the subsequent Committee.

Expenditure of Committees.

4T. Except as otherwise provided in this Act, any expenditure incurred by or on behalf of a Joint Investigatory Committee shall, when authorized by and certified to by—

- (a) the Treasurer and the Speaker; or
- (b) the Treasurer and the President—

be payable out of the Consolidated Fund, which is hereby to the necessary extent appropriated accordingly.

Immunity from judicial review.

4U. The proceedings of a Joint Investigatory Committee or any recommendation or report made by a Joint Investigatory Committee or any document published by a Joint Investigatory Committee shall not give rise to any cause of action in law or be made the subject of, or in any way be called into question in, any proceedings before a court.”.

Repeal of No. 7727. Parts IV., V. and VIA.

6. Parts IV., V. and VIA. of the Principal Act shall be repealed.

7. Section

7. Section 51A of the Principal Act shall be amended as follows: Amendment of No. 7727 s. 51A.
- (a) In sub-section (1) for the expression "2 per centum" there shall be substituted the expression "5 per centum";
 - (b) In sub-section (1A) after the words "is present" there shall be inserted the expression "or, in the case of a member of a sub-committee of a Joint Investigatory Committee, for each attendance to take evidence pursuant to section 4L (6)";
 - (c) For sub-section (5) there shall be substituted the following sub-section:
 - "(5) Sub-section (1) applies to—
 - (a) any Joint Investigatory Committee; and
 - (b) any joint select committee where the resolution of the Council and the Assembly establishing the Committee expressly provides that sub-section (1) applies to the committee.";
 - (d) For paragraph (c) of sub-section (6) there shall be substituted the following paragraphs:
 - "(b) any Joint Investigatory Committee or any sub-committee of a Joint Investigatory Committee;
 - (c) any joint select committee where the resolution of the Council and the Assembly establishing the committee expressly provides that sub-section (1A) applies to the committee."; and
 - (e) Sub-section (7) shall be repealed.

8. In sections 52 and 53 of the Principal Act for the words "parliamentary committee" (wherever occurring) there shall be substituted the word "committee". Amendment of No. 7727 ss. 52 and 53.

9. (1) In this section "former committee" means— Transitional provisions.
- (a) the Public Works Committee constituted under the *Public Works Committee Act 1958*;
 - (b) the State Development Committee constituted under the *State Development Committee Act 1958*;
 - (c) the Public Accounts and Expenditure Review Committee, the Statute Law Revision Committee and the Subordinate Legislation Committee constituted under the Principal Act;
 - (d) the Conservation of Energy Resources Committee constituted under the *Joint Select Committee (Conservation of Energy Resources) Act 1976*; or
 - (e) the Road Safety Committee constituted under the *Joint Select Committee (Road Safety) Act 1979*.

(2) On

(2) On the commencement of this Act the members then in office of any former committee shall go out of office.

(3) Where before the commencement of this Act any proposal, matter or thing was being inquired into or being considered by a former committee and after the commencement of this Act a Joint Investigatory Committee constituted under the Principal Act as amended by this Act or a joint select committee of the Legislative Council and the Legislative Assembly is required to inquire into, consider and report to the Parliament on the same proposal, matter or thing, the evidence taken before the former committee shall nevertheless be considered by that Joint Investigatory Committee or joint select committee as if that evidence had been given before and for the information and guidance of that Joint Investigatory Committee or joint select committee, as the case requires.

(4) The Public Bodies Review Committee constituted under the Principal Act as amended by this Act shall be deemed to be the same body as the Public Bodies Review Committee constituted under the Principal Act prior to the commencement of this Act notwithstanding the alteration made by this Act to the constitution of that body and no act, matter or thing shall be in any way abated or affected by reason of that alteration and any such act, matter or thing may be continued and concluded in all respects as if this Act had not been passed.

(5) Without limiting the generality of sub-section (4), where before the commencement of this Act a public body within the meaning of Part VIA. of the Principal Act was being reviewed by the Public Bodies Review Committee constituted under that Act, the evidence taken before that Committee shall nevertheless be considered by the Public Bodies Review Committee constituted under the Principal Act as amended by this Act in reviewing that same body as if that evidence had been given before and for the information and guidance of the last-mentioned Committee.

10. The Acts mentioned in the Schedule to the extent to which they are in the Schedule expressed to be repealed or amended are hereby repealed or amended accordingly.

11. Notwithstanding anything to the contrary in the *Subordinate Legislation Act 1962*, where a statutory rule was laid before a House of the Parliament on or after 27 April 1982 and before the first appointment of members of the Legal and Constitutional Committee after the commencement of this Act, section 6 (2) of the *Subordinate Legislation Act 1962* shall have effect in relation to that statutory rule as if it required notice of a resolution to disallow that statutory rule to be given in that House on or before the eighteenth day upon which that House sits after that first appointment of members.

SCHEDULE

Repeals and amendments.

Transitory Provision concerning statutory rules.

SCHEDULE

Section 10.

<i>No. of Act</i>	<i>Title of Act</i>	<i>Extent of Repeal or Amendment</i>
6254	<i>Forests Act 1958</i>	The proviso to paragraph (e) of sub-section (1) of section 21 shall be repealed.
6311	<i>Melbourne and Metropolitan Tramways Act 1958</i>	<p>Section 38 shall be amended as follows:</p> <p>(a) In sub-section (2) the words "and such proposals shall be referred to the Public Works Committee or to the State Development Committee for consideration and report to the Governor in Council" shall be repealed;</p> <p>(b) For sub-section (3) there shall be substituted the following sub-section: "(3) The Governor in Council may approve any proposals for any such revision with or without modifications or alterations and subject to such conditions as he shall think fit."; and</p> <p>(c) For sub-section (4) there shall be substituted the following sub-section: "(4) The Minister shall cause a copy of the approved proposals to be forwarded to the Board for adoption by it and the Board shall keep copies of the adopted revision available for inspection without charge at all reasonable times at the office of the Board."</p> <p>Section 39 (2) shall be amended as follows:</p> <p>(a) For paragraph (c) there shall be substituted the following paragraphs: "(c) The Governor in Council may approve the special construction scheme with or without modifications or alterations and subject to such conditions as he shall think fit;</p> <p>(ca) The Minister shall cause a copy of the approved special construction scheme to be forwarded to the Board which shall make such recommendation thereon to the Minister as it thinks fit"; and</p> <p>(b) In paragraph (d) the words "and of the report thereon in its final form" shall be repealed.</p> <p>Section 40 shall be repealed.</p>
6352	<i>Public Works Committee Act 1958</i>	The whole shall be repealed.
6376	<i>State Development Committee Act 1958</i>	The whole shall be repealed.
6520	<i>Public Works Committee (Amendment) Act 1959</i>	The whole shall be repealed.

SCHEDULE

SCHEDULE—*continued*

<i>No. of Act</i>	<i>Title of Act</i>	<i>Extent of Repeal or Amendment</i>
6576	<i>Distribution of Population (Joint Committee) Act 1959</i>	The whole shall be repealed.
6736	<i>Public Works Committee (Special Exemption) Act 1961</i>	The whole shall be repealed.
6776	<i>Distribution of Population (Joint Committee) Act 1961</i>	The whole shall be repealed.
6863	<i>The Constitution Act Amendment (Statute Law Revision Committee) Act 1962</i>	The whole shall be repealed.
6886	<i>Subordinate Legislation Act 1962</i>	In sub-sections (2) and (3) (a) of section 5 and in paragraph (c) of section 10 for the words "Subordinate Legislation Committee" there shall be substituted the words "Legal and Constitutional Committee". In section 6 (1) (b) for the words "Subordinate Legislation Committee or by any previous Subordinate Legislation Committee" there shall be substituted the expression "Legal and Constitutional Committee or by any previous Legal and Constitutional Committee or by any Subordinate Legislation Committee that held office as such before the commencement of the <i>Parliamentary Committees (Joint Investigatory Committees) Act 1982</i> ".
6945	<i>Public Works Committee (Special Exemption) Act 1962</i>	The whole shall be repealed.
6960	<i>The Constitution Act Amendment (Statute Law Revision Committee) Act 1962</i>	The whole shall be repealed.
7316	<i>Joint Select Committee (Drainage) Act 1965</i>	The whole shall be repealed.
7329	<i>Committees (Amendment) Act 1965</i>	The whole shall be repealed.
7558	<i>Joint Select Committee (Drainage) Act 1967</i>	The whole shall be repealed.
7568	<i>Joint Select Committee (Meat Industry) Act 1967</i>	The whole shall be repealed.
7602	<i>Joint Select Committee (Road Safety) Act 1967</i>	The whole shall be repealed.
7977	<i>Joint Select Committee (Meat Industry) Act 1970</i>	The whole shall be repealed.
7978	<i>Joint Select Committee (Road Safety) Act 1970</i>	The whole shall be repealed.
7987	<i>Road Traffic (Amendment) Act 1970</i>	Section 5 shall be repealed.
8181	<i>Statute Law Revision Act 1971</i>	Item 176 in the Schedule shall be repealed.
8214	<i>Public Works and State Development Committees Act 1971</i>	The whole shall be repealed.
8353	<i>Railways (Amendment) Act 1972</i>	In the Schedule, the item referring to the <i>Public Works Committee Act 1958</i> shall be repealed.
8360	<i>The Constitution Act Amendment (Qualifications Joint Select Committee) Act 1972</i>	The whole shall be repealed.

SCHEDULE

SCHEDULE—continued

No. of Act	Title of Act	Extent of Repeal or Amendment
8419	<i>Joint Select Committee (Osteopathy, Chiropractic and Naturopathy) Act 1973</i>	The whole shall be repealed.
8437	<i>Joint Select Committee (Meat Industry) Act 1973</i>	The whole shall be repealed.
8438	<i>Joint Select Committee (Road Safety) Act 1973</i>	The whole shall be repealed.
8439	<i>Joint Select Committee (Osteopathy, Chiropractic and Naturopathy) Amendment Act 1973</i>	The whole shall be repealed.
8440	<i>Public Works Committee Act 1973</i>	The whole shall be repealed.
8441	<i>The Constitution Act Amendment (Qualifications Joint Select Committee) Act 1973</i>	The whole shall be repealed.
8447	<i>Public Works Committee (Attendance Fees) Act 1973</i>	The whole shall be repealed.
8530	<i>Parliamentary Salaries and Allowances Act 1973</i>	Parts II. and III. shall be repealed.
8568	<i>Public Servants Ethical Conduct (Joint Select Committee) Act 1974</i>	The whole shall be repealed.
8750	<i>Constitution Act 1975</i>	Section 19A shall be amended as follows: (a) In sub-section (1) after the words "the Council and the Assembly" there shall be inserted the expression "or a sub-committee of a Joint Investigatory Committee within the meaning of the <i>Parliamentary Committees Act 1968</i> or a member of such a sub-committee empowered to take evidence pursuant to section 4L (6) of that Act"; and (b) In sub-section (5) after the words "the committee" there shall be inserted the expression "(or, in the case of a member of a sub-committee of a Joint Investigatory Committee within the meaning of the <i>Parliamentary Committees Act 1968</i> empowered to take evidence pursuant to section 4L (6) of that Act, by that member)".
8826	<i>Public Servants Ethical Conduct (Joint Select Committee) Act 1976</i>	The whole shall be repealed.
8827	<i>Committees (Membership) Act 1976</i>	The whole shall be repealed.
8828	<i>Joint Select Committee (Meat Industry) Act 1976</i>	The whole shall be repealed.
8829	<i>Joint Select Committee (Road Safety) Act 1976</i>	The whole shall be repealed.
8851	<i>Joint Select Committee (Conservation of Energy Resources) Act 1976</i>	The whole shall be repealed.
9032	<i>Committees (Attendance Fees) Act 1977</i>	The whole shall be repealed.
9252	<i>Joint Select Committee (Road Safety) Act 1979</i>	The whole shall be repealed.

SCHEDULE

SCHEDULE—*continued*

<i>No. of Act</i>	<i>Title of Act</i>	<i>Extent of Repeal or Amendment</i>
9357	<i>Parliamentary Committees (Public Accounts and Expenditure Review Committee) Act 1979</i>	The whole shall be repealed.
9367	<i>Parliamentary Committees (Public Bodies Review) Act 1980</i>	The whole shall be repealed.
9387	<i>Victorian Solar Energy Council Act 1980</i>	Section 20 shall be amended as follows: (a) In sub-section (1) the expression "Part VIA. of" shall be repealed; and (b) In sub-section (2)— (i) for the expression "Council, the" there shall be substituted the words "Council and the"; and (ii) for the words "and the Governor" there shall be substituted the words "and on the Governor".
9476	<i>Parliamentary Committees Act 1980</i>	The whole shall be repealed.
9549	<i>Statute Law Revision Act 1981</i>	Items 158 and 159 in the Schedule shall be repealed.
9554	<i>Penalties and Sentences Act 1981</i>	Item 232 in Schedule Two shall be repealed.
9695	<i>Constitution (Parliamentary Oaths) Act 1981</i>	The whole shall be repealed.
9716	<i>Film Victoria Act 1981</i>	Section 23 shall be amended as follows: (a) In sub-section (1) the expression "Part VIA. of" shall be repealed; and (b) In sub-section (2) for the expression "Council, the" there shall be substituted the words "Council and the".

SUCCESSOR BODIES NOT SUBJECT TO PHASE ONE OF TRANSITIONAL PROVISIONS
LEGISLATION

Bendigo Water Board

Mornington Peninsula Regional Water Board

Dromana-Rosebud Water Board

Frankston Water Board

Hastings Water Board

Mornington Water Board

Pakenham Water Board

Gordon Water Board

Goulburn Water Board

Hampden Water Board

Mount Alexander Water Board

Shire of Buln Buln

Shire of Charlton

Shire of Swan Hill

Shire of Warragul

Tambo Water Board

Town of Bairnsdale

Yarra Valley and Dandenong Ranges Water Board

PUBLIC BODIES REVIEW COMMITTEE

DISCUSSION PAPER

LEGISLATIVE FRAMEWORK

FOR THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE

PUBLIC BODIES REVIEW COMMITTEE

Prepared by E. W. Russell
Director of Research
Public Bodies Review Committee

Introduction

It seems likely that the recommendations of the final report of the Public Bodies Review Committee will require amendment to existing relevant legislation, such as the Water Act and the Sewerage Districts Act. Examples of areas for possible legislative change are:-

- * amalgamation of the Water Act and the Sewerage Districts Act;
- * alterations to mechanisms for the creation, amalgamation and abolition of local authorities;
- * alterations to requirements in respect of auditing and reporting;
- * alterations to arrangements for financial assistance to local authorities.

While the development of a range of legislative changes such as these would suggest an opportunity for overall legislative review, this seems impracticable in the time available. On the other hand, merely to introduce ad hoc amendments without any regard to the overall framework of law and regulation would be to sacrifice an opportunity to reconsider the appropriateness of that framework. If an improved framework could be sketched in, it may be possible for the amendments produced by the Committee's work to be built as modules of a new scheme of legislation and regulation, the remaining modules of which could be constructed subsequently, perhaps on a planned program of revision.

Problems with Existing Law and Regulation

On the surface, a number of criticisms could be made of the existing water law and regulation in Victoria. These include:-

- * that it is fragmented¹ and unsystematic,² and hence difficult for a member of the public or a member of parliament to gain familiarity with;
- * that the legislation is excessively detailed.³ There are over 400 Sections in the Water Act alone. Some of these Sections ought perhaps to be in Regulations;
- * that provisions in parallel arms of the body of legislation are contradictory;⁴
- * some parts of the legislation are written in archaic, incomprehensible language;⁵
- * the legislation contains no statements of objectives.⁶

-
1. Appendix 1 sets out the names of some of the wide assortment of Acts that comprise existing Water Law in Victoria.
 2. Take the example of the creation of the Water and Sewerage Authorities in each of Victoria's three major provincial cities. Each is created by a quite different mechanism. The Geelong Waterworks and Sewerage Trust is set up by its own separate Act. The Ballarat Water Commissioners are established by a unique section (s 185) deep within the Water Act. The Bendigo Sewerage Authority was created by an Order in Council of 20 November 1916, which no layman could reasonably expect to locate.
 3. For example, in 1976 a special Act was passed to change the qualifications for the office of Manager of the La Trobe Valley Water and Sewerage Board, which are quite unnecessarily laid down by Section 27 of the La Trobe Valley Act.
 4. For example, whereas s 173 of the Water Act provides for Auditing by the Auditor-General, s 104 of the Sewerage Districts Act provides for auditing by municipal auditors.
 5. For example, s 296 (3) of the Water Act: "In the event of the whole or any part of such sums so borrowed being repaid the Authority may reborrow the same, and so toties quoties, but so that there shall not be so owing at any one time more than the amount for the time."
 6. Professor Sandford Clark has pointed out that this is not unusual in Common Law countries. See S. D. Clark, "Legal Problems Associated with the Role of Planning in Water Resources Management", Annales Juris Aquarum, ii, 598.

Overseas background

It is apparent that these problems are not unique to water law and regulation in Victoria. Professor Sandford Clark has drawn to the Committee's attention examples of instances in which these problems have been found elsewhere.

On the question of exhaustiveness in legislation, Professor Clark has referred the Committee to principles proposed by a UN ECAFE Working Group of Experts on Water Codes in 1967, which proposed the following set of questions as tests of whether a matter should be dealt in basic legislation:-

- "(a) Was it a matter which related to fundamental administration, policy, principles, or rights or was it a matter of detail which could be more successfully established in less basic legislation?
- (b) Was it a matter which would command enduring assent or would it require frequent alteration or amendment?
- (c) Was it a matter which related to the conferring or limitation of basic powers of the administration or to the application of those powers?"

The application of these questions to Victorian water law would no doubt support the view that it is excessively detailed.

At Appendix 2, portion of a paper produced by Professor Clark for a developing country is reproduced. The paper concerns the philosophy underlying a new approach to water law there. Key aspects of it are:-

- * the inclusion of general, broad, declaratory statements as to the purpose of the legislation and the objects to be promoted;
- * precise lines of executive authority are spelt out in order to overcome problems of inter-departmental conflict;

- * the legislation is conceived as a basic fundamental document concerning the subject matter, which will stand the test of time and not require frequent amendment; exact details of how power is to be exercised is left to regulations;
- * it is in simple, uncomplicated, non-technical language.

Again, it would be relevant to ask why water law in Victoria should not move in a similar direction.

Suggested Approach to the Problem

It is suggested that it would be worthwhile:-

- (a) to discuss among interested parties the merits of a move towards simpler, briefer, more systematic legislation, embodying statements of purpose but omitting in favour of regulation minor details;
- (b) if such a direction is accepted, to sketch out a modular framework which would allow major elements of water law and regulation to be progressively revised and reformed; (a possible scheme, purely for purposes of discussion is set out at Appendix 3);
- (c) to identify, within that scheme, those modules the revision of which could be a product of the Public Bodies Review Committee's Final Report;
- (d) to identify, within those modules, areas which could be downgraded from legislation to regulation, from regulation to administrative procedures manuals, etc.

- (e) to prepare drafting instructions to embody these changes.

The Committee would welcome comments on this discussion paper.

SOME CURRENT WATER LEGISLATION IN VICTORIA

Dandenong Valley Authority Act 1963

Drainage Land Act 1975

Geelong Waterworks and Sewerage Act 1958

Groundwater Act 1969

La Trobe Valley Act 1958

Melbourne and Metropolitan Board of Works Act 1958

Mildura Irrigation and Water Trusts Act 1958

River Improvement Act 1958

River Murray Water Act 1915

Sewerage Authorities (Constitution of Powers) Act 1979

Sewerage Districts Act 1958

State Rivers and Water Supply Commission (Special Projects) Act 1969

Water Act 1958

Water Resources Act 1975

Water and Sewerage Authorities (Accident Insurance and Employees Long Service
Leave) Act 1976

West Moorabool Water Board Act 1968

EXTRACT from Sandford D. Clark, Water and Land Resources Management Legislation for Fiji, Initial Report, March 1975.

Note on Legislative Theory

As the form of legislation proposed in the draft differs somewhat from the traditional English mould, an explanation of the reasons for departing from tradition is necessary.

Legislation in Fiji generally adheres to the English tradition, which has several characteristics that clearly distinguish it from legislative traditions elsewhere in the world. First, legislation in the English tradition tends to be brusquely functional in what it includes. Where it deals with the establishment of administrative agencies, it often confines itself to the narrow job in hand, of stating with precision the powers to be employed. This is often done in great detail, but it is very rare for such legislation to make general statements about the purpose of the law or the objects to be promoted by the administrative agency responsible for executing it.

In earlier days, it was customary to employ preambles or preliminary recitals, which included the general reasons for passing a law and the evils it was intended to overcome or the objects it was meant to promote. This custom has now declined, with the result that Courts who may be called upon to interpret a particular provision, often have to resort to most elaborate reasoning, on order to discover "the purpose" of the legislation.

Lawyers and draftsmen who have grown up in the English tradition naturally have a preference for such legislative techniques and regard with suspicion legislation such as that encountered in the United States and some Continental countries. There it is customary to include general, broad, declaratory and educational statements in legislation. English lawyers, who live in fear of the precise, literal tools of the Common Law Courts, shudder at the possible consequences. Yet, for reasons given below, general purposive statements have been found very useful in developing countries.

One reason why legislation in the English tradition works in those countries where it is firmly entrenched, is that there has been a long tradition of central government, and many unspoken principles, well understood to the population at large, which govern the actions of the legislature, the executive and the Courts. Part of the art of government consists in reading between the lines; in knowing what is meant, even if it is not said. There are several reasons why it is unwise to assume that such tradition exists to such a great extent in all countries which have been influenced by the English tradition, particularly if that influence has been comparatively brief in the cultural heritage of the country.

Thus, to make the task of the new generation of public servants easier, it is helpful to regard legislation as possibly having an educational effect. It is therefore appropriate to make general statements as to the purpose of the legislation and the objects to be promoted. It is also possible to give examples and illustrations of the way in which power may be used, without detracting from the generality of the power given. English legislation also customarily avoids detailed statements as to the relationships

between, and comparative duties of, Government Departments. Similarly, all reference is usually avoided to specific Public Service Officers. The theoretical justification for this is that the organization and management of the executive branch of government is the prerogative of the government of the day, and ought not to be the subject of legislative concern. In practice, however, the problem most commonly experienced in government planning is one of co-operation and co-ordination. It is thus again of significant educational value to spell out precise lines of executive authority in legislation, thereby overcoming many incipient problems of Ministerial and Departmental conflict. It is also useful to provide techniques for enforcement of directives in an inter-Departmental context.

A further important characteristic of legislation in the English tradition is its exhaustiveness. Legislation concerning water in many former colonies often runs into several hundreds of most elaborate provisions, which attempt to deal with the minutiae of water management. Every new problem has led to a new provision, and the water legislation frequently comes before Parliament for amendment several times each year. Admittedly, regulations and other forms of delegated legislation exist to supplement such legislation but, in general, English Acts of Parliament concern themselves with the details of administration.

This is in marked contrast to continental systems of law, which have been most influential in the development of South America, Africa and South East Asia. Influenced by the traditions of the Napoleonic Codes, these countries tend to expect less from the legislative enactments. They are conceived of as basic, fundamental documents concerning the particular subject matter, which will stand the test of time and will not need frequent legislative amendment. They are thus concerned with the conferring of general powers and duties on the administration and on private individuals. The exact details of how such power is to be exercised are regarded as matters more suitable to regulations.

The reason for this difference in approach is largely historical, embedded in the constitutional struggles between Parliament, the King and Courts, which determined the pattern of English government. It is only in relatively recent time that the English system has begun to adjust itself to broad legislation which confers wide discretion on Government to make regulations to carry out its powers, without reference to Parliament. Other countries accepted such a system much earlier in their history and have developed special legal principles to cope with this development.

It seems, therefore, that the trend towards legislation couched in broad, general terms, to be supplemented by administrative regulations, is an inevitable one. It also seems peculiarly apposite to a country in the situation of Fiji, because it allows necessary flexibility in the administration of the legislation, without requiring that every alteration to accommodate the problems of a particular locality must be referred to Parliament for legislation. It recognises that fiscal and human resources are limited and that the introduction of administrative controls will be a gradual process. The proposed legislation thus permits a wide governmental discretion to determine what areas are to be controlled, what uses or structures are to be controlled in each different area, and which branch of government is best suited to carry out the particular administrative task required. It is thus possible, through regulations, to shape particular requirements for particular districts. It also allows not only hydrological and economic factors to be considered but also social, human, environmental and political factors to be assessed in determining how best to administer an area.

The guiding principles which have shaped the draft legislation are best summarized in the following principles recommended by the U.N. Economic Commission for Asia and

the Far East Working Group of Experts on Water Codes, reporting in 1967. In considering whether a particular matter should be dealt with in basic legislation, the Working Group asked:-

- (a) "Was it a matter which related to fundamental administration, policy, principles or rights or was it a matter of detail which could be more successfully established in less basic legislation?"
- (b) Was it a matter which would command enduring assent or would it require frequent alteration or amendment?"
- (c) Was it a matter which related to the conferring or limitation of basic powers of the administration or to the application of those powers?"

In general, where the answers to the first part of these questions were in the negative, the Working Group regarded the matter as unsuitable for inclusion in basic legislation and more appropriate to subsidiary laws or regulations. (See United Nations, Water Resources Series No. 35, Water Legislation in Asia and the Far East, p. 162; ST/ECAFE/Ser. F/35.)

These are the criteria which have been applied in preparing the proposed draft legislation. In summary, then, the draft is preferred to more traditional forms of English legislation because:-

- (1) it is in simple and, mainly, non-technical language;
- (2) it concentrates on defining the extent of administrative powers, without raising unnecessary problems of ownership;
- (3) it is couched in general terms which will rarely need amendment;
- (4) it clearly states the various interests to be balanced in making water management decisions;
- (5) it gives clear examples of the purpose for which controls might need to be introduced and the various powers it might be necessary to exercise;
- (6) it therefore serves as useful guidelines to less experienced administrators and to judges who might have to interpret the purposes of the legislation;
- (7) it leaves all matters of detail to regulations which may be framed or changed according to the demands of particular areas and stages of development;
- (8) above all, it is simple and uncomplicated.

It is apparent, however, that the proposed legislation cannot be viewed as self-sufficient. It is, rather, a guideline or framework for overall water management; in simple language a sort of "constitution" relating to water. To give it life, it will thus

be necessary to supplement it sometimes by other acts, but more particularly by detailed regulations dealing with various aspects of water management.

The successful enactment of the proposed act is thus not the end of the task. It will then be necessary to set about the more difficult tasks of:-

- (i) determining precisely what administrative functions should be retained by the Board, what should be given to other arms of government, or specially created committees, and what should be further delegated to the local government area;
- (ii) preparing detailed instructions, and manuals where necessary, to guide those bodies exercising delegated powers, and central government advisers to such bodies, as to the way in which their powers should be exercised;
- (iii) preparing and promulgating the necessary regulations on various matters which may eventually be applied to different areas as administrative resources become available.

MODULAR APPROACH TO REVISING WATER LAW AND REGULATIONS

Two alternative schemes for a modular approach to the revision of water law are suggested:-

- (a) a functional scheme; and
- (b) a scheme based on institutional arrangements.

Because functions tend to outlive institutions; and because institutional structures should to some extent be dynamic, the former is favoured.

Both schemes are described as modular because they would be designed for individual components or modules to be separately addressed, e.g. for amendment or re-enactment. The purpose of this would be to lessen the need for a daunting overall legislative review at some future date, while permitting the parts of the legislation which were most affected by changing circumstances (e.g. financial provisions, which are subject to rapidly changing interest rates and market conditions) to be re-enacted more frequently.

Both schemes would have as their centrepiece a Water (Management) Act setting out the most fundamental principles including definitions, respective rights of the Crown and of private individuals, overall purposes and objects, etc.

SCHEME A

(Scheme Based on Functions)

I WATER (MANAGEMENT) ACT

- . Would embody basic, permanent elements of Water Law, including Part II of existing Water Act, establishing respective rights of the State and private persons over water
- . Would specify the overall objectives of water management in Victoria
- . Would be short, and amended frequently

II WATER (AUTHORITIES) ACT

- . Would establish
 - . The Ministry of Water Resources
 - . State Statutory Authorities
 - . Regional and local authorities (listed in a schedule capable of amendment by Order in Council)
- . Contain common principles as to their
 - . Constitution
 - . Powers
- . Provide means for their establishment, amalgamation and abolition
- . Enable municipalities to be designated as local water authorities and regional commissions or regional planning authorities to be designated as local water authorities
- . Would be amended fairly frequently

III WATER (FINANCE) ACT

- . Would cover
 - . Subsidies, grants, financial assistance
 - . Pricing
 - . Rating
 - . Lending
 - . Borrowing
 - . Developer Contributions
 - . Owner Contributions
 - . Financial Management
 - . Auditing and Reporting

- . Would be re-enacted in the life of each Parliament

IV WATER (URBAN SERVICES) ACT

- . Contain all residual provisions as to urban
 - . Water supply
 - . Sewerage
 - . Drainage
 - . Septic tanks
 - . Sanitary pan services
 - . Subdivision requirements concerning water/sewerage
 - . Flood protection

V WATER (IRRIGATION, RURAL DRAINAGE AND RIVER IMPROVEMENT) ACT

- . Contain all residual provisions as to
 - . Irrigation districts
 - . Divisions
 - . Stock and domestic supplies
 - . Drainage
 - . River improvement

VI WATER (STATE PROJECTS) ACT

Contain powers for the construction and operation of national works of water supply

SCHEME B

(Scheme Based on Administrative Entities)

I WATER (MANAGEMENT) ACT

As per Scheme A

II WATER (FINANCES) ACT

As per Scheme A

III MINISTRY OF WATER RESOURCES ACT

IV STATE RIVERS AND WATER SUPPLY COMMISSION ACT

V REGIONAL WATER BOARDS ACT

- . Constitute and empower Geelong, Ballarat, La Trobe, etc. authorities and confer like provisions

VI LOCAL WATER BOARDS ACT

- . Establish and empower local authorities (listed in a schedule capable of amendment by Order in Council)
- . Provide means for their establishment, amalgamation and abolition
- . Enable municipalities to be designated as local water authorities

VII DRAINAGE, IRRIGATION AND RIVER IMPROVEMENT BOARDS ACT

- . Establish and empower all authorities operating in these fields (except the Melbourne and Metropolitan Board of Works and the State Rivers and Water Supply Commission)

SUCCESSOR BODIES TO WHICH PHASE ONE TRANSITIONAL PROVISIONS
LEGISLATION IS TO APPLY

Alberton Water Board

Avon Water Board

Axedale Water Board

Ballarat Water Board

Bannockburn Water Board

(1 July 1984 - Geelong Regional Water Board)

Barrabool Water Board

Barwon Heads Water Board

(1 July 1984 - Geelong Regional Water Board)

Bellarine Water Board

(1 July 1983 - Geelong Regional Water Board)

Benalla Water Board

Borough of Kerang

Borough of Koroit

Borough of Port Fairy

Bridgewater Water Board

Bright Water Board

Cann Valley Water Board

Chiltern Water Board

City of Ararat

City of Maryborough

City of Sale

City of Swan Hill

City of Wangaratta

City of Warrnambool

Colac Water Board

Dandenong-Springvale Water Board

Daylesford Water Board

Deakin Water Board

Devenish Water Board

Dimboola Water Board

Dumbalk Meeniyan Water Board

Echuca Water Board

Elmore Water Board

Euroa Water Board

Geelong Regional Water Board

Gisborne Water Board

Glenrowan Water Board

Goorambat Water Board

Goornong Water Board

Hamilton Water Board

Heywood Water Board

Horsham Water Board

Jeparit Water Board

Korumburra Water Board

Kowree Water Board

Kyneton Water Board

La Trobe Regional Water Board

Leongatha Water Board

Lexton Water Board

Lorne Water Board

Macedon Water Board

Maffra Water Board

Mallacoota Water Board

Mansfield Water Board

Marysville Water Board

Melbourne and Metropolitan Board of Works

Mirboo Water Board

Moe Water Board

Mooroopna Water Board

Mortlake Water Board

Morwell Water Board

Mount Beauty Water Board

Murchison Water Board

Murtoa Water Board

Orbost Water Board

Otway Coast Water Board

Oxley Water Board

Portland Water Board

Queenscliffe Water Board

(1 July 1984 - Geelong Regional Water Board)

Rainbow Water Board

Riddell's Creek Water Board

Ripon Water Board

Rochester Water Board

Rodney Water Board

Rokewood Water Board

Romsey Water Board

Rosedale Water Board

Rural City of Wodonga

Rutherglen Water Board

Seymour Water Board

Shepparton Water Board

Shire of Alexandra

Shire of Arapiles

Shire of Ararat

Shire of Avoca

Shire of Bacchus Marsh

Shire of Bairnsdale

Shire of Ballan

Shire of Bet Bet

Shire of Birchip

Shire of Broadford

Shire of Cobram

Shire of Cohuna

Shire of Creswick

Shire of Dimboola

Shire of Donald

Shire of Dundas

Shire of Dunmunkle

Shire of Glenelg

Shire of Heytesbury

Shire of Kaniva

Shire of Karkarooc

Shire of Kerang

Shire of Kilmore

Shire of Korong

Shire of Lowan

Shire of McIvor

Shire of Melton

Shire of Mount Rouse

Shire of Myrtleford

Shire of Narracan

Shire of Nathalia

Shire of Newham and Woodend

Shire of Numurkah

Shire of Omeo

Shire of Pyalong

Shire of Stawell

Shire of Talbot and Clunes

Shire of Tallangatta

Shire of Tullaroop

Shire of Tungamah

Shire of Violet Town

Shire of Walpeup

Shire of Wannon

Shire of Warracknabeal

Shire of Warrnambool

Shire of Wimmera

Shire of Wycheproof

Shire of Yarrawonga

Shire of Yea

Skipton Water Board

South Gippsland Water Board

Springhurst Water Board

Sunbury Water Board

Sunraysia Water Board

Town of Camperdown

Town of Kyabram

Town of St. Arnaud

Town of Stawell

Traralgon Water Board

United Shire of Beechworth

Upper Murray Water Board

Waranga Water Board

Westernport Water Board

Winchelsea Water Board

Wonthaggi Water Board

Yackandandah Water Board

RESPONSE TO THE SIXTH REPORT RELATING TO THE GEELONG AREA.



Our Ref: 106/LCS/MH/82.
Your Ref:
Enquires To: L.C. Spitty

Mr. M. Tricarico
Secretary
Public Bodies Review Committee
2nd Floor - Treasury Gate
1-15 Lt. Collins Street
MELBOURNE. VIC. 3000.

61-67 Ryrie St. (P.O. Box 659)
Geelong 3220
Telephone (052) 262500

MAY 3, 1982.

Dear Mr. Tricarico,

Implementation of Sixth Report.

At the recent Trust meeting the Commissioners considered the problems of the implementation of the above report, with specific reference to this Trust, and the proposed creation of the Geelong Regional Water Board, together with the subsequent problems associated with the absorption of the existing Authorities within the region.

This Trust is the only non-metropolitan Water Industry Authority which can currently carry out the retailing functions to provide water and sewerage services. This is under the Geelong Waterworks and Sewerage Act, in conjunction with relevant sections of the Sewerage Districts Act and Water Act. The Trust's Act provides for a specific Urban Water District and Drainage Area for Sewerage.

Any proposal to extend the area of control on a regional basis should provide for a number of urban and rural districts for these two services and to have rate differentials for those districts. Then it should be the future aim to reduce the number of these districts by gradual consolidation to ensure that the ratepayers for any of these districts are not disadvantaged.

Enclosed please find two papers on this subject which have been adopted by the Commissioners. These refer to :

1. The suggested amendments to the Trust's Act to extend the area for sewerage and water so that the Regional Water Board may function in the short term.
2. Comments on the future constitution of the proposed Regional Water Board.

It is anticipated that both papers will generate discussion, so on behalf of the Commissioners, I wish to advise that this Trust would be prepared to attend any further meetings which your Committee may deem necessary to effect a smooth transition in the creation of the Geelong Regional Water Board.

Yours faithfully,


L.C. SPITTY
SECRETARY

ENCL.

GEELONG WATERWORKS & SEWERAGE TRUST

IMPLEMENTATION OF PUBLIC BODIES REVIEW COMMITTEES RECOMMENDATIONS

REQUIRED AMENDMENTS TO TRUST ACT

Recommendation 55 of the Public Bodies Review Committee's Sixth Report provides that the Geelong Waterworks & Sewerage Trust will cease to exist and that its successor body will be known as the Geelong Regional Water Board.

The new Board will progressively take up responsibility for water and sewerage services in all areas specified within the Report, as identified on the related plan, and will initially take over the complete Bellarine Waterworks District with the exception of the township of Anglesea.

A number of Sewerage Authorities within this District will also come under the Board's control, the first of these being the Bellarine Sewerage Authority.

It is envisaged that responsibility for the Bellarine Peninsula Water Supply System will be assumed by the new Board on 1st July 1983 and that control of the Bellarine Sewerage Authority will also pass to the Board on that date.

In considering the legislative changes required to implement the Committee's recommendations, it is necessary to first consider the existing legislation under which water and sewerage services within this area are presently authorised.

The Geelong Waterworks & Sewerage Act 1958 currently provides authority for the Trust to

- (1) Supply water to the area within the Geelong Waterworks District
- (2) Provide bulk supplies of water to the Bellarine Waterworks District and to Winchelsea.
- (3) Provide sewerage services within the Geelong urban area and
- (4) Carry out and maintain improvement work on a specified section of the Barwon River.

The Bellarine Waterworks District which is currently under the control of the State Rivers & Water Supply Commission relies solely on the Water Act for its authority while the operations of Sewerage Authorities within this area are authorised under the Sewerage Districts Act.

In addition to the Geelong Waterworks & Sewerage Act the Trust is also dependant upon both the Water Act and the Sewerage Districts Act to provide authority in those areas where its own Act is silent.

The Water Act in particular lends support to the Trust's Act and ensures that all enabling legislation necessary for the purposes of water supply is adequately provided.

Division 3, Section 40 of the Trust's Act provides that the Trust shall be deemed to be and to have been a local governing body within the meaning of the Water Act 1958 "and, as such, is subject to all the provisions of the Water Act in so far as they apply to both Rural and Urban Districts".

Section 192 of the Sewerage Districts Act and Section 113 (1) of the Trust Act similarly provide, but to a lesser extent, for extension of certain sections of the Sewerage Districts Act to the Trust's operations.

Any amendment to the Trust Act is currently arranged through the State Rivers and Water Supply Commission and is subject initially to the Commission's approval.

Implementation of the proposed transfer of the Bellarine Waterworks System to the Trust is currently under review by a Steering Committee comprising senior officers of both Authorities which meets on a regular basis to discuss and subsequently report on the requirements of the proposal.

At a recent meeting of the Committee, advice was given that the State Rivers and Water Supply Commission is preparing draft legislation which will incorporate within the Trust's Act Amendments necessary to facilitate the transfer and has set a deadline for completion by December 1982.

In view of the limited time available and the extent of the amendments required to fully implement the recommendations of the Public Bodies Review Committee, it may be prudent to restrict the amending legislation to that necessary to provide only for transfer of the Bellarine Peninsula Water System and Sewerage Authorities within that district at this stage.

Such an approach would necessitate an extension of the Trust's area to provide for both rural districts and additional urban districts within the Region and to provide also for additional sewerage districts. The former objective could be achieved by inclusion of a special Division 8 Part 11, Water Supply, with appropriate amendment to Division 7, or alternatively by providing fully for the transfer within Division 7, while the latter would be provided for under Part 111, Sewerage.

The suggested amendments will authorise borrowings in respect of the Region for both water and sewerage purposes and, if the transfer proceeds as planned, will need to be legislated effective from 1st July 1983.

The foregoing is a general outline of the immediate legislative requirements necessary to implement the proposed transfer but, if the existing Trust Act is to be the basis of a new Regional Act authorising the future operation of the Geelong Regional Water Board, greater attention will need to be given to the detailed amendments required to achieve this objective.

The following list refers to sections of the current Trust Act to which attention should be given.

SECTION 3

- (1) (a) Extension of works described in the Second Schedule to include Bellarine Waterworks District and, when necessary, Bannockburn Waterworks Trust District and any other areas which will come under the new Board's control.
- (3) (3) Will State Rivers approval still be required?

SECTION 4

Future constitution of the Board - the number of Commissioners required.
Extension of the area of control for -

- (4) (a) Water
- (b) Sewerage
- (c) Barwon River

SECTION 5

- (5) (1) The name of the new Corporate Body - 'The Geelong Regional Water Board' - form of the new seal
- (5) (2) Add 'Geelong Waterworks and Sewerage Trust'

SECTION 6

- (2) The number of Commissioners on the new Board is as yet to be determined.
- (2) (b) Commissioners are currently elected by persons enrolled on municipal rolls

While the municipal roll was initially the most practical and convenient method of accounting for votes at Trust elections, the introduction of computer facilities within the Trust's organization has provided an opportunity to produce voters rolls quite independently of the municipal scene.

Such rolls would be more relevant to the new Board's ratepayers and would provide a means of greater flexibility by allowing an overlap of municipal boundaries, where considered appropriate, when setting electoral boundaries for the new Board.

A revision of electoral districts will be required for the purpose of Schedule 12.

Regulations for the Election of Commissioners will also require review.

- (3) (b) A more general wording of this section will be required to cover similar possibilities in the future.
- (5) Voting entitlement at elections may require to be reviewed.

SECTION 8

- (8) (1) The basis for payment of future Commissioner allowances may require review.

SECTION 9

The present qualification for a Commissioner is that he must be entitled to a municipal vote. Future Commissioner qualification is as yet to be determined.

SECTION 17

Present quorum of the Trust is 4 Commissioners. Change will be required should the number of Commissioners increase.

SECTION 23A

- (10) The Governor in Council has yet to make regulations to carry out the objects of Sections 23B and 23C (Long Service Leave).

SECTION 28

Governor in Council approval is currently required for contracts. Future requirements relative to the new Board will need clarification.

Section 192 of the Sewerage Districts Act and Section 113 (1) of the Trust Act similarly provide, but to a lesser extent, for extension of certain sections of the Sewerage Districts Act to the Trust's operations.

Any amendment to the Trust Act is currently arranged through the State Rivers and Water Supply Commission and is subject initially to the Commission's approval.

Implementation of the proposed transfer of the Bellarine Waterworks System to the Trust is currently under review by a Steering Committee comprising senior officers of both Authorities which meets on a regular basis to discuss and subsequently report on the requirements of the proposal.

At a recent meeting of the Committee, advice was given that the State Rivers and Water Supply Commission is preparing draft legislation which will incorporate within the Trust's Act Amendments necessary to facilitate the transfer and has set a deadline for completion by December 1982.

In view of the limited time available and the extent of the amendments required to fully implement the recommendations of the Public Bodies Review Committee, it may be prudent to restrict the amending legislation to that necessary to provide only for transfer of the Bellarine Peninsula Water System and Sewerage Authorities within that district at this stage.

Such an approach would necessitate an extension of the Trust's area to provide for both rural districts and additional urban districts within the Region and to provide also for additional sewerage districts. The former objective could be achieved by inclusion of a special Division 8 Part 11, Water Supply, with appropriate amendment to Division 7, or alternatively by providing fully for the transfer within Division 7, while the latter would be provided for under Part 111, Sewerage.

The suggested amendments will authorise borrowings in respect of the Region for both water and sewerage purposes and, if the transfer proceeds as planned, will need to be legislated effective from 1st July 1983.

The foregoing is a general outline of the immediate legislative requirements necessary to implement the proposed transfer but, if the existing Trust Act is to be the basis of a new Regional Act authorising the future operation of the Geelong Regional Water Board, greater attention will need to be given to the detailed amendments required to achieve this objective.

The following list refers to sections of the current Trust Act to which attention should be given.

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- (3) (3) Will State Rivers approval still be required?

SECTION 4

Future constitution of the Board - the number of Commissioners required.

Extension of the area of control for -

- (4) (a) Water
- (b) Sewerage
- (c) Barwon River

- (1) & (2) Provision is required to borrow generally and to allow for allocation of funds for use in specific districts.

PART 11 WATER SUPPLY

A special Section will be required to incorporate the Bellarine Waterworks District and thus provide for additional borrowings as outlined earlier in this report.

SECTION 36

Refers to vesting of Water Supply Works and in particular to Section 55 (Bellarine Water Supply Works) and will require review.

SECTION 40

Refers to the application of the Water Act in determining that the Trust is a local governing body with jurisdiction over both rural and urban districts and raises the question as to whether the new Board will continue to be dependent upon the Water Act, at least in part, for its future authority or rely solely on the new Regional Act.

SECTION 41

Current borrowing powers are limited to \$60 million and this section will require amendment before 1st July 1983.

Advance recognition by State Treasury is required to ensure that additional borrowing approval will be available for the Bellarine Waterworks District Capital Works as required.

SECTION 41A

Moneys borrowed by the Trust since January 1, 1963 are guaranteed by the Government of Victoria. The position of the existing loan liability of Authorities to be included under the Regional Board needs clarification with special reference being made to the Bannockburn Waterworks Trust if there are any private loans.

SECTION 48A

- (4) Amendment is required similar to Section 134A (4) as amended by Act No. 9686. Water and Sewerage Authorities (Financial) Act 1981.

SECTION 49

Refers to the power to raise overdrafts, and specifies unrealistic limits which require review - Current revenue \$9 million.

SECTION 51

Authorises the levy of rates and charges but makes no provision for assessment of differential rates and charges which may be a requirement of the new Board for Urban and Rural Districts.

SECTION 53

Refers to the Waterworks General Fund but makes no provision for the break up of that Fund into the various Urban Districts and Rural Districts as required under the structure of the new Board.

- (1) Refers to the present Agreement for water supply to the Bellarine Peninsula Waterworks District and Winchelsea and will require major amendment.

PART 111 SEWERAGE

Provision will need to be made under this division to include other sewerage districts as they come under the new Board's control, and in particular Bellarine - Queenscliff on 1.7.83, and Barwon Heads; Torquay on 1.7.84 - ie, the existing Trust Act will be required to apply to those Authorities currently operating under the Sewerage Districts Act.

SECTION 59

The existing description of the drainage area will require amendment.

SECTION 61

The current reference to the drainage area in this section will also require variation.

SECTION 62

Refers to the Drainage Area which cannot be extended to include existing sewerage districts until the Trust has full control and supervision over all sewers within the area.

SECTION 102

Refers to the Trust's control over pan services and raises the question as to whether the area of control should be extended to cover additional sewerage districts.

Division 8 - Sewerage General Fund and Rating

SECTION 118

Provision must be made to break up the Sewerage General Fund into various Sewerage districts.

SECTION 120

Should provide for an estimate to be made for each Sewerage District.

SECTION 122(1)

Should provide for a General Sewerage Rate for each Sewerage District.

SECTION 122(4)

Should provide for a Minimum Sewerage Rate for each Sewerage District.

SECTION 124A

Section 123 1A refers to interest charges but relates to rates only.

Amendment is required to bring this section into conformity with Section 100 of the Sewerage Districts Act which refers to a rate or sum of money.

SECTION 127

Current Borrowing Powers are at present limited to \$40 million and will require amendment before 1st July 1983.

Advance recognition by State Treasury that additional borrowing approval will be available for various Sewerage Authorities Capital Works is required.

SECTION 127A

Moneys borrowed by the Trust since January 1 1963 are guaranteed by the Government of Victoria and the status of borrowings of other Sewerage Authorities coming under the new Board's control will require clarification.

SECTION 130

Amendment required for borrowing limit at present \$40 million.

SECTION 135

This section refers to the power to raise overdrafts and the limits specified will require review - current Revenue \$7 million.

Division 11 - By Laws

A revision of By-Laws will be required to include Authorities coming under the new Board's control to ensure uniformity in all areas.

SECTION 172

Refers to the extent to which the Barwon River is covered by the Act, as specified in the Eleventh Schedule, and will require amendment if the new Board's scope of operations on the river is extended.

SECTION 187

- (2) Provides for a rate to be made in respect of all properties within the drainage area, and may require review depending on the basis on which the drainage area is extended.

SECTION 188

- (1) Sets overdraft limits for Barwon River purposes which will require review
- (2)(a)(b) Sets borrowing limits for Barwon River purposes which like wise will require review.

The following Schedules to the Act will require amendment to conform to the requirements of the new Board.

SCHEDULES

Second Schedule
Third Schedule
Eleventh Schedule
Twelvth Schedule

It should also be noted that numerous amendments will be required to delete all reference to the Geelong Waterworks and Sewerage Trust and substitute the Geelong Regional Water Board in lieu.

GEELONG WATERWORKS AND SEWERAGE TRUST.GEELONG REGIONAL WATER BOARD.ATTACHMENT "B"PROPOSED CONSTITUTION.

The Committee has indicated that the Trust should act as convenor for the successor body to be known as the Geelong Regional Water Board.

This Board is to progressively take up responsibility for water and sewerage services for an extended area to cover the existing Authorities :

- | | | |
|----|---|--------------|
| 1. | State Rivers & Water Supply Commission : | 1 July 1983 |
| | Bellarine Waterworks District
except Township of Anglesea. | |
| 2. | Bellarine Sewerage Authority | 1 July 1983 |
| 3. | Torquay Sewerage Authority - Suggested Date | 1 July 1984 |
| 4. | Queenscliffe Sewerage Authority | 1 July 1984 |
| 5. | Barwon Heads Sewerage Authority | 1 July 1984 |
| 6. | Bannockburn District Waterworks Trust | 1 July 1984. |

With the exception of the S.R.W.S.C., all Authorities have a mix of Councillors and Government Nominees as Commissioners, so that any direct representation by these Authorities on the Regional Board would present problems in the changeover to the new Board. The Sixth Report (Page 279-280) suggests that members of current Trusts and Authorities should automatically become members of the new Board until it is appropriate for elections to be held. In the instance of the Geelong Regional Water Board the area will be extended by inclusion of the Bellarine Waterworks District which has no Commissioner representation.

This area includes the various Sewerage Authorities with Commissioner experience in the sewerage services only.

Section 6 of the Geelong Waterworks & Sewerage Act provides for the appointment and election of Commissioners, and under Schedule 12 of the Act the electoral districts for Trust Commissioners are :-

<u>DISTRICT.</u>	<u>ELECTED TO</u> :	<u>WATER</u> <u>ASSESSMENTS.</u>
1. City of Geelong	September 1983	6,910
2. City of Geelong West	September 1983	6,710
3. City of South Barwon (Highton, Belmont, Grovedale Wards) - Part of Shire of Barrabool.	September 1983	11,060
4. City of Newtown - Part of Shire of Bannockburn	September 1985	4,385
5. Shire of Bellarine (Moolap Riding)	September 1985	4,010
6. Shire of Corio	September 1985	<u>16,450-</u> 49,525
7. Government Nominee (Chairman)	September 1983.	

The six Commissioners are elected by the ratepayers for a term of four years.

In the Sixth Report, the Committee's current views indicated that the new Board should consist of no less than 6 and no more than 10 members, the majority of whom should be elected. In addition, the interim management of the new Board should determine the electoral ridings with the possibility that these electoral districts or ridings be approved by the Minister.

Also, mention was made that electoral ridings may have to differ from those of municipalities if representation is to be relevant to the number of consumers receiving the service.

Section 6(2B) of the Trust's Act provides for the use of municipal rolls for election of Commissioners. However, the Trust now has the facility to provide its own rolls and so provide a greater flexibility within the Region by allowing an overlap of existing municipal boundaries.

This then provides the option to re-arrange the electoral districts within the Region and to retain the same number of elected Commissioners (6), and Government Nominee (1), for the new Regional Board. These new electoral districts would allow the phasing in of the existing Authorities by the present Trust Commissioners taking over as the Commissioner for that particular area.

The suggested Electoral Districts under the re-arrangement are :

<u>DISTRICT.</u>	<u>ELECTED TO</u>	<u>WATER ASSESSMENTS</u>	<u>CURRENT COMMISSIONERS</u>
1. Shire of Bellarine (Paywit Riding, Borough of Queenscliffe, City of South Barwon. (Connewarre Ward)	Sept.1983	11,302	Geelong West
2. Cities of Geelong, Geelong West.	Sept.1983	13,620	Geelong
3. City of South Barwon (Highton, Belmont and Grovedale Wards), Shire of Barrabool.	Sept.1983	12,486	Sth. Barwon
4. Shire of Bellarine (Moolap & Bellarine Ridings)	Sept.1985	13,925	Bellarine
5. City of Newtown, Shire of Bannockburn, Shire of Leigh, Shire of Corio (Flinders Riding)	Sept.1985	8,215	Newtown.
6. Shire of Corio (Peak, Hume and Hovell Ridings)	Sept.1985	13,500	Corio
		<u>73,048</u>	
7. Government Nominee	Sept.1983.		

-3-

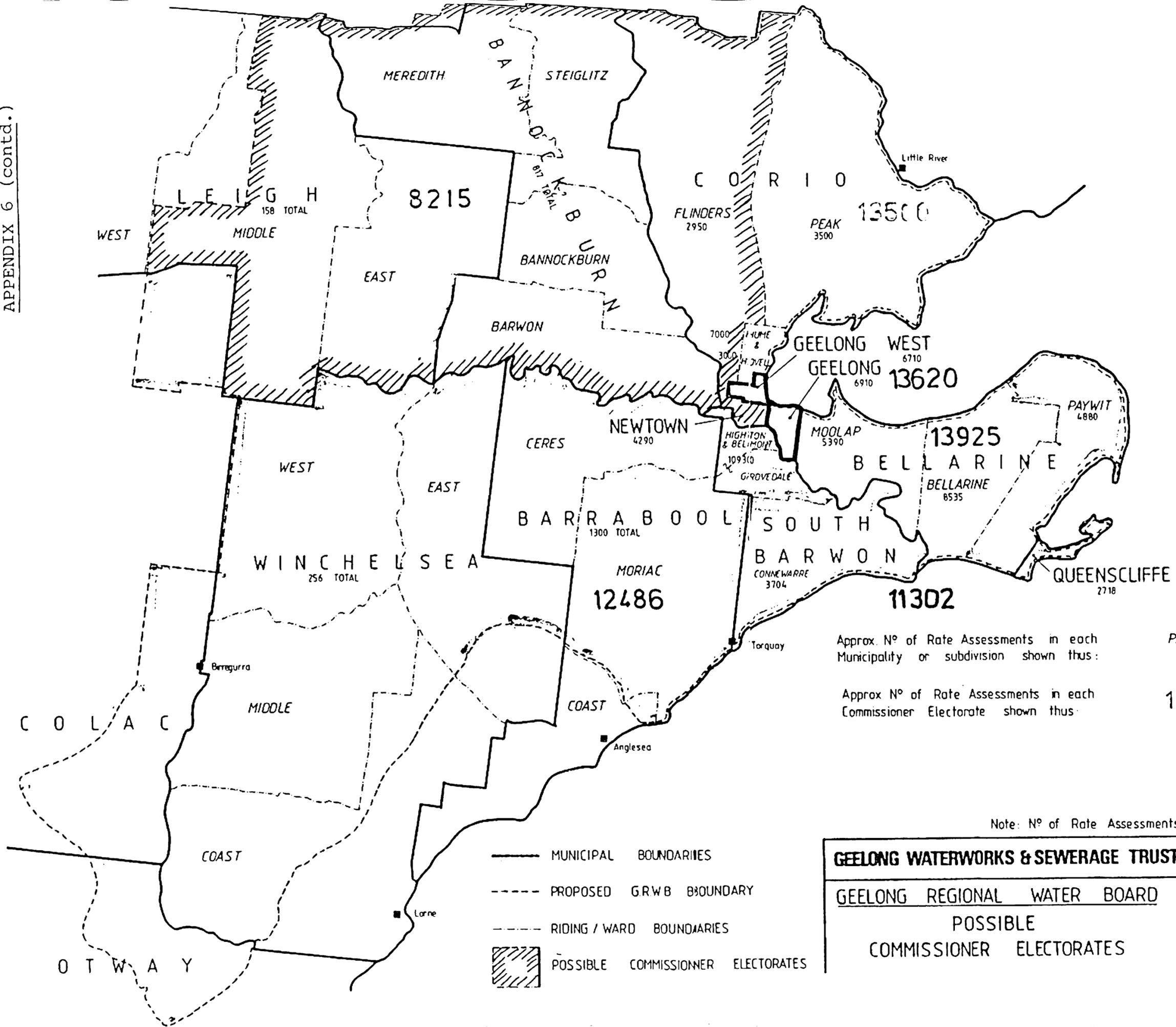
This option would minimise the problem of adapting the current Trust constitution for a larger area of control. In addition amending legislation could be framed to avoid initial elections by phasing in the existing Commissioners for the remainder of their term. There is every possibility that the current Commissioners for Geelong and Geelong West will not nominate in September 1983, so it would be possible to negotiate the opportune date to have the Cities of Geelong and Geelong West represented by one Commissioner. A vacancy would then be available for a Commissioner to represent the Shire of Bellarine (Paywit Riding, Borough of Queenscliffe and City of South Barwon (Connewarre Ward)).

This option would retain the same number of Commissioners with a reasonable balance of the number of consumers represented by each Commissioner.

This proposal offers the opportunity to break away from the municipal concept by the division of the region into six areas which generally have a mix of rural and urban representation.

The exception is the area represented by the Cities of Geelong and Geelong West.

The current Government Nominee appointment as a part-time Chairman should be reviewed if the "Report on the Operation and Structure of Central Management in Victoria's Water Industry" proposals are acceptable to the Committee whereby the Chairman of a Regional Water Board would be a member of a body (Trust preference - Victorian Water Resources Council) to advise the Minister on matters of policy and on issues common to Authorities throughout the Industry. The Trust is at present represented by its Chairman in key areas relating to management of the Water Cycle within the State. In addition, as part-time member of the Geelong Regional Commission, he ensures that the Trust maintains close contact with local planning and development which is of great value to its own role. Section 8 of the Trust's Act makes provision for the Commissioners to receive allowances from the net revenue of the Trust and these are fixed annually by the Governor-In-Council. It is, therefore, necessary for the status and future role of the Chairman of the Geelong Regional Water Board to be reviewed.



Approx. N° of Rate Assessments in each Municipality or subdivision shown thus: PAYWIT 4880

Approx. N° of Rate Assessments in each Commissioner Electorate shown thus: 13500

Note: N° of Rate Assessments based on 1980-81 data.

- MUNICIPAL BOUNDARIES
- - - PROPOSED G.R.W.B. BOUNDARY
- · - RIDING / WARD BOUNDARIES
- ▨ POSSIBLE COMMISSIONER ELECTORATES

GEELONG WATERWORKS & SEWERAGE TRUST		SCALE 1 250,000	<i>H. B. ...</i> SENIOR DESIGN ENGINEER
SURVEYED	DATE	-	
DESIGNED	DATE	-	CHIEF ENGINEER IN CHARGE
DRAWN	DATE	-	
A. J. Kent	A. 82		ENGINEER IN CHARGE
CHECKED	DATE	-	

PUBLIC RECORD OFFICE
DEPARTMENT OF PROPERTY AND SERVICES
VICTORIA

APPENDIX 7

ADDRESS CORRESPONDENCE TO
KEEPER OF PUBLIC RECORDS
19TH FLOOR, NAURU HOUSE
80 COLLINS STREET
MELBOURNE, 3000

TELEPHONE'S
KEEPER OF PUBLIC RECORDS 651 0273
CITY REFERENCE 651 2987
LAVERTON REPOSITORY 399 3244
(AREA CODE 03)

CH/ML

ROUTE REF

Dr K J Foley
Chairman
Public Bodies Review Committee
2nd Floor, 'Treasury Gate Building'
1 - 15 Little Collins Street
MELBOURNE VIC 3000

16 November 1981

Dear Dr Foley

Thank you for your letter of 5 November 1981 enclosing copies of the Public Bodies Review Committee's First and Fourth Reports to Parliament. The opportunity to comment on considerations concerning public records arising out of the Reports is most welcome.

I note that the Draft Proposals contained in the Fourth Report envisage the cessation of some 339 public bodies in non-metropolitan Victoria and that in all cases there will be a locally based successor body. The records of all public bodies are public records within the meaning of the Public Records Act 1973 and as it appears that the successor bodies will themselves be public offices it seems that the status of the records as public records will be unaffected if the Government accepts the Draft Proposals.

The records owned by a public body which ceases its operations will normally be required for current administrative purposes by the successor body. Four possible courses of action are available:

- (a) incorporation of the records of the defunct body into the records of the successor body,
- (b) maintenance of the records by the successor body as a separate continuing records system dealing with matters formerly dealt with by the defunct body,
- (c) maintenance of the records by the successor body as separate "closed" filing system and treatment of all new matters formerly dealt with by the defunct body within the records system maintained by the successor body, and
- (d) deposit of the records of the defunct body in the Public Record Office and re-issue of material needed for current administrative purposes as the need arises.

Records with no continuing administrative or historical value should, of course, be destroyed.

As a general rule I would suggest that the wholesale incorporation of the records of the defunct body into the records of the successor body, alternative (a), should be avoided. In most cases the successor agency will make no use of the records which cannot be satisfactorily met by maintaining the records as a separate entity and referring to them. Wholesale incorporation of the records would be very wasteful of staff resources and would obscure the administrative history of both the defunct and successor body.

Most continuing administrative purposes would, I think, be met by some combination of alternatives (b) or (c). I rule out alternative (d) - reissue from the Public Record Office because most records required for continuing administrative purposes will need to be located geographically close to the successor body. With the exception of the Central Highlands Region, the Public Record Office can at present offer storage only in metropolitan Melbourne.

Whether the records inherited by each successor body should be maintained-alternative (b)-or closed off-alternative (c)-will depend upon the circumstances of each particular case. Normally, case files and particular instance records (ie those dealing with named clients or projects) should be continued and those dealing with general administrative and policy matters closed off and new records opened by the successor body.

In some cases, incorporation of inherited records is unavoidable. Where this occurs, it should be confined to those cases where it is absolutely necessary and not undertaken on a wholesale basis. All incorporation (eg top numbering of files) should be scrupulously recorded and referenced in the registers, indexes or other control records for both the successor body (showing former control number/symbol or identifier, and the defunct body (showing subsequent control number/symbol or identifier).

Records of continuing administrative or historical value which are not required for daily use by the successor body should be housed appropriately by the successor body or proposed for transfer to the Public Record Office. Records deemed to be of no continuing value should be proposed for destruction as part of the successor agency's continuing disposal programme and approval sought from the Public Record Office for destruction.

In view of the scope and nature of the Committee's inquiries and the detail in which its Reports have been compiled, there may well be considerable interest in the future in the records of the bodies proposed for abolition which researchers may wish to investigate in association with historical study of the work of the Committee itself and the conclusions set out in its Reports. There may be grounds, therefore, for preserving, at least in representative instances, a higher proportion than normal of the records of abolished public bodies for permanent retention to serve as a basis for such research. This will need to be considered in dealing with any proposals for destruction which are received.

.../3

On a broader issue of less immediate impact, I note that the Committee has arranged with the Public Service Board for an indepth management review of two medium sized water bodies (First Report - para. 4.3.5.) and that you are charged with the responsibility, inter alia, for reviewing whether public bodies pursue their objects efficiently, effectively and economically (para. 48C(5)(b) of the Act). You will be aware that in the late 1970's the Public Record Office and the Public Service Board conducted an extensive review of records management within central Government. The results of this review, set out in the Report of the Task Force on Records Management (1979), indicated that there were considerable cost savings to be achieved by better records management in addition to the benefits to public offices resulting from improved information systems. While I appreciate that the Committee's concerns are much broader I would suggest that in any review of the overall efficiency and management of public bodies the question of the management of information resources should be carefully considered. The Task Force Report indicated, in relation to central Government, that major improvements in efficiency and significant cost savings could be effected by better management of information resources. In determining standards under section 12 of the Public Records Act for the efficient management of the records of public bodies outside the scope of that Report, I shall of course have regard to any conclusions formulated by your Committee and I would be most grateful for any advice on these matters which your Committee may be able to provide.

I trust these comments may be of some use to the Committee in framing its recommendations.

Yours sincerely



C HURLEY
Keeper of Public Records

SUGGESTED AMENDMENTS TO LATROBE VALLEY ACT

PREPARED BY LATROBE VALLEY WATER AND SEWERAGE

BOARD.

SECTION ON OBJECTIVES

Subject to this Part the general objectives of local water authorities shall be:-

- (a) the provision of water supplies adequate in quality and quantity to meet the needs of the community and industry;
- (b) to effectively and efficiently manage water resources in harmony with regional and local land use planning, environmental planning, social planning and resources development strategies;
- (c) the provision of waste water treatment facilities and to develop recycling and re-use of waste waters where appropriate;
- (d) identify community needs and set priorities for the management and preservation of regional and local water resources;
- (e) to seek information of the effects of its activities, act upon that information and consider the public interest in the performance of its activities;
- (f) encourage the active interest and involvement of the community in the planning and management of water resources;
- (g) to adopt pricing policies which enable water needs to be met at a fair and reasonable price, having regard to the preservation of water resources from wasteful and environmentally harmful practices and which encourage the efficient allocation of resources;
- (h) provide internal management structures composition and procedures which shall pursue the objectives of the local water authority effectively, efficiently and economically.

EXPLANATORY NOTES TO THE LATROBE VALLEY ACT

The Recommendations include the following local water authorities coming within the regional water resources planning framework developed by the Latrobe Regional Water Board - the water boards of Avon, Mirboo, Moe, Morwell, Rosedale and Traralgon, and the Shires of Buln Buln, Warragul and Narracan and the City of Sale. Therefore in defining the Board's district (see Schedule Three) the proposal is to include the municipal districts of the Shires of Buln Buln, Warragul, Narracan, Mirboo, Morwell, Traralgon, Rosedale and Avon, and the Cities of Moe, Traralgon and Sale. You will note that part of the Shire of Alberton is included as Merriman Creek catchment is partly within that Shire. Merriman Creek is the source of supply for Seaspray - a Trust which will cease to exist and come within the Rosedale Water Board. Consequently it is desirable that Merriman Creek come within the regional water resources planning framework it is already in the Board's area of delegation from E.P.A.

Accordingly the Long Title to the Act needs to be expanded to include Merriman Creek and also Avon River which falls within Avon Shire. With the Avon Water Board coming within the regional water resources planning framework and potentially a source of water supply the inclusion of that river is deemed necessary within this context.

It is presumed that the regional water resources planning framework means the water cycle and therefore includes drainage, flood protection and river improvement. The Long Title already includes drainage therefore flood protection and river improvement should now be included.

Section 15 Interpretations requires amendment to accommodate the change in the Board's name and to accommodate the interpretation of the Avon River and Merriman Creek (in like manner to the Latrobe River), Drainage Works, Flood Protection Works and River Improvement Works. A number of amendments are included consequential to the change in name and area of responsibility. The interpretation Local Water Authorities is included (in like manner to Latrobe Region).

A new Section 15A defines "beds" and "banks" in like form to the provisions of the Dandenong Valley Act.

Amended Section 17(1) makes the Latrobe Regional Water Board successor to the Latrobe Valley Water and Sewerage Board and Section 17(2) revises the membership of the Board with the exception of the Chairman and the Manager, and accords with the Committees' instructions to Parliamentary Counsel.

Amendments to Section 20 delete references to the Members appointed to LVWSB to represent SECV and Private Industry in the Latrobe Valley. These proposed deletions may have to be retained should the two Members appointed by the Governor in Council are to represent the respective interest groups.

The Latrobe Valley Act was amended by the Water and Sewerage Authorities (Accident Insurance and Employees Long Service Leave) Act 1976 therefore references to other water trusts, sewerage

authorities, river improvement trusts and Geelong Waterworks and Sewerage Trust in Section 30A of the Principal Act have to be amended accordingly in accordance with the proposed Water and Sewerage Authorities (Amalgamation) Act 1982. References to the Latrobe Valley Water and Sewerage Fund are amended to read Latrobe Regional Water Fund.

A significant change is proposed in Section 34 to make the new Board subject to Ministerial control and not Departmental control - this accords with the "Gracey" approach.

In following the Committee's principles a new Section 34A has been included to state the general objectives of a Regional Board in accordance with the Recommendations in the Sixth Report.

Consequently Section 35 has been expanded to accommodate the additional functions of the Latrobe Regional Water Board including its increased area of jurisdiction. Section 35A expands upon the general objectives and sets out the functions.

In Section 37 the need for the Board to refer contracts less than \$50,000 in value to State Rivers and Water Supply Commission is removed.

Section 47 Amendment changes the name Latrobe Valley Water and Sewerage Fund to Latrobe Regional Water Fund.

In Section 53 an additional sub-section is added to provide for Board Members/Secretary to attest to the financial statements.

Throughout the Act references to Latrobe Valley have been changed to read Latrobe Region and references to Latrobe River have been changed to read rivers as interpreted in Section 15.

Additional paragraphs have been added to sub-section (1) Section 65 to provide for powers to make by-laws in respect to river improvements.

A new Section 65A, B, C and D have been included to establish Regional Consultative Forums as proposed by the Committee in its Fourth Report.

Schedules to the Act include:-

- "Three" - District of Latrobe Regional Water Board
- "Four" - Declared Local Water Authorities operating within the Regional Water Resources Planning Framework
- "Five" - Central Gippsland Regional Consultative Forum
- "Six" - East Gippsland Regional Consultative Forum

In addition there will be an amendment required to the Drainage of Land Act in Section 33(1) to interpret the Latrobe Regional Water Board as a "drainage authority" and thereby the provisions of that Act would apply to the Board's operation without amendments to the Latrobe Valley Act.

AMENDMENTS TO THE LATROBE VALLEY ACT 1958 NO.6290

1. In the long title of the Principal Act for the workds "Latrobe Valley" there shall be substituted the words "Latrobe Region", after the words "Prevention of" there shall be inserted the words "flooding and" and at the end of the long title there shall be inserted the words "Avon River and Merriman Creek".
2. Section 15 of the Principal Act shall be amended as follows:-
 - (a) immediately before the interpretation "Board" there shall be inserted the following interpretation:-

"Avon River" means Avon River in Gippsland together with any tributaries channels and defined water courses which flow directly or indirectly into the river"
 - (b) in the interpretation "Board" for the words "Latrobe Valley Water and Sewerage Board" there shall be substituted the words "Latrobe Regional Water Board"
 - (c) after the interpretation "Division" there shall be inserted the following interpretation:-

"Drainage Works" includes any works for the removal of water from lands and any works incidental thereto"
 - (d) after the interpretation "Financial Year" there shall be inserted the following interpretation:-

"Flood Protection Works" includes any works for controlling the flow of floodwaters and any works incidental thereto"
 - (e) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region" and where appearing in paragraphs (b) and (c) in the interpretation for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"
 - (f) after the interpretation "Latrobe Region" there shall be inserted the following interpretation:-

"Local Water Authorities" -

 - (a) means those water boards and local governing bodies constituted under the Water and Sewerage Authorities (Amalgamation) Act 1982 which are described in the Fourth Schedule to this Act; and
 - (b) includes any local water authority which is declared by Order of the Governor in Council pursuant to this Part to be included in the Fourth Schedule to this Act; but

2.

(c) does not include any local water authority which is declared by Order of the Governor in Council pursuant to this Part to be excised from the Fourth Schedule to this Act."

(g) after the interpretation "Member" there shall be inserted the following interpretation:-

"Merriman Creek" means Merriman Creek in Gippsland together with any tributaries channels and defined water courses which flow directly or indirectly into that creek"

(h) after the interpretation "Regulations" there shall be inserted the following interpretation:-

"Rivers" includes Latrobe River Avon River and Merriman Creek

"River Improvement Works" includes any works performed to protect the bed and banks of the rivers, improving the flow of water in the rivers, protection of and defence of adjacent lands against flooding and erosion by river waters or by tidal waters or by the sea, and any works incidental thereto".

3. After Section 15 of the Principal Act there shall be inserted the following section:-

"15A(a) The terms "bed" and "banks" with reference to the rivers includes the land over which water flows either intermittently or continuously during some period in each year other than a year of drought, but do not include any land occasionally covered by flood water thereof, and "bed" means the relatively flat and "banks" the relatively steep portions of the first mentioned land.

(b) The Governor in Council by Order published in the Government Gazette may for the purpose of this Act define the extent of any banks of the rivers and may in like manner amend or revoke any such Order in whole or in part, and any such Order shall have effect according to the tenor thereof".

4. Section 16 of the Principal Act shall be amended as follows:-

(a) in paragraph (a) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"; and

(b) in paragraph (b) for the words "Latrobe Valley" where twice appearing there shall be substituted the words "Latrobe Region".

3.

5. Section 17 of the Principal Act shall be amended as follows:-
- (a) for sub-section (1) there shall be substituted the following sub-section:-
- "(1) For the purpose of this Part there shall be a Board to be known as the "Latrobe Regional Water Board" which Board is hereby declared to have been established by the Water and Sewerage Authorities (Amalgamation) Act 1982 and is hereby declared to be the successor to the Latrobe Valley Water and Sewerage Board which was established by the Latrobe Valley Water and Sewerage Act 1953".
- (b) Paragraphs (b), (c), (d), (e), (f) and (g) of sub-section (2) shall be repealed and the following paragraphs shall be inserted in sub-section (2)
- "(b) two members appointed by the Governor in Council;
- (c) five members elected as prescribed by water boards and municipalities whose districts be wholly or partly within the Latrobe Region as the Governor in Council species for the purpose."
6. In Section 18 of the Principal Act for the words "Latrobe Valley Water and Sewerage Board" there shall be substituted the words "Latrobe Regional Water Board".
7. Section 20 of the Principal Act shall be amended as follows:-
- (a) in paragraph (a) of sub-section (3) the words "(otherwise than by reason of his association with State Electricity Commission of Victoria by virtue of which association he is eligible for appointment as a member)" are hereby repealed;
- (b) paragraph (aa) of sub-section (3) is repealed.
8. In Section 26 of the Principal Act for the words "State Rivers and Water Supply Commission" there shall be substituted the words "Latrobe Valley Water and Sewerage Board".
9. After Section 26 of the Principal Act there shall be inserted the following Section:-
- "26A (1) Subject to this section the Governor in Council may, upon the recommendation of the Minister, by Order published in the Government Gazette transfer to and vest in the Board any drains flood plain management works and river improvement works in the Latrobe Region which for the time being are vested or under the control of public authority by or under the provisions of any other Act.

- (2) Every such Order shall:-
- (a) state the date upon which such Order shall come into force; and
 - (b) every such Order shall take effect as if incorporated in this Part.
- (3) The provisions of sections (actual numbers to be inserted) of the Water and Mewerage Authorities (Amalgamation) Act 1982 shall extend and apply for the purposes of this Part as if incorporated in this Division with such adaptations as are necessary and in particular as if any reference therein to a Water Board were a reference to the Board".

(NOTE: Section numbers to be inserted relate to:-

- (1) the transfer of property liabilities contracts debts cuases of actions leases etc.
- (2) the transfer of powers and duties of relevant authorities e.g. Latrobe River Improvement Trust, Trafalgar Meadows Drainage Area.)

10. Section 30A of the Principal Act shall be amended as follows:-

- (a) in paragraph (b) of sub-section (1) for the words "Geelong Waterworks and Sewerage Trust" constituted under the Geelong Waterworks and Sewerage Act 1958" there shall be substituted the words "Geelong Regional Water Board" constituted under the Water and Sewerage Authorities (Amalgamation) Act 1982"
- (b) paragraph (c) of sub-section (1) is repealed
- (c) paragraph (d) of sub-section (1) is repealed
- (d) paragraph (e) of sub-section (1) is repealed
- (e) paragraph (f) of sub-section (1) is repealed
- (f) paragraph (g) of sub-section (1) shall be renumbered paragraph (c) of sub-section (1)
- (g) after paragraph (c) of sub-section (1) the following paragraph shall be inserted:
 - "(d) a water board or local governing body constituted under the Water and Sewerage Authorities (Amalgamation) Act 1982".

11. Section 30C of the Principal Act shall be amended as follows:-

- (a) in sub-section (3) for the words "Latrobe Valley Water and Sewerage Fund" there shall be substituted the words "Latrobe Regional Water Fund"

- (b) in sub-section (4) for the words "Latrobe Valley Water and Sewerage Fund" there shall be substituted the words "Latrobe Regional Water Fund"
12. In Section 34 of the Principal Act for the words "the general control and supervision of the State Rivers and Water Supply Commission" there shall be substituted the words "the policy direction of the State Government through the Minister".
13. After Section 34 of the Principal Act there shall be inserted the following section:-
- "35A Subject to this Part the general objectives of the Board shall be to:-
- (a) Efficiently and effectively manage water resources of the Latrobe Region in harmony with regional land use planning, environmental planning, social planning and resource development strategies;
 - (b) Identify community needs and set priorities for the development management and preservation of the water resources of the Latrobe Region;
 - (c) Seek information on the effects of its activities, act upon that information and consider the public interest in the performance of its activities;
 - (d) Co-operate with local water authorities public authorities and community interest groups in the management and preservation of the water resources of the Latrobe Region;
 - (e) Encourage the active interest and involvement of the community in the planning and management of water resources in the Latrobe Region;
 - (f) Adopt water pricing policies which enable water needs to be met at a fair and reasonable price, having regard to the preservation of the water resources from wasteful and environmentally harmful practices and which encourage the efficient allocation of resources;
 - (g) Provide internal management structures, composition and procedures which shall pursue the objectives of the Board effectively, efficiently and economically."

14. Section 35 of the Principal Act shall be amended as follows:-

 - (a) in paragraph (a) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"
 - (b) in paragraph (b) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"

- (c) in paragraph (ba) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"
 - (d) in paragraph (c) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"
 - (e) in paragraph (d) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"
 - (f) in paragraph (da) for the words "Latrobe River" there shall be substituted the word "rivers"
 - (g) after paragraph (da) there shall be inserted the following paragraph:-
 - "(db) do or cause to be done all things necessary or expedient to be done to provide drainage works, flood protection works and river improvement works in the Latrobe Region"
 - (h) in paragraph (e) for the words "Latrobe River" there shall be substituted the word "rivers".
15. After Section 35 of the Principal Act there shall be inserted the following section:-
- "35A The Board shall subject to this Part -
- (a) in the co-ordination and control of the water cycle in the Latrobe Region do or cause to be done all things necessary or expedient to be done to develop and implement regional water management preservation and development strategies to be called regional water strategy plans;
 - (b) consult with local water authorities public authorities and community interest groups and persons; having regard to regional land use planning, environmental planning, social planning and resources development strategies; in the development and implementation of regional water strategy plans;
 - (c) co-ordinate and monitor the planning and activities of local authorities in accordance with regional water strategy plans and procedures specified by Order of the Governor in Council."
16. Section 36 of the Principal Act shall be amended as follows:-
- (a) in sub-section (1) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"
 - (b) sub-section (2) is repealed.
17. In sub-section 4 of Section 37 of the Principal Act the words "the State Rivers and Water Supply Commission" are hereby repealed.

18. In sub-section (1) of Section 38 of the Principal Act after the word "sewer" shall be inserted the words "drainage works, flood protection works and river improvement works".
19. In paragraph (b) of Section 39 of the Principal Act after the word "sewer" shall be inserted the words "drainage works, flood protection works and river improvement works" where twice occurring.
20. In sub-section 3 of Section 40 of the Principal Act for the words "Latrobe Valley Water and Sewerage Board" there shall be substituted "Latrobe Regional Water Board".
21. In Section 45 of the Principal Act for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region".
22. Section 47 of the Principal Act shall be amended as follows:-
- (a) in sub-section (1) for the words "Latrobe Valley Water and Sewerage Fund" there shall be substituted the words "Latrobe Regional Water Fund".
 - (b) in sub-section (2) for the words "Latrobe Valley Water and Sewerage Fund" there shall be substituted the words "Latrobe Regional Water Fund".
 - (c) in sub-section (3) for the words "Latrobe Valley Water and Sewerage Fund" there shall be substituted the words "Latrobe Regional Water Fund".
 - (d) the incorrectly numbered sub-sections (2) and (3) which follow sub-section (3) are repealed.
 - (e) after sub-section (3) shall be inserted the following sub-section:-
 - "(4) Sub-section (1) shall be deemed to have come into operation on the 1st day of (insert month and year).
 - (5) On the coming into operation of sub-section (1) the moneys remaining in the "Latrobe Valley Water and Sewerage Fund" shall be transferred to the "Latrobe Regional Water Fund"."
23. In Section 50A of the Principal Act for the words "Latrobe Valley Water and Sewerage Fund" there shall be substituted the words "Latrobe Regional Water Fund".
24. In paragraph (b) sub-section (5) Section 51 of the Principal Act for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region".
25. Section 52 of the Principal Act shall be amended as follows:-
- (a) in sub-section (6) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"
 - (b) sub-section (a) is repealed.
26. After sub-section (2) Section 53 of the Principal Act there shall be inserted the following sub-section:-

"2A The statements of account shall be signed by two Board Members and the Secretary who shall state that to the best of their knowledge the statements give a true and fair view of the financial transactions and state of affairs of the Board".

27. Section 55 of the Principal Act shall be amended as follows:-

(a) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"

(b) for the words "Latrobe River" there shall be substituted the word "rivers".

28. In paragraph(a) sub-section (1) Section 56 of the Principal Act for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region".

29. In Section 57 of the Principal Act for the words "Latrobe River" there shall be substituted the word "river" where twice occurring.

30. In Section 62 of the Principal Act for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region".

31. In Section 63 of the Principal Act for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region".

32. Section 65 of the Principal Act shall be amended as follows:-

(a) in paragraph (f) sub-section (1) for the words "Latrobe River" there shall be inserted the word "river" where twice occurring

(b) after paragraph (5) sub-section (1) there shall be inserted the following paragraphs:-

"(5a) prohibiting or regulating the clearing cultivating or fallowing of land situate within forty metres of any rivers or river frontage under the control of the Board;

(5b) prohibiting or regulating the removal of soil earth gravel sand or other materials from the bed and banks of any rivers;

(5c) the management and control of any rivers and the banks thereof and any drainage works flood protection works and river improvement works constructed or in the course of construction."

(c) in paragraph (a) sub-section (2)

(i) for the words "Latrobe River" there shall be substituted the word "rivers"; and

(ii) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region" where twice occurring

- (d) in paragraph (a)(i) sub-section (2A) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"
- (e) in sub-section (4):-
- (i) for the words "Latrobe Valley" there shall be substituted the words "Latrobe Region"; and
- (ii) for the words "Latrobe River" there shall be substituted the word "rivers".
33. After Section 65 of the Principal Act there shall be inserted the following sections:-
- "65A The Board shall establish not later than the first day March 1983 or such later date as may be determined by Order of the Governor in Council the Central Gippsland Regional Consultative Forum and the East Gippsland Regional Consultative Forum.
- 65B (1) The Central Gippsland Regional Consultative Forum shall consist of:-
- (a) a chairman who shall be Chairman of the Board
- (b) sixteen members elected by the local water authorities described in the Fifth Schedule to this Act according to procedures specified by Order of the Governor in Council
- (2) The East Gippsland Regional Consultative Forum shall consist of:-
- (a) a chairman who shall be Chairman of the Board
- (b) seven members elected by the local water authorities described in the Sixth Schedule to this Act according to procedures specified by Order of the Governor in Council.
- 65C Subject to this Part the Central Gippsland Regional Consultative Forum and the East Gippsland Regional Consultative Forum may regulate their own proceedings.
- 65D The Central Gippsland Regional Consultative Forum and the East Gippsland Regional Consultative Forum shall hold meetings at least once in each calendar year at such time and place as they appoint for the purpose and may meet and adjourn as they think proper from time to time and from place to place."

By Order in Council it will be necessary to amend the Third Schedule (See Section 15)

The new Third Schedule to read:-

THE LATROPE REGION

The municipal districts of the Shires of Avon, Buln Buln, Mirboo, Morwell, Narracan, Rosedale, Traralgon and Warragul and the Cities of Moe, Sale and Traralgon, and such parts of the Shire of Alberton which come within the defined catchment area of Merriman Creek.

FOURTH SCHEDULE

Bodies Declared to be Local Water Authorities to Operate within the Regional Water Resources Planning Framework of the Latrobe Regional Water Board shall be the Water Boards of Avon, Mirboo, Moe, Morwell, Rosedale and Traralgon and the Shires of Buln Buln, Narracan and Warragul and the City of Sale.

FIFTH SCHEDULE

CENTRAL GIPPSLAND REGIONAL CONSULTATIVE FORUM

Local water authorities being the Water Boards of Alberton, Avon, Korumburra, Leongatha, Maffra, Mirboo, Moe, Morwell, Rosedale, South Gippsland and Traralgon and the Shires of Buln Buln, Narracan and Warragul and the City of Sale and Latrobe Regional Water Board.

SIXTH SCHEDULE

EAST GIPPSLAND REGIONAL CONSULTATIVE FORUM

Local water authorities being the Water Boards of Cann Valley, Mallacoota, Orbost and Tambo and the Shires of Bairnsdale and Omeo and the Town of Bairnsdale.

EXTRACT FROM THE PROCEEDINGS

The following extract from the Minutes of the Proceedings of the Committee show a Division which took place during the consideration of the draft report.

WEDNESDAY, 6 OCTOBER 1982

DRAFT REPORT (AS AMENDED) -

Question - That the draft report, as amended, together with the Chairman's Introduction and Acknowledgements and the Appendices, be the Report of the Committee.

The Committee divided:-

Ayes, 10

The Hon. M. J. Arnold,
The Hon. B. A. Chamberlain,
Mr. J. E. Delzoppo
The Hon. D. M. Evans,
The Hon. J. V. C. Guest,
Mr. R. H. Miller
Mr. N. A. Pope
The Hon. M. J. Sandon,
Mrs. P. A. Sibree
Mr. T. Sidiropoulos

Noes, 1

Mr. B. J. Evans

And so it was resolved in the affirmative.

MINORITY REPORT

by

Mr. B. J. Evans, M.L.A.

Pursuant to S. 4N(4) of the

Parliamentary Committees Act 1968

1. SUMMARY

- 1.1 Parliament should move as a matter of urgency to disallow the recommendations contained in the Committee's Reports Nos. 6 and 7.
- 1.2 The water industry in Victoria has been thrown into turmoil for over two years by the Inquiry and the uncertainty and disruption should be brought to an end as soon as possible.
- 1.3 Despite the length and detail of the Inquiry, the Committee is unable to make clear and decisive recommendations regarding the future of all the public bodies under review.
- 1.4 The Committee has not considered the central structure of the administration of the water industry in Victoria. In the absence of any recommendation on how these functions will be carried out, the industry must remain in a state of uncertainty.
- 1.5 The methods of the Committee should be reviewed by Parliament. The disruption and unjustified reflection on the integrity of people involved may lead to more positive reaction in other Inquiries.

2. THE COMMITTEE'S TASK

- 2.1 Sec 4M(9) of the Parliamentary Committees (Joint Investigatory Committees) Act 1982 states:-

"When reviewing the activities of a public body the Committee shall inquire into any matter which it considers relevant to the question whether or not the body should cease to exist and, without limiting the generality of the foregoing, it shall inquire into the following matters in particular:-

- (a) Whether or not the objects of the body are worth pursuing in contemporary society;

- (b) Whether or not the body pursues its objects efficiently, effectively and economically;
- (c) Whether or not the structure of the body is suited to the activities it performs;
- (d) Whether or not the body duplicates the work of another person or body;
- (e) The financial and other liabilities and obligations of the body;
- (f) The staff of the body (including officers and employees of the public service whose services are being made use of by the body);
- (g) The extent to which the body seeks information as to the effect of its activities and acts on the information it receives;
- (h) The extent to which the body considers the public interest when performing its activities;
- (i) The extent to which the body encourages public participation in its activities;
- (j) The manner in which the body handles complaints about its activities; and
- (k) The extent to which the body is prepared to improve its structure, composition or procedures."

2.2 Sec 4P(2)(a)(ii) of the Act states:-

"the changes (if any) that should be made to the structure or membership of the body, the procedures adopted by the body or the powers, functions or duties exercised or performed by the body."

2.3 The way the Act is framed makes it clear that the Committee should first decide that a public body serves no worthy purpose; is inefficient, ineffective or

uneconomic or does not meet the standards required of it before it recommends that it should cease to exist.

- 2.4 Where the Committee considers that the above mentioned requirements are being met but not in the most effective and efficient manner, it should use the provisions of Sec 4P(2)(a)(ii).
- 2.5 Nowhere in the Act does it suggest that the Committee can recommend that new public bodies should be created to replace those which it recommends should cease to exist.
- 2.6 The Act clearly intends that the Committee should only recommend that a public body should go out of existence if it serves no useful purpose and in that event, how its powers, functions and property should be dispersed.
- 2.7 Where the Committee finds that the body does perform a useful purpose, there does not appear to be any provision for the Committee to recommend it should go out of existence and be replaced by another public body. It may, however, recommend changes in accordance with Sec 4P(2)(a)(ii).
- 2.8 It is arguable whether the public bodies under review are separate and distinct bodies or whether there is in fact only one public body involved, the State Rivers and Water Supply Commission, and that the various Trusts, Boards and Authorities are part of, or subsidiaries of the parent organisation. A different conclusion may have been reached if the Inquiry had been conducted on that basis.

3. BACKGROUND

- 3.1 Following the passage of the Parliamentary Committees (Joint Investigatory Committees) Act 1982 a re-constituted Public Bodies Review Committee was appointed. Ten of the members of the new Committee do not have the advantage of hearing evidence, questioning witnesses or influencing the course the Inquiry took.

- 3.2 It is apparent that provisions in the Act which were designed to prevent the Government pigeonholing the Committee's recommendations by providing for automatic implementation in the absence of Parliamentary action to disallow the recommendations within twelve months, was misused by the Committee. It was stated on a number of occasions that the Committee had power to put these public bodies out of business in twelve months. This action created the wrong atmosphere in which to conduct an objective Inquiry.
- 3.3 Frequent reference to the date when "the clock starts ticking" being the date from which the twelve months period is measured has the obvious connotation of a time bomb set to blow the industry apart.
- 3.4 The Inquiry has, thus far, been conducted in a manner far removed from the traditional approach of Parliamentary Committees in Victoria. At best, they had a full time secretary with other facilities on a shared basis. The members relied on their own knowledge and their ability to seek out information in order to arrive at a consensus on the subject matter of the Inquiry.
- 3.5 The Public Bodies Review Committee was provided with a full time research officer, modern office facilities and back up staff. This gave the Committee an unprecedented capacity to generate printed material. In addition, consultants were engaged and these added considerably to the volume.
- 3.6 This vast amount of material prepared by professionals, working full time in the preparation, was distributed to the large number of public bodies under review. Responses were expected to the reports which often included a number of options or models. This placed a tremendous burden of work on a great number of honorary Commissioners and part time officials.
- 3.7 The reports by the consultants were given a status to which they were not entitled. They were presented with all the hallmarks of official documents including the crest of the Victorian Parliament.
- 3.8 The inference which seems to be unavoidable in this procedure, is that professional consultants have a unique capacity to be objective - that they are devoid of political or professional self-interest. It creates a situation whereby

one group of people is paid large sums of money to put their views before the Committee, in a form which virtually goes unchallenged, while others who may have more justification to be described as "expert" because of years of honorary service to the community as Commissioners, have to go to considerable expense to put their views.

- 3.9 A number of the reports deal with issues which are common to all public bodies, such as Ministerial responsibility and accountability, which are matters for the Parliament to determine. It is not appropriate for these issues to be argued out in the very narrow confines of an Inquiry into the water industry.

4. FINANCIAL ASPECTS

- 4.1 The report to the Committee by the Institute of Applied Economic and Social Research, University of Melbourne provides an example of lack of objectivity. The report proposed that guidelines for Government business undertakings should include a requirement for a real rate of return on capital invested. The report goes on to state:-

"For authorities for which such a target is not appropriate, such as VicRail and the Tramways Board, other specific financial targets should be set ...".

- 4.2 This is an entirely subjective opinion which can only be based on a belief by the Institute of Applied Economic and Social Research that it is more important to resolve the metropolitan areas transport problems than it is to ensure that all citizens of the State have adequate supplies of water.
- 4.3 The assertion that Government business undertakings will be required to produce a real rate of return on capital has had considerable influence on the course of the Inquiry.
- 4.4 The Committee had no charter to make this assertion a basis for its decisions. In doing so, it ignored the fact that very little of the non-metropolitan water industry would exist without the initial and continuing financial support from the State Government.

- 4.5 The State Rivers and Water Supply Commission was set up following the failure of a great number of "self financing Trusts" in all parts of the State. After many years of painful experience, it was realised that without Government financial support only the very large communities who could afford it, would have a reliable water supply.
- 4.6 The statement by the Institute of Applied Economic and Social Research begs many questions, such as which of the activities of Government are "business undertakings" and for which, besides VicRail and the Tramways Board, is the target inappropriate. The answers to those questions will put the statement into its proper context - in the political arena.

5. THE COURSE OF THE INQUIRY

- 5.1 There seems to have been little or no attempt by the Committee in the initial stages of the Inquiry to assess the public bodies under review in the terms of Sec 4M(9). From the outset, it is apparent that the Committee was determined to dismantle and restructure the industry.
- 5.2 Consultants were engaged to examine various aspects with the result that drastic restructuring was proposed. It is hardly to be expected that a consultant would report that there was little wrong with the existing arrangements. Such a report would hardly justify a \$40,000 fee. The consultants have a vested interest in producing a dramatic, publicity attracting document which is a form of self advertising.
- 5.3 Such a case is the reference to "the phenomenon of the man who writes letters to himself". It is left to the imagination to conjure up a picture of a petty official writing letters to himself to justify his position. At least they do not have to be lengthy as he knows the reader will understand what he means.
- 5.4 In the absence of any evidence, this "phenomenon" cannot be judged as inefficient in itself. In practice, the contrary can be clearly established. There is no argument with the need to change the system whereby a group of people meet as a Water Trust, conclude their meeting and immediately reconvene as a

Sewerage Authority. This situation has grated on the people concerned for years but it was inflicted upon them by the legislation under which the respective bodies operated. It did not need an expensive consultant's report to establish that fact.

- 5.5 When the "phenomenon" arises from one person performing the duties of secretary to a number of public bodies, it may have much to commend it. This occurs where several small and widely separated communities within one municipality may operate water trusts. The secretarial duties may be carried out by one person who may also be the Shire Secretary. Occasionally it may be necessary to put communications between them on a formal basis and in writing from one trust to another, the secretary may find "he" is writing to "himself". On the other hand, it would be difficult to establish how much letter writing would be avoided simply because the secretary could pass on information to each of the bodies verbally. This Inquiry provides an excellent illustration. Where a secretary is common to say five public bodies there would be little more than one fifth of the work required to prepare responses required by this Committee than if each body was served by separate secretaries.
- 5.6 The alternative to such a system is to merge the public bodies involved or to hand over their responsibilities to the Shire Council. Whether this would lead to greater efficiency is very questionable. The most evident effect is that the control exercised by its ratepayers over the public body would be diminished. In some cases, the population served by one trust may be as much as ten times that of another. If the finances of each community are to be kept separate, there would be just as much administration as at present. If they are merged the smaller communities may be dominated by the large one.
- 5.7 Historically, the experience of municipalities carrying out the water and sewerage functions, with some exceptions, is not good. It has been known for a municipality having these functions to refuse to provide service to properties adjacent to its boundary in an adjoining municipality in order to create pressure for a change in municipal boundaries. In other cases, a community can be so far from its municipal centre that a trust's ratepayers feel they have no say in what is, to them, their own water supply.

5.8 The recommendations of this report, if adopted, will enable the people concerned to exercise the option which suits their individual case; retain their present trust or authority, to merge with other trusts or authorities or to hand over responsibility to the municipality.

6. THE PHILOSOPHY OF WATER LEGISLATION

6.1 It is apparent that the Committee has not considered the context and the spirit of the legislation under which the public bodies under review were established. The previous Committee questioned the State Rivers and Water Supply Commission on the absence of a written statement of its objects. The Commission subsequently submitted a statement prepared as a consequence of the question. This document must be of very doubtful value as, by implication, if a departmental head and/or a Minister can define the objects of a public body in the first place, they can be changed in a similar manner.

6.2 Presumably, the question arose because of the terms of Sec 4M(9)(a) and (b) which refer to the objects of public bodies. In view of the fact that public bodies do not have written statements of their objects, Sec 4M(9)(a) and (b) are meaningless unless it is accepted that the objects of a public body are notional or implied in the legislation under which they operate.

6.3 It is inappropriate for the objects of a public body to be established without the sanction of Parliament.

6.4 Although each Trust, Authority and Board under review has been regarded as a separate public body, no others appear to have been asked to produce a similar statement of objects. This gives strength to a view that there is only one public body under review, the State Rivers and Water Supply Commission, and that all the others are subsidiary to and totally dependent upon it.

6.5 The whole sense of the Acts under which the public bodies in the water industry operate is that the State accepts responsibility for providing water supplies in the non-metropolitan area. This action was taken after an inquiry into the failure of numerous "self-financing trusts" late last century. It was a logical

follow up to the earlier decision that all rivers and streams should vest in the Crown. The Minister delegates this responsibility to the trusts and authorities set up by legislation.

- 6.6 The State Rivers and Water Supply Commission in some cases has provided a reticulated town supply itself, a fact which bears out the foregoing, but generally it has found it to be more satisfactory and acceptable to the local communities for them to set up a trust for the purpose.
- 6.7 For the Committee to make recommendations contrary to the basic philosophy of the legislation, it is usurping the functions of Parliament. It is not the prerogative of the Committee to decide that country water supply should produce a real rate of return on capital but that metropolitan transport should not.

7. RIVER IMPROVEMENT TRUSTS

7.1 The spirit of legislation should be most easily understood as it is applied to river improvement. Logically, when ownership of rivers and streams was reserved for the Crown, it also accepted responsibility for their maintenance.

7.2 Two factors led the community to accept River Improvement Trusts being established:-

- (1) maintenance and erosion prevention work had not been carried out adequately and
- (2) seven-eighths of the cost of river improvement work was to be carried by the State.

Interest subsidies and other forms of assistance meant that the ratepayers carried little more than the cost of administration. The knowledge and experience of the behaviour and problems of each stream which was provided to the Trusts by its Commissioners would have been impossible to buy.

7.3 There is no justification for the view that the owner of land adjoining a stream is the "user" or beneficiary of river improvement work and thus has some special liability. There is less logic in that view than that the owners of land adjoining a freeway should pay for its maintenance. The rivers and streams are natural and basic to our very existence and the responsibility of the whole community. Freeways are man-made and specifically created to meet the needs of particular communities.

8. FINANCE

8.1 During the course of the Inquiry, considerable discussion centred around the methods by which the industry has been financed. The fact that trusts and authorities had reserves, sinking funds and depreciation accounts, set aside on interest bearing deposits while receiving interest subsidies from the Government created great controversy. Unfortunately, the impression was created that there was an element of dishonesty involved in this procedure. The Committee should make it clear that such an inference is unjustified. It should point out that the funds did not go out of existence or lie idle in bank accounts. The reserves were important to trusts to enable them to meet urgent commitments, such as may occur after a devastating flood. Without them they will not be able to carry out such work until funds are made available by the Government. The invested funds are usually with other public bodies such as the State Bank and are still being used, the interest being additional income for the Trust enabling it to keep a marginally lower rate.

8.2 The nett effects of changes proposed for this system are:-

- (1) Trusts and authorities will have to charge higher rates.
- (2) Trusts and authorities will have no reserves for urgent major works.
- (3) Other public bodies with whom surplus funds are invested will have to obtain funds elsewhere.

- (4) If the funds are invested in the State Development Fund which in turn is spent on State works, it will not be available to the local authorities unless the State Government itself has unused reserves.
- 8.3 There is no evidence of misappropriation or maladministration which justifies the imposition of a complex and costly accounting procedure on the industry. The main purpose seems to be that the Treasurer knows the ultimate destination of funds he makes available, an admirable purpose in itself, but one which must be balanced against the cost of doing so. While it might reassure the Treasurer, it certainly would lead to much greater costs of administration. It runs contrary to the principle of delegation and reduced efficiency. There is no evidence to justify such a procedure.

9. CONCLUSION

- 9.1 The theme of this report is diametrically opposed to views which are widely accepted in the community. Among these is the impression that the Public Bodies Review Committee has erudition, objectivity and compassion not previously displayed by a Parliamentary Committee.
- 9.2 This impression, which has been self generated to a substantial degree, arises from a belief that the Committee's powers supersede those of Parliament.
- 9.3 With advancing technology, it is most important that Parliament ensures that the democratic rights of the individual or of communities are not denied them because they do not have access to computers, word processors and other facilities.
- 9.4 The manner in which people can be overwhelmed by masses of documentation to which a lack of response is taken as acquiescence has been demonstrated by this Committee.
- 9.5 The Committee claims 80% "acceptance" of its recommendations. That is not 80% approval because the option of retaining the present structure with obvious modifications was never really open to the industry.

9.6 If the recommendations in this minority report are adopted by Parliament the changes necessary within the industry can be achieved freely, willingly and democratically.

10. RECOMMENDATIONS

1. That the public bodies under review by the Committee should continue to exist.
2. That the various Acts under which they operate together with the Local Government Act should be amended to provide such uniformity in administration as is necessary to facilitate amalgamation.
3. That amalgamation of bodies under review should occur when a resolution to that effect by the bodies concerned has been carried a simple majority in each case, or as a result of a poll in the affirmative conducted in a manner similar to the provisions of the Local Government Act.
4. That it should be an objective for the functions of the public bodies under review to become the responsibility of catchment authorities. This objective should be achieved by encouragement, not by compulsion.
5. That the public bodies should be reviewed 5 years hence.

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VICTORIA

PUBLIC BODIES REVIEW COMMITTEE

EIGHTH REPORT TO THE PARLIAMENT

FUTURE STRUCTURES FOR WATER MANAGEMENT

VOLUME 3

FINAL REPORT:

THE CENTRAL AND REGIONAL MANAGEMENT OF THE WATER INDUSTRY

Ordered to be printed

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PUBLIC BODIES REVIEW COMMITTEE

COMMITTEE MEMBERS

Mr. R. H. Miller, M.L.A. (Chairman)
The Hon. B. A. Chamberlain, M.L.C. (Deputy Chairman)
The Hon. M. J. Arnold, M.L.C.
The Hon. C. Bubb, M.L.C.
Mr. J. E. Delzoppo, M.L.A.
Mr. B. J. Evans, M.L.A.
The Hon. D. M. Evans, M.L.C.
Mr. N. A. Pope, M.L.A.
Mr. K. H. Remington, M.L.A.
The Hon. M. J. Sandon, M.L.C.
Mrs. P. A. Sibree, M.L.A.
Mr. T. Sidiropoulos, M.L.A.

COMMITTEE STAFF

Dr. M. Frazer, Director of Research
Mr. M. Tricarico, Secretary
Mrs. J. Anderson, Stenographer

* * * * *

PREAMBLE

In presenting its Eighth Report to the Parliament the Committee indicates that the Report was agreed to by a majority of Members. The Report is accompanied by a minority report by Mr. B. J. Evans, M.P., in accordance with S.4N(4) of the Parliamentary Committees Act 1968.

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EXTRACTED FROM THE MINUTES OF THE PROCEEDINGS OF THE
LEGISLATIVE COUNCIL

FRIDAY, 2 JULY 1982

14. JOINT INVESTIGATORY COMMITTEES - The Honourable W. A. Landeryou moved, by leave, That, contingent upon the enactment and coming into operation, this Session, of legislation to establish Joint Investigatory Committees:

* * *

(d) The Honourables M. J. Arnold, B. A. Chamberlain, D. M. Evans, J. V. C. Guest and M. J. Sandon be members of the Public Bodies Review Committee.

Question - put and resolved in the affirmative.

WEDNESDAY, 20 OCTOBER 1982

9. PUBLIC BODIES REVIEW COMMITTEE - The Honourable A. J. Hunt moved, by leave, That the Honourable J. V. C. Guest be discharged from attendance upon the Public Bodies Review Committee and that the Honourable C. Bubb be added to such Committee.

Question - put and resolved in the affirmative.

EXTRACTED FROM THE VOTES AND PROCEEDINGS OF THE
LEGISLATIVE ASSEMBLY

THURSDAY, 1 JULY 1982

36. COMMITTEE APPOINTMENTS - Motion made, by leave, and question - That, contingent upon the coming into operation of the Parliamentary Committees (Joint Investigatory Committees) Act 1982 -

* * *

(d) Mr Delzoppo, Mr Evans (Gippsland East), Mr Miller, Mr Pope, Mr Remington, Mrs Sibree and Mr Sidiropoulos be appointed members of the Public Bodies Review Committee. (Mr. Fordham) - put and agreed to.

WEDNESDAY, 2 APRIL 1980

18. PUBLIC BODIES REVIEW COMMITTEE - Motion made and question - That the State Rivers and Water Supply Commission and each constituted water, sewerage, drainage and river improvement trust or authority, except the Melbourne and Metropolitan Board of Works, be referred to the Public Bodies Review Committee for review (Mr. Mackinnon) - put, after debate, and agreed to.

SUMMARY OF RECOMMENDATIONS

Recommendation 1 (Page 6)

The Committee recommends:-

- (a) that the Minister of Water Supply formulate policy objectives for the water industry, publish and forward them as policy guidelines to each public body in the water industry, and
- (b) that each public body in the water industry adopt a clear statement of objectives in accordance with its legislation and that this statement be included in the annual report, together with corporate and operational plans.

Recommendations on Objectives

Recommendation 2 (Page 12)

The Committee recommends:-

That, subject to the Minister of Water Supply establishing and publishing policy directions and guidelines for the water industry, the body responsible in future for the central management of Victoria's water industry shall in accordance with its legislation:-

- (i) develop, adopt and maintain a comprehensive statement of objectives, both statutory and non -statutory, both at the corporate level and in respect of each of its major components, functions or strategies;
- (ii) submit this statement of objectives for endorsement or re-endorsement by its Minister each year at the commencement of the budget cycle and following each election campaign; and alter its statement of objectives only with ministerial assent;

- (iii) ensure consistency between its statement of objectives and legislation, and corporate and operational plans;
- (iv) publish its statement of objectives in its annual report;
- (v) adopt quantified objectives and targets wherever practicable;
- (vi) adopt financial objectives for business components within the framework of State economic and financial guidelines.

Recommendation 3 (Page 16)

The Committee recommends that the Department of Management and Budget in consultation with the Treasury develop guidelines that would allow for the financial management of capital works programs within a rolling program framework rather than within the constraints of annual budget appropriations.

Recommendation 4 (Page 22)

The Committee recommends that:-

- (i) as a matter of urgency the Department of Management and Budget develop guidelines for project appraisal for major capital investment projects;
- (ii) corporate planning principles be applied in the water industry particularly at the central and regional levels;

- (iii) the central management agency prepare operational plans on a rolling five year basis along the lines of those developed by the Metropolitan Water Supply Sewerage and Drainage Board of Western Australia and that such plans be developed following advice from all water bodies and relevant government agencies (See Appendix 3).

Recommendation 5 (Page 32)

The Committee recommends:-

- (i) That the proposed Department of Water Resources prepare and publish a set of technical criteria manuals for use by the water and sewerage industry, covering such areas as:-

- (a) water and sewerage design standards;
- (b) operations and maintenance standards;
- (c) standards for security of supply;
- (d) health, safety and chemical standards;

that these manuals be regularly updated and be the normal reference framework in which bids from local authorities for funds and approvals are made, and with reference to which funds are allocated;

- (ii) That the proposed Department of Water Resources discuss with an appropriate tertiary institution the provision of specialist voluntary instruction for persons employed or seeking employment with Water Boards, whether as engineering or administrative staff; and that the relevant professional associations (Institution of Engineers, Institute of Water Administration) be involved in these discussions;

- (iii) That existing requirements for the possession of the Engineer of Water Supply qualification be dropped;
- (iv) That the Engineer of Water Supply Board of Examiners be abolished;
- (v) That the work of the Operator Training School at Werribee be maintained and developed; and
- (vi) That the proposed Department of Water Resources be responsible for drawing up a pro-forma "Terms of Engagement" as the basis of engagement of consulting engineers by the client Board, and that the "Terms of Engagement" contain the appropriate scale of fees established by the Association of Consulting Engineers Australia and approved by the Institution of Engineers, Australia to be charged on a project by project basis or retainer basis, as the case may be.

Recommendation 6 (Page 38)

The Committee's recommendations with respect to public involvement and the handling of complaints at central level are:-

- (i) That the structure of the Water Resources Council be revised.
- (ii) That the Water Resources Council consist of:-
 - * the Permanent Head, proposed Department of Water Resources (who would be Chairman of the Council);

- * the Chairman, Melbourne and Metropolitan Board of Works;
- * a member nominated by the Institute of Water Administration;
- * four members, representing water authorities in country districts (refer Fourth Report of the Public Bodies Review Committee, Appendix 2, p. 328) to be appointed by the Governor in Council;
- * a member representing Irrigators to be appointed by the Governor in Council; and
- * a member representing conservation interests to be appointed by the Governor in Council.

(iii)

That the Minister of Water Resources ensure that each major or sensitive policy initiative of the proposed Department of Water Resources is subjected to a public consultation process (whether through parliamentary or departmental processes) in which the following criteria are met:-

- * a comprehensive Impact Report covering economic, social, environmental and technical aspects of each initiative is published at least three months prior to the date by which a decision must be made;

- * the definition of what is 'major' or 'sensitive' for the purpose of these procedures to be the subject of guidelines issued by the Minister of Water Resources;
- * the Department to advertise in the press and to circulate to any parties signifying that they wish to be advised the existence of an Impact Report prepared as above, and
- * an opportunity be provided for groups and individuals to give written evidence and to appear at a public hearing before a decision is made.

(iv) That a senior officer in the proposed Department of Water Resources be designated the complaints officer, be so listed in government directories, and have the responsibility of resolving conflicts between the Department and aggrieved persons before they become exacerbated.

Recommendation 7 (Page 47)

The Committee recommends that the Touche Ross Report and the Holmes Report be jointly referred by the Minister of Water Supply to an Implementation group responsible to him, with a view to the timetables and programs for legislative and administrative reform being considered for adoption as a matter of priority.

Reform to be appropriate to the size and structure of the Authority concerned, and while preserving a consistent methodology, to be so structured as to give a positive cost/benefit effect for each Authority.

Recommendation 8 (Page 52)

The Committee's recommendation is:-

- (i) That the Water Act 1958 and the Melbourne and Metropolitan Board of Works Act 1958 be amended to include a new Section on Ministerial Responsibility, conferring on the Minister the powers and on the proposed Department of Water Resources, on the Melbourne and Metropolitan Board of Works and on each water board the corresponding obligations:-
- (a) for the Minister to approve annual budgets, financial forecasts and corporate plans of the bodies, regardless of sources of funding used;
 - (b) for the Minister to approve performance objectives for each body;
 - (c) for the Minister to have the power to issue public and binding policy directions to each body;
 - (d) for the Minister to have access to any papers, or any official of each body, and to have power to require a report from the body on any subject;
- (ii) That similar powers and obligations be accorded to the Minister in respect of any water function a municipality may discharge;

- (iii) That the Minister have power to recommend to the Governor in Council the creation, amalgamation, division or cessation of any local water board or boards, or the transfer of responsibility for any water related function to or from any water board, municipality or other public body responsible for such function, but only after a consultative process with all those affected has taken place.

Recommendation 9 (Page 61)

The Committee recommends:-

- (i) that the State Rivers and Water Supply Commission cease to exist, and that the successor body be the Department of Water Resources, a department of the Victorian Public Service;
- (ii) that the Ministry of Water Resources and Water Supply cease to exist and that the Water Resources Act 1975 be repealed;
- (iii) that the office of Chairman of the State Rivers and Water Supply Commission should be replaced by an office of Director - General of Water Resources,

which should be that of Permanent Head of the Department of Water Resources for the purposes of the Public Service Act 1974;
- (iv) that the existing offices of Commissioners of the State Rivers and Water Supply Commission should be replaced by offices of Deputy - Director -General of the Department of Water Resources;

- (v) that there be created two new Divisions within the Department of Water Resources not concerned with the operational requirements of the Department itself, viz:-
- (a) a Policy, Planning, Research and Evaluation Division, and
 - (b) a Water Industry Division;
- (vi) that the Water Industry Division be responsible for preparing analysis and advice concerning the exercise of ministerial accountability, control and direction over all public bodies within the water industry, including the Melbourne and Metropolitan Board of Works;
- (vii) that the Department of Water Resources move progressively to devolve its retailing functions wherever possible to self-managing, democratically elected entities.

Recommendation 10 (Page 71)

The Committee recommends that:-

- (i) the Latrobe River Improvement Trust, the Avon River Improvement Trust, the Thomson River Improvement Trust and the Macalister River Improvement Trust cease to exist and that the successor body be the Latrobe Regional Water Board;

- (ii) the Latrobe Regional Water Board assume responsibility for all regional drainage and flood plain management functions currently undertaken by the State Rivers and Water Supply Commission, in addition to the responsibilities conferred on that Board including the co-ordination or control of the regional water cycle, the development and implementation of regional water management and the co-ordination of water industry plans and activities with regional land use planning and development strategies as indicated in the Committee's Sixth Report;
- (iii) the central water authority (proposed Department of Water Resources) and the local water bodies in the region shall keep the Latrobe Regional Water Board fully informed of discussions and communications between these bodies on matters of policy, financial arrangements and program/project development;
- (iv) the Latrobe Regional Water Board in preparing consolidated programs and budgets covering its own functions should also take those of the eleven bodies under its control into consideration and submit a consolidated package for the approval of the Minister;
- (v) in the case of disagreement in relation to policy, budget or programs between a local body and the Latrobe Regional Water Board the submission to the Minister must reflect the differing views;

- (vi) the Latrobe Regional Water Board establish the two standing advisory committees as outlined in its response dated 8 April 1982 to the Committee's Discussion Paper Future Structures for Water Management: River Improvement and Drainage Trusts; (See Appendix 9) and
- (vii) the Latrobe Regional Water Board be brought into being before Water Boards in its area, so that it may take a role in the steps leading to their formation.

Recommendation 11 (Page 79)

The Committee recommends that:-

- (i) the Dandenong Valley Authority, the Longwarry Drainage Trust and the Shire of Korumburra River Improvement Trust cease to exist and that the successor body be the Westernport Catchment Board responsible for all watercourse, river and flood plain management, regional drainage, flood mitigation, water quality and stream environment and conservation activities within its district;
- (ii) the district of the Westernport Catchment Board include the districts of the former Dandenong Valley Authority in addition to those areas recommended for inclusion by the State Rivers and Water Supply Commission and illustrated on the Map opposite page 75 including the areas covered by the Koo - wee - rup Flood Protection District, the Longwarry Drainage Trust and that part of the Shire of Korumburra River Improvement Trust falling within the catchment;

- (iii) the Dandenong Valley Authority Act 1963 be amended to take up the recommendations contained in this Report and allow for the Board to establish advisory committees (of similar status to those recommended in the Sixth Report for Municipalities under section 241A of the Local Government Act 1958) to maximise local participation from the various areas within the enlarged district;
- (iv) the Commissioners (no less than 6 and no more than 10) of the new Board shall be appointed by the Governor in Council and consist of persons specifically appointed to represent the interests of the municipalities and local water boards, consumers, environmentalists and conservationists.

The Committee also recommends that all necessary river improvement activities in that part of the Shire of Korumburra River Improvement Trust District not transferred to the Westernport Catchment Board should be the responsibility of the Korumburra Water Board, in addition to the responsibilities conferred on that Board, including all necessary urban water and sewerage provision as indicated in the Committee's Sixth Report.

Recommendation 12 (Page 83)

The Committee recommends that the proposed Department of Water Resources retain direct responsibility for all necessary regional drainage, flood plain and river improvement management activities in those parts of the Mornington Peninsula Regional Water Board's area not coming within the area of the Westernport Catchment Board until such time as the Mornington Peninsula Regional Water Board is in a position to accept these responsibilities. The Committee further recommends that the two bodies hold discussions with a view to enabling the transfer of responsibility to take place no later than July 1986.

Recommendation 13 (Page 86)

- (i) The Committee recommends that the Yarra River Improvement Trust cease to exist and that the successor body be the Yarra Valley and Dandenong Ranges Water Board, in addition to the responsibilities conferred on that Board including all necessary urban water and sewerage services as indicated in the Committee's Sixth Report.

- (ii) The Committee also recommends that responsibility for any regional drainage, flood plain or river management functions currently undertaken by the State Rivers and Water Supply Commission in this area also be transferred to the Yarra Valley and Dandenong Ranges Water Board making that Board responsible for all necessary works of that nature in its district other than for those areas already the responsibility of the Melbourne and Metropolitan Board of Works.

Recommendation 14 (Page 91)

- (i) The Committee recommends that the Geelong Regional Water Board and the Ballarat Water Board assume responsibility from the State Rivers and Water Supply Commission for all necessary river improvement, regional drainage and flood plain management works in their respective regions and that the Boards assume this responsibility no later than July 1984.

- (ii) The Committee also recommends that the West Moorabool Water Board cease to exist and that the Geelong Regional Water Board and the Ballarat Water Board assume joint responsibility for the future operation, maintenance and arrangements for the supply of water from the dam, and all necessary activities in relation to the dam.

Recommendation 15 *(Page 93)*

- (i) The Committee recommends that the Bendigo Creek Improvement Trust cease to exist and that the successor body be the Bendigo Water Board, in addition to the responsibilities conferred on that Board including all necessary urban water and sewerage services as indicated in the Committee's Sixth Report.
- (ii) The Committee recommends that the proposed Department of Water Resources retain for the time being its existing flood plain management, river improvement and drainage functions in the areas covered by the Mount Alexander and Bendigo Water Boards.

Recommendation 16 *(Page 95)*

The Committee recommends that the Shire of Alberton River Improvement Trust cease to exist and that the successor body be the Shire of Alberton responsible for current river improvement, regional drainage and flood plain management works in the Shire with the exception of the Merriman's Creek Catchment which shall become the responsibility of the Latrobe Regional Water Board.

Recommendation 17 (Page 99)

- (i) The Committee recommends that the Shire of Alexandra River Improvement Trust, the King Parrot Creek Improvement Trust, the Seymour Shire River Improvement Trust and the Shire of Yea River Improvement Trust cease to exist and that the successor body be the Mid - Goulburn Catchment Board responsible for all current river improvement, regional drainage and flood plain management works in the Shires of Alexandra, Yea and Seymour.

- (ii) The Committee further recommends that the convenor body be the Seymour Shire River Improvement Trust, the interim management Board consist of no more than two persons from each of the four former bodies and two persons appointed by the Minister of Water Supply to represent environmental and land use planning interests.

Recommendation 18 (Page 102)

- (i) The Committee recommends that the Avoca River Improvement Trust, the Bullock Creek Improvement Trust and the Pental Island River Improvement Trust cease to exist and that the successor body be an Avoca Loddon Catchment Board responsible initially for the functions of the three former bodies.

- (ii) The Committee also recommends that the interim management of the Board consist of two persons appointed by each of the three former Trusts and three persons appointed by the Minister of Water Supply. Such persons should represent irrigators, environmentalists and the proposed Department of Water Resources.

Recommendation 19 *(Page 107)*

- (i) The Committee recommends that the Fifteen Mile Creek Improvement Trust and the Ovens and King River Trust cease to exist and that the successor body be the Wangaratta Catchment Board responsible for all river improvement, regional drainage and flood plain management in the existing districts of the former bodies extended to include the areas of Happy Valley, Barwidgee, Boggy and Reedy Creeks. The Committee also recommends that the Ovens and King River Trust act as Convenor of the new Catchment Board.
- (ii) The Committee further recommends that the Black Dog Creek Improvement Trust continue to exist as a separate entity but that it be renamed the Black Dog Creek Catchment Board responsible for all river improvement, regional drainage and flood plain management in its existing district and that it should again be reviewed within ten years of the date of the Tabling of this Report.

Recommendation 20 *(Page 108)*

The Committee recommends that the Broken River Improvement Trust cease to exist and that the successor body be the Broken River Catchment Board responsible for all river improvement, regional drainage and flood plain management works in the Broken River Catchment.

Recommendation 21 *(Page 110)*

The Committee recommends that the Cann River Improvement Trust cease to exist and that the successor body be the Cann Valley Water Board responsible for current river improvement, drainage and flood plain management works in the Cann River Catchment, in addition to the responsibilities conferred on that Board including all necessary water and sewerage provision as indicated in the Committee's Sixth Report.

Recommendation 22 *(Page 112)*

The Committee recommends that the Glenelg River Improvement Trust and the Strathdownie Drainage Trust cease to exist and that the successor body be the Shire of Glenelg responsible for all current river improvement, drainage and flood plain management. The Committee also recommends that the Shire of Glenelg continue the tasks of the Trusts in accordance with plans to be devised and approved by the Soil Conservation Authority and the proposed Department of Water Resources.

Recommendation 23 *(Page 113)*

The Committee recommends that the Kiewa River Improvement Trust cease to exist and the successor body be the Kiewa River Catchment Board responsible for current river improvement, regional drainage and flood plain management works in the Kiewa River Catchment.

Recommendation 24 *(Page 114)*

The Committee recommends that the Mitchell River Improvement Trust cease to exist and that the successor body be the Shire of Bairnsdale responsible for all current river improvement, regional drainage and flood plain management in the Shire. The Committee further recommends that in its operation of river management functions the Shire take account of the water supply requirements of the Town of Bairnsdale.

Recommendation 25 (Page 116)

The Committee recommends that the Mitta Mitta River Improvement Trust cease to exist and that the successor body be the Shire of Tallangatta responsible for all current river improvement, regional drainage and flood plain management projects of the Trust.

Recommendation 26 (Page 118)

The Committee recommends that the Snowy River Improvement Trust cease to exist and that the successor body be the Snowy River Catchment Board responsible for all current river improvement, regional drainage and flood plain management works in the Catchment area of the Snowy River.

Recommendation 27 (Page 119)

The Committee recommends that the Tambo River Improvement Trust cease to exist and that the successor body be the Tambo Water Board responsible for all current river improvement, regional drainage and flood plain management functions in the Shire of Tambo, including all necessary urban water and sewerage provision .

Recommendation 28 (Page 120)

The Committee recommends that the Tarwin River Improvement Trust cease to exist and that the successor body be the Leongatha Water Board responsible for all current river improvement, regional drainage and flood plain management in the Shire of Woorayl, in addition to the responsibilities conferred on that Board including all necessary urban water and sewerage functions as indicated in the Committee's Sixth Report.

Recommendation 29 (Page 121)

The Committee recommends that the Shire of Upper Murray River Improvement Trust cease to exist and that the successor body be the Shire of Upper Murray responsible for all current river improvement, drainage and flood plain management in the Shire.

Recommendation 30 (Page 123)

- (i) The Committee recommends that the Lough Calvert Drainage Trust cease to exist and that the successor body be the Colac Water Board responsible for all current functions of the Trust, in addition to the responsibilities conferred on that Board including all necessary water and sewerage functions as indicated in the Committee's Sixth Report. The Committee further recommends that consideration be given to extending the functions to include all river improvement, regional drainage and flood plain management functions in its district following the outcome of the current study by the State Rivers and Water Supply Commission and the Geelong Waterworks and Sewerage Trust.
- (ii) The Committee also recommends that the Barwon Leigh Advisory Committee continue to oversight the discharges from the Lake Colac and Lough Calvert into the Barwon River.

Recommendation 31 (Page 126)

The Committee recommends that the Yatchaw Drainage Trust continue to exist as a separate entity but that it be renamed the Yatchaw Catchment Board responsible for carrying out existing drainage works in its existing district. The Committee further recommends that the Yatchaw Catchment Board be again reviewed within ten years of the date of the Tabling of this Report.

Recommendation 32 (Page 129)

- (i) The Committee recommends that the Transitional Provisions legislation as recommended in the Committee's Seventh Report be applied to the Boards created in this Report. In addition the Committee recommends that the Transitional Provisions legislation reflect the special membership requirements of Catchment Boards. These Boards should be comprised of persons appointed by the Minister of Water Supply to represent, where appropriate, the interests of: irrigators, land owners and local residents, environmentalists, land use authorities, municipalities, and major catchment users. The functions of Water Boards and Shires should reflect a broad multi-functional role.
- (ii) The Committee further recommends that the Transitional Provisions legislation reinforce those powers possessed by municipalities under Section 241A of the Local Government Act 1958 to establish Water Advisory Committees to assist with the operation of the service at a local level and to provide advice to the municipality in relation to the services provided. Such Committees' delegated responsibilities should not extend to entering into any contract, legal agreement or commitment to expend funds beyond that specified by the municipality concerned.
- (iii) The Committee also recommends that the water law as rewritten include provisions in relation to planning and public participation as set out in recommendations in this Report.

Introduction

Scope of this Report

The Public Bodies Review Committee has had before it since 2 April 1980 a reference from the Legislative Assembly requiring it to review the State Rivers and Water Supply Commission and each constituted water, sewerage, drainage and river improvement trust or authority, excluding the Melbourne and Metropolitan Board of Works. This reference was amplified by an Order in Council of 20 May 1981 which made it clear that the reference also included the Local Governing Bodies constituted under the Water Act 1958, the Ballarat Water Commissioners and Sewerage Authority, the Dandenong Valley Authority, the First Mildura Irrigation Trust, the Geelong Waterworks and Sewerage Trust, the La Trobe Valley Water and Sewerage Board, the Mildura Urban Water Trust, and the West Moorabool Water Board. The reference also purported to refer to the Committee for review "the personnel of the State Rivers and Water Supply Commission", although an Opinion of the Crown Solicitor dated 31 July 1981 advised that "the personnel of the State Rivers and Water Supply Commission cannot be the subject of review". Amendments to the Principal Act effected by the Parliamentary Committees (Joint Investigatory Committees) Act 1982 restructured the Committee. The original references were formally transferred to the new Public Bodies Review Committee by resolution of each of the Houses, and the Committee thereby had access to all the evidence placed before its predecessor.

The Committee in its Second, Fourth and Sixth Reports expressed its views and made recommendations concerning all those bodies in the reference involved in the retailing of water and sewerage services at the local level, including each Local Governing Body under the Water Act 1958, each waterworks trust and sewerage authority, the Mildura Urban Water Trust, the Geelong Waterworks and Sewerage Trust, the La Trobe Valley Water and Sewerage Board and the Ballarat Water Commissioners and Sewerage Authority and the State Rivers and Water Supply Commission in respect of urban water and sewerage services.

This Report is concerned with the central management of the water industry in Victoria, and makes recommendations concerning central and regional management aspects of the State Rivers and Water Supply Commission, the La Trobe Valley Water

and Sewerage Board, the Ballarat Water Commissioners and Sewerage Authority, and the Geelong Waterworks and Sewerage Trust, and several new bodies with regional roles arising from the Committee's Sixth and Seventh Reports. It also contains a recommendation concerning the future of the West Moorabool Water Board, and recommendations concerning a number of river improvement and drainage trusts.

This Report therefore completes the outline of the Committee's proposals for future structures for water management in respect of urban services.

Recommendations concerning the First Mildura Irrigation Trust and the activities of the State Rivers and Water Supply Commission (or its successor) in relation to irrigation are not made in this Report.

Principles underlying this Report

The former Committee indicated in several Reports its dissatisfaction with the existing administrative structure of the Victorian public sector water industry, and has indicated also the criteria upon which it believed any process of restructuring should be approached. Foremost among these principles were those laid down in the Parliamentary Committees (Public Bodies Review) Act 1980, and since re-enacted in the Parliamentary Committees (Joint Investigatory Committees) Act 1982, and this Committee agrees that any future structural arrangements for the water industry should include bodies which:-

- * possess objectives worth pursuing in contemporary society;
- * are so structured as to be able to pursue these objectives efficiently, effectively and economically;
- * possess a structure suitable to the activities performed;
- * do not duplicate the work of other persons or bodies;
- * seek information on the effects of their activities and act on that information;

- * consider the public interest when performing their activities;
- * encourage public participation in their activities;
- * are responsive to complaints about their activities; and
- * are prepared to improve their structure, composition and procedures.

In applying these criteria to the water industry, the former Committee also indicated that it believed particular emphasis should be given to:-

- * the extent to which the structure is accountable and subject to democratic control;
- * the extent to which the structure meets community needs, and includes mechanisms for identifying needs, and setting priorities as a basis for allocating resources;
- * the extent to which the structure is consistent with the efficient management of water as a resource, throughout the water cycle;
- * the extent to which the structure is in harmony with equitable funding arrangements, and the efficient use of the limited capital available to the water industry;
- * the extent to which the structure provides for water management and planning to be in harmony with other land uses and planning processes;
- * the extent to which the structure ensures technical and administrative competence is brought to bear in water management;
- * the extent to which the structure is in harmony with State Environment Protection policies or environmental standards, where they exist.

This Committee endorses these principles.

Accountable Management in the Water Industry

The application of these principles, both at local level through the Sixth Report, and at central and regional level through this Report, will produce a basis for accountable management in the water industry. The Committee's recommendations propose a new balance of accountabilities. At the local level, they recognize accountabilities for operations and for as much responsibility as can be reasonably devolved or delegated to locally self-managing bodies. At the central level, they recognize ministerial responsibility for overall policy, for aggregate resource flows, for questions of community equity and priority on a state-wide basis. This Report, in outlining the future central and regional structures the Committee is proposing for the water industry seeks to present the basis for a clearer set of relationships between the bodies that compose the water industry; a framework in short of accountable management in which paths to the rational achievement of objectives in the industry at central, regional and local levels are much more clearly laid out.

To achieve this will require much more than can be spelled out in the confines of this Report: it will require the change process the Committee has initiated to permeate not only the structure of the industry but its processes of objective and priority setting, of forward and corporate planning, of investment and project analysis, of pricing, output and distributional policy, of personnel policy and of attitudes towards public participation and the role of consultation in policy development. This Report is intended as a contribution to that change process, not as a definition or limitation of it.

These themes have been built into this Inquiry from the outset, and extensive verbal and written evidence has been taken on such questions as objectives, planning processes, participation mechanisms, and so on. This Committee believes that an analysis and understanding of them is a prerequisite to the derivation of an appropriate organization structure for the industry. Accordingly this Report examines those themes before making its recommendations for the future central management of the water industry.

When the Committee made its Final Report on local structures for urban services, separate volumes were devoted to the structural recommendations and the implementation recommendations. The present Report contains both structural and implementation recommendations complete in one volume. The Committee therefore

anticipates that it will automatically come into effect twelve months from the date of Tabling unless Parliament resolves otherwise, in the manner provided for in the Parliamentary Committees Act 1968.

It should be noted that these findings; conclusions and recommendations predate the Public Bodies Review Committee's analysis of issues involved in the future management of irrigation in Victoria, and that the findings of this Committee are based upon evidence given to the previous Public Bodies Review Committee.

It may be that some later modifications are desirable following that analysis, especially as it involves further consideration of the role of State Rivers and Water Supply Commission.

We believe the recommendations, which have been based upon a thorough examination of the issues currently before us and on the best available information, will allow the water industry to manage its future tasks effectively . It is important to recognize that these recommendations are not intended to limit the extent of change in the industry now or in the future. The structure of the industry should be subject to regular review to take account of changing circumstances and information concerning the performance of the industry.

Objectives

The Significance of Objectives

The Public Bodies Review Committee is obliged by its legislation to pay particular regard to the objectives of bodies referred to it for review. It is required to examine both the relevance of the objectives of each body ("whether or not the objects of the body are worth pursuing in contemporary society"), and how well the body pursues those objectives ("whether or not the body pursues its objects efficiently, effectively and economically").

This emphasis reflects the indispensability of clear statements of objectives in the review process. Without such objectives, no review of a public body could proceed, since achievement could not be assessed. The Committee believes equally that clear objectives are necessary for public body management, and has noted with concern the complete absence of objectives on the part of many of the bodies under review. Such an absence, though by no means universal, is in the Committee's view a serious deficiency where it occurs.

In its Third Report, Audit and Reporting of Public Bodies, the Public Bodies Review Committee noted the need for explicit statements of objectives in the enabling legislation, corporate and operational plans and annual reports of public bodies. This Committee now intends to formalise that view by way of a general recommendation concerning the bodies in its reference.

Recommendation 1

The Committee recommends:-

- (a) that the Minister of Water Supply formulate policy objectives for the water industry, publish and forward them as policy guidelines to each public body in the water industry, and**
- (b) that each public body in the water industry adopt a clear statement of objectives in accordance with its legislation and that this statement be included in the annual report, together with corporate and operational plans.**

Objectives in the Water Industry

At the first Public Hearing held by the Public Bodies Review Committee, on 29 May 1980, the Committee sought, and was successful in obtaining as its first witness the then Minister of Water Supply, the Hon. F. J. Granter, M.L.C. The Committee's purpose in doing so was to commence its Inquiry with evidence from the Minister as to water industry objectives, and the Transcript of Evidence discloses questioning of the Minister by several members of the Committee on the question of objectives. Similar questions were subsequently put to the Chairman of the State Rivers and Water Supply Commission and the Chairman of the Melbourne and Metropolitan Board of Works.

Objectives of the State Rivers and Water Supply Commission

At the initial Public Hearing held by the Committee on 29 May 1980, the State Rivers and Water Supply Commission tabled a Background Paper, which had been prepared at the Committee's request, on the Commission's role in Water Management in Victoria. Concern was expressed by Committee members at the hearing that it contained no list of objectives. As the Hon. David R. White, M.L.C., then a member of the Committee, summed it up:-

"The reason that this list of specific objectives is so important is that without it we cannot measure the efficiency and effectiveness of the organization and, with respect to you, I do not see how in any historical context the Commission can measure the effectiveness of its own organization without having a list of goals and standards by which to study itself."¹

This concern was echoed by the then Chairman of the Committee, Dr. Kevin J. Foley, and in response the State Rivers and Water Supply Commission submitted to the Committee two months later a substantial document entitled The Objects of the State Rivers and Water Supply Commission, setting out for the first time in some detail the

1. Public Bodies Review Committee, Transcript of Evidence, p. 40.

Commission's objectives, both statutory and non-statutory, in respect of each of its functions.² A summary table from that Submission is included in this Report at Appendix I.

This statement of objectives was also the subject of verbal evidence tendered to the Committee at a Public Hearing held at Melbourne on 17 September 1980. At that hearing the Chairman of the Committee commended the Commission for the document, and recalled the earlier discussions in which the Committee had expressed dissatisfaction with the answers provided by the Commission, and sought the comment from the Chairman of the State Rivers and Water Supply Commission as to the extent to which the document had been generated as a result of the Public Bodies Review Committee Inquiry. Mr. Bromfield's reply indicates clearly that this was the case:-

"It was not available in a consolidated document. The people dealing with the particular area were aware of the Commission's objectives, which might have been in the form of Commission minutes or policy statements and scattered around various sources - circulars of different sorts - but were not brought together in the sort of statement we have here. I would say the objectives were known to the people who had to deliver the results in achieving those objectives ... it has been a very useful exercise, not only for the Commissioners but for the people we involved in their development and refinement, and I think also in getting a greater degree of precision in upgrading our organization."³

This Committee regards this statement as indicating one of the significant impacts which the former Committee had on practical water management in the State.

Later that year, the State Rivers and Water Supply Commission publicly issued the initial document, with some minor changes, under the title, Policy Objectives of the State Rivers and Water Supply Commission,⁴ which the Commission advised was to be

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2. State Rivers and Water Supply Commission, The Objects of the State Rivers and Water Supply Commission, Submission to Public Bodies Review Committee, 30 July 1980.
 3. Public Bodies Review Committee, Transcript of Evidence, p. 984-5.
 4. State Rivers and Water Supply Commission, Policy Objectives of the State Rivers and Water Supply Commission, November 1980.

distributed among government agencies, municipalities and community bodies in the water industry, and to staff, and which was to be incorporated in the Commission's corporate planning processes.

The Committee notes also that the State Rivers and Water Supply Commission's 1979-80 Annual Report, the letter of transmission of which is dated 30 October 1980, contained for the first time in a State Rivers Annual Report an attempt to state objectives, and that another recasting of them appeared in the Commission's next Annual Report, that for 1980-81, along with a number of other improvements to reporting which derive from the study of the Auditing and Reporting Responsibilities of Public Bodies in Victoria undertaken for the Committee by Touche Ross Services Pty.

The Public Bodies Review Committee in its earlier hearings effectively demonstrated a weakness in the management of the State Rivers and Water Supply Commission in the fact that attention had not been given to drawing together statements of objectives and policies previously implicit or scattered around the organization. The Commission is to be commended for the prompt and serious manner in which it sought to rectify the deficiencies disclosed by the Committee in this area. The preparation of the comprehensive documentation on the Commission's objectives, the dissemination of the material within the water industry, and the incorporation of summaries of it within the Commission's Annual Report and the stated intention to express them in a future corporate plan, are each valuable initiatives.

The Committee considers however that the development of an adequate approach to objective setting along the lines indicated will take time and effort. Currently it sees room for further improvement in the Commission's statements of objectives in several areas.

Statutory Expression of Objectives

There is a need for such statements to fit integrally with the basic legislation of the body concerned. In its Third Report, Audit and Reporting of Public Bodies, the Committee noted with respect to the generality of public bodies that "bodies too often confuse statements of function with statements of objective ... enabling legislation is often framed to confer functions on a public body rather than objectives. Statements of function, which set out what a body is to do in an open-ended way, may lie

contrasted with statements of objective which set out results to be achieved." The Water Act 1958 is an example of such an enactment, and the Committee considers it needs to be amended to incorporate a basic statement of objectives for the Commission or its successor. Such a statement would be broad, and would be supplemented by more flexible statements of program and/or divisional objectives at lower levels.

Quantification of Objectives

At these lower levels particularly, the Committee considers statements of objectives should wherever possible be quantified. Generally the statements as developed so far by the State Rivers and Water Supply Commission lack quantification. The Committee recognises that there are difficulties in developing the basic management information and performance measures necessary for quantification to be meaningful, and appreciates that there are real difficulties in quantifying objectives in some areas. However it considers that a sustained attempt to apply the concept of quantified objectives as widely as possible should be made.

Ministerial Endorsement of Objectives

There is a need for clear and explicit ministerial endorsement to be published at the beginning of the statement of objectives. In evidence before the Committee on 17 September 1980,⁵ it was established that the document on the Commission's objectives had not received the formal endorsement of the Minister.

Such statements should, in the Committee's view be issued only with ministerial endorsement, and that endorsement should be disclosed in writing in the document itself.

Financial Objectives

The Committee is concerned that current statements of objectives promulgated by the State Rivers and Water Supply Commission lack financial and economic objectives.

5. Public Bodies Review Committee, Transcript of Evidence, p. 986.

The use of such objectives in the public sector has been developed over two decades in Britain⁶ and was applied there specifically to the water industry following the major restructure of the early 1970s, in a Report to the Secretary of State for the Environment entitled The Water Services: Economic and Financial Policies.⁷

The adoption of financial objectives in the public sector has also been recognised in Australia. The Vernon Commission on the Post Office, for example, recommended financial objectives for Australia Post following its vesting as a separate statutory body. That Commission recommended that Australia Post should have the financial objectives of meeting all its costs, including interest on borrowing, and providing 50% of its capital requirements from revenue. The State Electricity Commission has published a financial objective in similar terms.⁸

The Committee is conscious of the difficulties of applying the concept of specified financial objectives within the water industry. The State Rivers and Water Supply Commission has been required to operate within the Public Account, rather than with the greater financial autonomy possessed by the other utilities named, and obligations have been imposed on the Commission to maintain certain irrigation and drainage systems, and to maintain the safety of works.⁹ These constraints necessarily limit the extent to which the Commission has freedom to make the management decisions that may be needed to reach an externally set target.

On the other hand, the Committee notes the compelling nature of the arguments in favour of the adoption of overall financial objectives, both for the water industry and for major components of it, such as the irrigation component and the urban services component.

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6. A White Paper on the Financial and Economic Obligations of the Nationalised Industries in 1961 (Cmnd. 1337) required financial objectives to be determined, often in terms of a target rate of return on the undertaking's assets. See also Nationalised Industries: A Review of Economic and Financial Objectives, 1967, (Cmnd. 3437).
 7. U.K., Department of the Environment, The Water Services: Economic and Financial Policies, First Report to the Secretary of State for the Environment, (London, H.M.S.O., 1973).
 8. State Electricity Commission: Statement of Objectives, July 1981.
 9. See State Rivers and Water Supply Commission, Irrigation Management in Victoria, Comments submitted to the Public Bodies Review Committee in Response to Report by Neilson Associates, February 1982.

Recommendations on Objectives

Recommendation 2

The Committee recommends:-

That, subject to the Minister of Water Supply establishing and publishing policy directions and guidelines for the water industry, the body responsible in future for the central management of Victoria's water industry shall in accordance with its legislation:-

- (i) develop, adopt and maintain a comprehensive statement of objectives, both statutory and non - statutory, both at the corporate level and in respect of each of its major components, functions or strategies;
- (ii) submit this statement of objectives for endorsement or re-endorsement by its Minister each year at the commencement of the budget cycle and following each election campaign; and alter its statement of objectives only with ministerial assent;
- (iii) ensure consistency between its statement of objectives and legislation, and corporate and operational plans;
- (iv) publish its statement of objectives in its annual report;
- (v) adopt quantified objectives and targets wherever practicable;
- (vi) adopt financial objectives for business components within the framework of State economic and financial guidelines.

Planning Processes

A fundamental problem facing the water industry is that on the one hand there is a growing demand for urban services, a general expectation of higher standards of service and increased environmental protection while on the other hand resources available to finance these services are not increasing at a similar rate and indeed are becoming scarce.

The problem is further complicated when the fragmented nature of the industry, the dichotomy between the need for rolling programs for capital planning and the requirement for budgets to be considered on a yearly basis and the lack of a multi-disciplinary and corporate planning approach particularly in the central management body, are taken into consideration.

There is no doubt that planning at the local, regional and central levels of the water industry is essential. It is equally essential that such planning forms part of a cohesive planning framework at both the Government and Parliamentary level.

Decision-Making by Government and Parliamentary Committees

In February 1981 the Committee requested the Director of Finance, State Treasury, to appear at a Public Hearing in Melbourne on 4 March 1981 to discuss, among other things, the processes involved in the evaluation and approval of major works and capital investment programs. At an earlier Public Hearing in Melbourne on 11 June 1980 Mr. Baker had observed that "the Government having determined what dams are to be built and in what order it becomes academic as to what Treasury assessment tells us" and that "it does not matter whether the officers of the State Rivers and Water Supply Commission or Treasury think they are in the right order or whether they are too big or too small". The Committee was also anxious to take further evidence on this matter.¹

After the 4 March 1981 Hearing the Committee was convinced more than ever of the need for an overhaul of existing machinery of government arrangements, particularly

1. See pages 1881-1909 Transcript of Evidence, for the complete dialogue with Mr. Baker.

in the financial management and priority planning areas. The salient points raised on 4 March 1981 included:-

- * there are instances "where the Government has made a commitment for a major dam project without referring it to the Public Works Committee, or indeed to Treasury for any advice"²;
- * any Treasury involvement in costing of major projects is made when requested to do so by the Treasurer at the Cabinet consideration stage;
- * "the cost benefit analysis situation, in my view, is really only appropriate in the irrigation type project. I do not see it as being relevant to normal urban supply".³ The Committee does not support this view;
- * "there are no guidelines"⁴ for financial management;
- * in relation to evidence to the Public Works Committee "I have never known of a submission being made, nor have we been called upon to give evidence - at least not to my knowledge"⁵ and "they would need outside help to do a cost benefit study".

The frustrations felt by bodies in the reference were illustrated in evidence given by the Geelong Waterworks and Sewerage Trust at the Public Hearing held in Geelong on 26 September 1980.

"A directive was issued by Treasury quoting the Premier, with his authority, that all works over \$250,000 were to be referred for approval before tenders were let. That never came to us in the normal issue of

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2. See page 1881, Transcript of Evidence.
 3. See page 1886, Transcript of Evidence.
 4. See page 1898, Transcript of Evidence.
 5. See page 1899, Transcript of Evidence.

instructions and the only legal way it could have done so was over the head of the Minister. Over the next two years we went on blissfully ignorant of this. Then we were made aware it existed and saw a copy backdated several years. We obtained a copy ... we submit the request for approval to go to tender. I may be wrong, but I do not think we have had an answer to any of these. ... from time to time when we are going to make another submission we say "what about the last one?" ... We have simply gone ahead in the belief we have complied with what was asked for."⁶

The Committee is anxious to ensure that recent Government initiatives in relation to both the change in the Parliamentary Committee structure and the creation of the Department of Management and Budget are not merely window dressing but a real attempt to come to grips with management at the co-ordinating level of Government and Parliamentary activity. At present the evidence suggests an inheritance of inadequate public assessment of major projects due to inadequate management techniques and a lack of a co-ordination faculty at the Government level.

Planning at the Central Management Level of the Water Industry

The Committee is also indebted to the State Rivers and Water Supply Commission for their evidence at Public Hearings and their detailed submissions on this subject. While the earlier of those submissions A Background Paper on Water Management in Victoria The Commission's Role (29 May 1980), Availability and Provisions of Funds on an Annual Basis (August 1980) and Processes in Water Management Planning (August 1980) were mainly descriptive documents, the later Commission submission Priorities and Funding of Capital Works Program of April 1981 was a much more definite and forward thinking document. A major portion of that submission is included as Appendix 2 to this Report.

In its submission the Commission states that "under current arrangements there is no dialogue with Treasury, even at office level, with respect to programs or works included in the Commission's Six Year program" and suggests that "the Treasury's approach to consideration of capital works programs is determined by the effect of

6. Pages 1285 and 1286, Transcript of Evidence.

programs and projects on the State Budget" and "in the process of restraining budgetary allocation on the one hand and seeking to meet commitments on the other - objectives of cost efficiency can be lost sight of".

Recommendation 3

The Committee recommends that the Department of Management and Budget in consultation with the Treasury develop guidelines that would allow for the financial management of capital works programs within a rolling program framework rather than within the constraints of annual budget appropriations.

The Committee highly commends the Commission's submission of April 1981 Priority and Funding of Capital Works Programs. It points to:-

- * the nexus between the availability of manpower resources (both technical and professional) for the investigation, development and implementation stages of programs and the programming of capital funds;
- * the need for priorities between areas of public policy and within areas of public policy;
- * the formal consultative arrangements with user groups such as the Goulburn Murray Irrigation District Advisory Council and District Advisory Boards and the use of such arrangements to provide inputs into the decision-making process;
- * the use of both formal and informal consultation with responsible planning authorities to ensure co-ordination and integration of program planning in land use at local and regional levels;
- * the Commission's responsibilities with respect to programs of capital works in the following areas:-
 - water resource management
 - water conservation - major storages
 - stream conservation and river improvement

- flood plain management
 - irrigation and drainage
 - water supply to rural areas
 - urban water supply in Commission districts;
 - the establishment, maintenance and operation of supportive local and central administrative facilities and
 - programs of local water, sewerage and drainage authorities;
- * the current breakdown of capital funding between urban and rural services and suggests a number of items including urban growth and salinity control that may change the 65% to 35% weighting;
 - * the relevance of state economic development initiatives, environmental issues, the Commission's social responsibility to the community, effects of particular programs and options for sourcing of funds on certain aspects of priority setting.

The submission goes on to propose that the Government should endorse its corporate plan, suggests that "both the Commission and Government should seek to match the cost efficient attainment of objectives with the resources appropriate to that attainment - notwithstanding the practicalities of politics" as "priorities are meaningless unless part of that process" and states that while "ranking in accordance with economic merit may well be a starting point, particularly within each broad program ... programs and priorities as ultimately adopted by the Commission and by the Government, must involve a degree of subjective judgment which has regard to social and political influences as well as to economic merit" and "in our political system the demands of society are met if these matters of subjective judgment are clearly exposed".

The April 1981 Submission is a significant advance upon the approach contained in responses made at the Melbourne Public Hearing of 20 October 1980, such as:-

- * "faced with different projects from different sources the Commission has to make some sort of judgment and it does not claim any particular expertise";⁷

7. Page 1535, Transcript of Evidence.

- * "The Commission tries to anticipate what the Government feels are its priorities from similar exercises in previous budgets. It is partly intuitive"⁸ and
- * In response to the question: How do you arrive at the decision to do project A instead of project B?

"Most of our programmes are for ongoing works or works of a maintenance type nature and on top of that we have new works. We are talking here about the priorities not of the total works programme but the cream, if you like, at the top. When we submit a programme for Treasury approval then that is the time we know Government priorities. The consequences of not continuing with a host of projects we may have are contained in that submission so the Government will then know if funds are not provided for project A what the consequences will be and if they are provided for project B it will alleviate something else and that is the basis on which those funding decisions are made.

A whole lot of things go into making that sort of decision and it is mostly based on what will happen if such and such does not happen. I think that is probably the most significant document for assessing those priorities."⁹

The Committee considers that there is still scope for further development of the planning or priority setting process. While the Commission alludes to a corporate plan this is still to be developed even though the Commission supported in general the findings of the Management Review Team of the Public Service Board in its June 1980 Report. Further the Committee has some reservations as to the value of District Advisory Boards in providing a genuine assessment of community needs and wants when in most circumstances they are chaired by a Commission officer. Also in respect of co-ordination and integration of land use planning through consultation with responsible planning authorities the Committee has received evidence to suggest that

8. Page 1539, Transcript of Evidence.

9. Page 1540, Transcript of Evidence.

the quality of such dialogue varies considerably across the State and between the various levels in the policy planning process.

The Committee considers that along with statements of objectives an outline of corporate and operational plans should be included in annual reports. This nexus between objectives and planning has been discussed in several of the documents presented to the Committee during the course of its Inquiry. The Commission has had the benefit of the Public Service Board inquiry and report and has seen evidence of the success of corporate planning in the water industry in the case of the Latrobe Valley Water and Sewerage Board. The Committee would also like to direct the Commission's attention to the use of corporate management by the Metropolitan Water Supply Sewerage and Drainage Board, Perth. That organisation publishes annually for general information its five year rolling program. At Appendix 3 is the Foreword, Table of Contents and Section 1 of the Board's 1980-1985 Development Plan.

The Public Service Board describes corporate planning as a system for making decisions against some agreed overall objectives, strategies and performance measurement criteria. It is a flexible future blueprint which charts out an organisation's direction stating, as clearly as possible, the reasons for its existence (objectives), how they are to be achieved (strategies) and at what cost, standard of efficiency and level of effectiveness (performance assessment). Corporate management, on the other hand, is described by the Board as the management of an organisation as a unified whole rather than as a set of distinct and unrelated functions.

The Committee is convinced that the water industry must be managed using corporate principles but recognises that the success of such an undertaking will depend on the extent to which the engineering monopoly currently present in the industry can be supplemented through a substantial infusion of other skills particularly in the economic and accounting fields.

Operational Plans and the Role of Local and Regional Bodies

To ensure the objectives of the water industry can be met it is essential that the central management body in conjunction with the regional and local bodies and in consultation with other government agencies develop operational plans that can accommodate changing priorities and circumstances.

The Commission has advised that:-

- * "the legislation as it stands puts the responsibility for initiating, developing and implementing local water and sewerage programs in the hands of the municipalities and/or authorities concerned, using their own staff, or engineering consultants, and in practice with the advice of the Commission or its officers;"
- * its "involvement in capital works programs of local authorities is, for practical purposes, essentially that of appraisal of their technical soundness and cost-effectiveness; co-ordination; and the provision of advice to the Minister and to Treasury, as to relative priorities state-wide, for works and borrowing programs in the context of total fund allocations and private borrowing authorisations;" and
- * it "takes the initiative in investigating, developing and constructing water supply works of a regional nature, where such initiatives are beyond the proper responsibility and capacity of a local municipality or water supply authority."¹⁰

Clearly any operational plans for water, sewerage, regional drainage, flood plain management, river improvement, irrigation, salinity control, etc. must contain as a major input the views of the local and regional water bodies. The central management body should be seeking from each local and regional water board at least on an annual basis their assessment of needs for their district over the ensuing five years and in the case of long term capital works to the end of that project. The assessment should contain:-

- * a listing of priorities within each functional area and between functional areas;
- * costings based on current costs;

10. State Rivers and Water Supply Commission, Priorities and Funding of Capital Works Programs, page 32. (See Appendix 2.)

- * the extent to which the suggested program and its priorities have been discussed with the local community, other government agencies for example the Soil Conservation Authority, Fisheries and Wildlife, Regional planning agencies, etc.;
- * the impact of the various projects on the environment;
- * details of any objections to the proposals;
- * the extent to which the proposed projects can be managed at the local level and the extent to which additional technical or professional assistance will be required either from the central management body, another body within the industry (for example, the former Dandenong Valley Authority on drainage matters or the new Latrobe Regional Water Board in the case of boards working under its umbrella) or from outside consultants.

This is not intended to be a complete list of requirements, it is merely a guide to the central management body as to the way in which they should be using local expertise in their planning processes.

In asking for such information the central management agency should impress upon the local and regional bodies that it is part of a planning exercise and that acceptance of the information in no way commits the central authority to follow that path. Under no circumstances should the local or regional bodies commit expenditure or other resources on any projects until such time as they are incorporated into the overall operational plan, the Minister has endorsed the plan and the Government has indicated its support.

In developing this process of consultation further the central management body must ensure that the proper balance between local autonomy and the central management control is not destroyed under the guise of co-ordination.

Once the central agency has obtained all the necessary data, projects must be appraised and priorities set on a state-wide basis. The Report on Economic Impact of Public Bodies prepared for the Committee by the Institute of Applied Economic and Social Research at page 125 stated that "there are no general directives or guidelines

that authorities must follow in their analysis and decision-making of investment proposals" and there is a "prevalence of major projects being undertaken mainly because of the sudden availability of finance". The Committee agrees with the Institute's conclusion that "it is absolutely vital to the economy and people of Victoria, as well as to the public sector of this State, that investment growth is soundly based upon adequate and consistently applied investment guidelines at both the State and authority levels".

Recommendation 4

The Committee recommends that:-

- (i) as a matter of urgency the Department of Management and Budget develop guidelines for project appraisal for major capital investment projects;
- (ii) corporate planning principles be applied in the water industry particularly at the central and regional levels;
- (iii) the central management agency prepare operational plans on a rolling five year basis along the lines of those developed by the Metropolitan Water Supply Sewerage and Drainage Board of Western Australia and that such plans be developed following advice from all water bodies and relevant government agencies (See Appendix 3).

Engineering Management, Technical Standards and Training

The Significance of Engineering Management and Technical Standards

In the very first days of its examination of the water industry reference, the Public Bodies Review Committee came to appreciate the significance of engineering management and technical standards as determinants of the overall efficiency of the water industry. The Committee became aware of the unusual role of consulting engineers in the water industry, by which each local water and sewerage authority employed consulting engineering firms in semi-permanent relationships; of the existence of a special qualification for water supply engineers (the so called 'E.W.S. qualification') actually administered by the State water agency, and of the general absence of statewide technical standards or policy guidelines for the approval by the central State water agency of projects proposed by local authorities. Clearly there was significant scope for a less than optimally efficient system of state wide water engineering management as a result.

Variations in engineering standards between schemes can produce substantial cost differentials and as a result have a profound significance on the scale of works required. As mentioned in its First Report to the Parliament, the Public Bodies Review Committee believes that some system of standards is a necessary condition for the efficient, equitable and objective allocation of resources in the water industry. However, whilst the Committee was certain of the need for standards or evaluative criteria it was not initially sure of the character of those standards or the manner in which they should be applied.

The Committee saw the use of explicit standards and guidelines as a significant potential avenue for increasing the efficiency of the State's central water agency in its role of oversight of local authorities. A number of local authorities expressed to the Committee their objection to a process whereby proposed works, (often of a minor nature) had to be approved in Melbourne. Standards and guidelines suggested themselves to the Committee as a means by which "management by exception" could be introduced into this process, as is the case in many parallel industries and situations.

The Committee held a Public Hearing specifically on these issues at Melbourne on 3 December 1980, received a detailed submission from the Association of Consulting Engineers, Australia; held a forum for consulting engineers on 15 December 1980, and received evidence and held discussions on these matters both at public hearings and otherwise, with representatives of all major firms of consulting engineers operating in the water industry in Victoria and with many water and sewerage bodies.

For those reasons and considering the fact that the issue of technical standards is approached differently in each Australian State, the Committee decided to commission a study of these issues, and chose as its consultant Sinclair, Knight and Partners, a leading New South Wales firm of consulting engineers who do not have a substantial practice in Victoria. The resulting report¹ was subsequently printed, and public comment sought and obtained. The Committee's conclusions on these matters reflect that consultative process.

The Role of Technical Standards

The question of the place of technical standards in water and sewerage engineering in Victoria received a substantial airing during the Committee's Inquiry. The value in having procedures and criteria set down and published in a systematic way was widely supported in the light of the following advantages over the existing system:-

- * published criteria would provide a clearer basis for comparing like projects in different areas, thereby aiding rational resource allocation;
- * local water board managers and ratepayers could be more confident that a proposed scheme in their community was in keeping with generally accepted standards.
- * there would be potential for a speeding up of the processes of central approval for projects, which could be assessed on a "management by exception" rather than a "case by case" basis, and

1. Consultancy Report by Sinclair, Knight & Partners: Technical Standards in the Provision of Water and Sewerage to Towns in Victoria, April 1981.

- * there would be a framework within which authority could in future more readily be delegated both within the central water management agency and from it to local or regional boards.

The Committee's consultants on this issue, Sinclair Knight and Partners, canvassed the issue of standards with engineers in a number of water authorities and other public utilities, with the Standards Association of Australia, with consulting engineers and with the Association of Consulting Engineers and the Institution of Engineers. As well, the study team were guided by a steering committee established by the Public Bodies Review Committee which included representatives of the State Rivers and Water Supply Commission and the Association of Consulting Engineers, Australia. The consultants' overall finding, despite warnings against the limitations an over-zealous or rigid application of the standards concept could have on the professional creativity of engineers in the water industry, were that a move in the direction of standards or "threshold criteria" should be made. Relevant recommendations of the consultants were:-

- * that the State Rivers and Water Supply Commission should prepare a set of technical criteria manuals for use by the water and sewerage industry under the overview of the Commission;
- * that relevant technical criteria manuals should include:-
 - water and sewerage standards
 - a procedures manual, covering policy and explanation of Acts
 - a design criteria manual
 - an operations and maintenance manual;
- * that a Standards or Technical Criteria Committee be formed, consisting of seven members, responsible for determining the detailed content of manuals, reviewing draft documents and providing for the reviewing and updating of these manuals; and
- * that this Committee should be appointed by the Minister of Water Supply and consist of representatives of the State Rivers and Water Supply Commission (2); the Melbourne and Metropolitan Board of Works (1); consulting engineers and regional and local authorities.

These parts of the consultants' report concerning technical standards generally received a favourable response. The State Rivers and Water Supply Commission, in a Submission to the Committee in February 1982, complimented the consultants on the study and indicated support for the above proposals, subject to some qualifications, for example, in relation to the composition of the proposed Standards or Technical Criteria Committee. These recommendations were also generally supported by such bodies as the La Trobe Valley Water and Sewerage Board, the Lilydale Sewerage Authority, and the Geelong Waterworks and Sewerage Trust, often with the proviso that such a move should not limit technical innovation. The Victoria Division of the Institution of Engineers took a similar position in a Submission to the Committee dated 18 February 1982.

Overall the Committee finds a general acceptance of its proposals concerning the introduction of more explicit technical threshold criteria and manuals, providing that a consultative vehicle is created to involve affected parties, and providing that a flexible approach to implementation is taken.

The Engineer of Water Supply Qualification and the Question of Industry Credentials for Authority Engineers and Secretaries

Closely related to the question of technical standards is the issue of whether a specific professional accreditation is needed for engineers, operators or indeed managers before they can work in the water and sewerage industry. At least one witness suggested to the Committee that a system of graded accreditation could provide an alternative or supplementary means of delegating authority to make engineering decisions.

At present, accreditation requirements in the water and sewerage industry are haphazard. Waterworks trusts are required to employ engineers holding a qualification known as the "E.W.S." (Engineer of Water Supply) certificate, issued by a small statutory authority (Engineer of Water Supply Examination Board) which operates from the State Rivers and Water Supply Commission's Head Office and whose Chairman is a State Rivers and Water Supply Commission Division Head. Sewerage authorities are not subject to the same requirement, and often obtain engineering services from the municipal engineers of councils with which they are associated. Many municipal engineers are opposed to the E.W.S. qualification, arguing that it, or an experience

requirement which has become associated with it, has effectively become a barrier to entry preventing them from practising in the water supply field. Operators of sewerage treatment plants, another important category, are the subject of a special system of training through an innovative program and facility, the Operator Training Centre, established at Werribee by the Ministry of Water Resources and Water Supply in 1977, mainly with National Sewerage Program funds. Finally, sewerage and water authority secretaries, despite the commendable and energetic professional development activities of the Institute of Water Administration, do not have the opportunity to undertake formal tertiary training and receive a Diploma or Degree as do their municipal equivalents. The Committee was concerned about this haphazard pattern of training and accreditation, and also sought advice on these matters as part of the Sinclair Knight consultancy study.

The consultants' conclusions on these issues were:-

- * that the E.W.S. qualification be a continuing requirement for engineers of Water Trusts and be extended to Sewerage Authorities and that the qualification be renamed to reflect this broader role from Engineer of Water Supply to Engineer of Water Supply and Sewerage or Engineer of Public Health;
- * that the present evaluation criteria of certified relevant experience and examinations should continue;
- * that the Engineer of Water Supply Examination Board continue to operate as presently constituted with the academic representative nominated from any of the tertiary educational institutions teaching water and sewerage engineering;
- * that the course work and examination in "Water Supply and Sanitary Engineering" be specially sponsored at several tertiary institutions;
- * that the wording of the Water Act 1958 "he has been properly educated and trained for the profession of a civil and hydraulic engineer" be reviewed and the criteria widened to include other types of engineers; and

- * that examinations of local authority Secretaries on the Water Act 1958 and Sewerage Districts Act 1958 be a pre-requisite within the industry.

The report of the consultants was published by the Committee during 1981, and some 35 submissions were received. While the State Rivers and Water Supply Commission and some other major water bodies supported the consultants' recommendations, including of course the extension of the mandatory qualification requirement to engineers employed by sewerage authorities, a very strong opposition to these recommendations built up, especially from municipal engineers.

A submission dated 9 February 1982 from the Local Government Engineers Association is typical of these responses, and puts the following counter view:-

- * the Municipal Engineers Board already provides examinations at postgraduate level in public health engineering and since 1974 has examined on the same curriculum as the E.W.S. Board;
- * Victoria is the only State other than Tasmania to require a certificate of qualification specifically for engineers engaged in water supply or public health engineering;
- * the existence of the E.W.S. certificate has been for 12 years impeding progress on negotiations among States on uniformity and reciprocity of qualifications for local government engineers;
- * engineers in the Melbourne and Metropolitan Board of Works and in sewerage authorities are not required to hold E.W.S. certificates; and
- * the recommendations could support "closed shop practices".

The Committee considers that training programs at a number of levels should be encouraged within the water industry, but not in a manner which could promote or maintain "closed shop practices". The Committee is conscious that the recommendations of its Sixth Report, in drawing water and sewerage authorities together, could have the effect of excluding from the industry for no valid reason

municipal engineers who do not possess an E.W.S. certificate. Moreover, the Committee questions whether professional accreditation and the conduct of examinations is an appropriate role for the state water agency.

As mentioned previously, the Committee took extensive evidence on the subject of technical standards from those persons and organizations directly involved in the Inquiry and also from specialised groups working within the industry.

A matter which was frequently aired at the hearings was the question of engagement and remuneration paid to consulting engineers.

Sinclair, Knight and Partners noted in their report that the basis of engagement of consulting engineers was often very poorly documented, and often based on historical usage of that consultant which had proven satisfactory to both parties as long as a suitable standard of service was maintained. In the Consultant's view, this lack of a formal agreement was undesirable because in the long term it could produce uncertainty that could develop into disputes.

The Consultants went on to recommended that a formal agreement be the basis of engagement of consulting engineers to make clear the working arrangements for consultants.

The Committee has noted that the Association of Consulting Engineers of Australia has issued a suggested basis for Terms of Engagement and it sees merit in this approach to formalising agreements when client Boards engage consulting engineers.

At a public hearing held on 3 December 1980, a former member of the Committee, Mrs. J. H. Chambers, asked representatives of the Association of Consulting Engineers of Australia the following:-

MRS. CHAMBERS: I think most of the suspicion from the amateurs who have no way of judging, professional way of judging, is that the consulting engineers draw up the programme the Authority will follow in a year and then the consulting engineer's fee is based on a percentage of the cost of that programme which leads to this suspicion, which is, if the

consulting engineer was short of work in a particular year it would suggest the Authority do more work and it would rake off a higher percentage.

MR. LONGSTAFF: The shortage of work or otherwise is not dictated by the consulting engineers but by Government financing programmes. The consulting engineers may be short of work but it does not mean the Trusts have the money available.

MR. BISHOP: There is also the point of the State Rivers looking at all these schemes that the Water Trusts put up through the consulting engineers which is an independent check. The State Rivers is acting for the Government in passing out money, and it never has enough money, therefore it looks very hard at ways of paring down any allocation to any Water Trust. I think the popular allegation that consulting engineers are boosting up the size of a job does not do the consultant's reputation any good and I think it has to be treated in the context that on some occasions the consultant may recommend to a client Water Trust it proceed with a certain scheme for which the capital cost may be slightly higher than some of the other operations but the annual operating costs would be more favourable and of course, on many occasions, consultants have recommended the opposite where it would have been better from the point of view of fees to have had an expensive gravity pipeline but it has gone into more detailed design to have a pumping system which reduces the capital cost and the operating cost which enabled the scheme to get going. That does not answer all your concern. The other thing is that the consultant's reputation is at stake.

When you look at the consultant's fees in relation to the total cost of the job the advantage of having an experienced consultant who has done it all before is going to show up in the cost of the scheme, not only the capital

cost, but the operating cost of the scheme, the maintenance and other factors, which the client has to suffer for ever more.²

In general, the Committee believes that consulting engineers have a good record of integrity and do not compromise clients' interests with their own.

The Committee has also been conscious of the dilemma facing the industry as to what should be the basis of consulting fees paid to consulting engineers.

Sinclair, Knight and Partners concluded that:-

"Ideally consulting fees would be on a time basis, the client being charged for specific staff hours worked on his tasks. However this can lead to inefficiencies on large jobs and so limiting fee estimates are often a more business-like approach if a clear specification of the work can be established in advance. If additional work is identified during progress of the work then this should proceed only with the local authority's specific approval."³

The Committee agrees with the consultants' views and reiterates that consulting engineers should be engaged on a needs or project basis, whilst the smaller water boards could perhaps engage consulting engineers on a retainer basis.

The Committee recognises that the Association of Consulting Engineers, Australia has adopted a percentage fee basis for design work which is broadly based on a decreasing percentage of the project cost as the project cost increases. Further, this scale of fees provides a publicly-stated professional fee basis that can bear a relationship to fees for other similar engineering projects.

2. See Minutes of Evidence, pp. 1782-83.

3. Consultancy Report by Sinclair, Knight & Partners: Technical Standards in the Provision of Water and Sewerage to Towns in Victoria, April 1981, p. 47.

Recommendation 5

The Committee recommends:-

- (i) That the proposed Department of Water Resources prepare and publish a set of technical criteria manuals for use by the water and sewerage industry, covering such areas as:-
- (a) water and sewerage design standards;
 - (b) operations and maintenance standards;
 - (c) standards for security of supply;
 - (d) health, safety and chemical standards;
- that these manuals be regularly updated and be the normal reference framework in which bids from local authorities for funds and approvals are made, and with reference to which funds are allocated;
- (ii) That the proposed Department of Water Resources discuss with an appropriate tertiary institution the provision of specialist voluntary instruction for persons employed or seeking employment with Water Boards, whether as engineering or administrative staff; and that the relevant professional associations (Institution of Engineers, Institute of Water Administration) be involved in these discussions;
- (iii) That existing requirements for the possession of the Engineer of Water Supply qualification be dropped;
- (iv) That the Engineer of Water Supply Board of Examiners be abolished;

- (v) That the work of the Operator Training School at Werribee be maintained and developed; and**

- (vi) That the proposed Department of Water Resources be responsible for drawing up a pro-forma "Terms of Engagement" as the basis of engagement of consulting engineers by the client Board, and that the "Terms of Engagement" contain the appropriate scale of fees established by the Association of Consulting Engineers, Australia and approved by the Institution of Engineers, Australia to be charged on a project by project basis or retainer basis, as the case may be.**

Public Participation and the Handling of Complaints

The Public Bodies Review Committee and Public Participation

The Parliamentary Committees Act 1968, at section 4M(9) contains public involvement criteria to guide the Public Bodies Review Committee in its reviews of bodies referred to it. The Committee, in examining a body, must consider:-

- * the extent to which the body considers the public interest when performing its activities;
- * the extent to which the body encourages public participation in its activities; and
- * the manner in which the body handles complaints about its activities.

As well as these statutory obligations, the Committee has chosen to adopt a style of operation designed to invite and involve public participation in its own review work. The Committee considered it would add to its ability to form judgments on the standards of public involvement of bodies under review if the Committee itself were to adopt an open and visible method of operation, in which the public would have every facility to participate and contribute. Such a policy was adopted from the beginning of the present Inquiry, through such measures as:-

- * publicly advertising all public hearings, and inviting the public to give evidence;
- * permitting all those who sought to place verbal or written evidence before the Committee to do so;
- * holding public hearings;
- * arranging that at least one public hearing would be held in each region of the State, permitting readier access to the hearing process for country residents;

- * making all submissions and the transcript of evidence open for public inspection;
- * distributing copies of the transcript of evidence to regional libraries throughout the State;
- * holding a large program of public hearings throughout the State;
- * issuing consultants' reports for public comment before forming judgments on them;
- * issuing the Committee's own Reports and Discussion papers as options and draft proposals and seeking comment;
- * holding informal sub-committee visits to regions to obtain local views and canvass opinion; and
- * involving small groups from the professions and the water industry in a number of working parties concerned with aspects of the Committee's review.

Because it implemented these public involvement processes, the Committee appreciates the contribution they can make to the development of policy, and undertook its consideration of water industry participative structure with its own experiences of participation as a reference point.

The Participative Principle in the Water Industry

The Committee considers that, in terms of overall structure, the water industry as it has developed in Victoria is relatively participative compared with the structure of other major publicly owned industries in this State, and compared with the water industries in most other States. Many features, practices and structures combine to make up this fabric of participation. These include:-

- * the fact that the majority of communities in country Victoria are served with water supply and sewerage services by bodies which are more or less responsible to local communities;
- * the existence in each irrigation area of an advisory board representative of irrigators, operating under State Rivers and Water Supply Commission aegis;¹
- * the delegation of powers in some areas and by some bodies to local advisory or management committees, often quite creative in their approach, such as those established by the Dandenong Valley Authority;²
- * the use of mechanisms such as the Standing Consultative Committee on River Improvement to achieve co-ordination and consultation.

The Committee has received sufficient evidence on the extent and merits of these participative mechanisms, and of the volunteerism they sustain, to persuade it that any new water industry management structures should continue the participative principle. The recommendations contained in the Sixth Report sought to do this, and also to ensure that the democratic principle is strengthened and embodied in each of the new water boards recommended. The Committee hopes as well that each of the new water boards will actively seek to further promote public participation beyond mere representation.

At central level, the Committee considers that a conscious framework of participative structures is also needed, to supplement the participative structures which exist at local level. Among the participative elements required at central level are:-

- * an avenue whereby the Minister can obtain regular advice and consultation from representatives of key water industry groups;

-
1. A paper by Commissioner D. J. Constable on The Role, Function and Structure of Advisory Boards is at Appendix 4.
 2. Appendix 5 reproduces a Submission from Dr. G. B. Silberbauer, Chairman of the Cardinia Creek Conservation Advisory Committee, an advisory committee established by the Dandenong Valley Authority.

- * a mechanism to ensure that major or sensitive initiatives are exposed to genuine consultation early enough to permit plans to be changed, whether those plans are:-
 - . major because of the size of the investment to be made;
 - . sensitive because of the place where they are to be undertaken, or
 - . sensitive because of the groups and individuals who are to be affected.

Complaints Procedures

The Committee also took substantial evidence concerning the obligation it has to enquire into the manner in which bodies under review handle complaints about their activities. The Committee recognises that the handling of complaints against Government departments is part of the traditional service provided by Members of Parliament to constituents and local bodies. Four particular cases were the subject of special submissions and substantial discussion at public hearings. They were:-

- * complaints by Mrs. Hilary Turner concerning the Glenelg River Improvement Trust, the State Rivers and Water Supply Commission and the Standing Consultative Committee on River Improvement concerning river engineering works on the Glenelg and Wannon Rivers;³
- * complaints by Mrs. Joyce Erbs concerning the activities of the State Rivers and Water Supply Commission in respect of the Blue Rock Dam;⁴

3. See Transcript of Evidence, Horsham Public Hearing, 1 August 1980, pp. 315-22.

4. See Transcript of Evidence, Melbourne Public Hearing, 22 October 1980, pp. 1480-1525.

- * complaints by Mr. Tom Barnes concerning activities of the State Rivers and Water Supply Commission on the Rainbow Creek;⁵
- * complaints concerning the State Rivers and Water Supply Commission's activities with respect to a drain at Shepparton known as "Drain 3".

The Committee, in taking evidence on these matters, emphasized on each occasion that it did so, not with the mandate or intention of reviewing the decisions made on each occasion, but to gain an appreciation of the manner in which the Commission handled complaints concerning its activities.

The Committee records that it received a small number of complaints concerning the Commission's activities having regard to the scale of that body's operations. At the same time, there was reason for concern in each of the four cases noted above. The Committee considers that, despite the opportunities which now exist outside any particular department for handling grievances against administrative decisions and policies, it would be sound management practice for a very senior officer to be accorded the responsibility of handling complaints and grievances in a positive manner. The objective of this role (which may not require the full time attention of the officer concerned), would be to independently review a case before it became exacerbated.

Recommendation 6

The Committee's recommendations with respect to public involvement and the handling of complaints at central level are:-

- (i) That the structure of the Water Resources Council be revised.**

5. See Transcript of Evidence, pp. 824-31 and 1460-71, and State Rivers and Water Supply Commission, Rainbow Creek - Thomson River: River Management Problems: A Report on Problems Associated with the Rainbow Creek and Thomson River, with particular reference to matters associated with Mr. T. Barnes of Cowwar, October 1980. A summary of the items contained in Mr. Barnes' "Declaration of War" and the Commission's response to them is at Appendix 6.

(ii)

That the Water Resources Council consist of:-

- * the Permanent Head, proposed Department of Water Resources (who would be Chairman of the Council);
- * the Chairman, Melbourne and Metropolitan Board of Works;
- * a member nominated by the Institute of Water Administration;
- * four members, representing water authorities in country districts (refer Fourth Report of the Public Bodies Review Committee, Appendix 2, p. 328) to be appointed by the Governor in Council;
- * a member representing Irrigators to be appointed by the Governor in Council; and
- * a member representing conservation interests to be appointed by the Governor in Council.

(iii)

That the Minister of Water Resources ensure that each major or sensitive policy initiative of the proposed Department of Water Resources is subjected to a public consultation process (whether through parliamentary or departmental processes) in which the following criteria are met:-

- * a comprehensive Impact Report covering economic, social, environmental and technical aspects of each initiative is published at least three months prior to the date by which a decision must be made;

- * the definition of what is 'major' or 'sensitive' for the purpose of these procedures to be the subject of guidelines issued by the Minister of Water Resources;
- * the Department to advertise in the press and to circulate to any parties signifying that they wish to be advised the existence of an Impact Report prepared as above, and
- * an opportunity be provided for groups and individuals to give written evidence and to appear at a public hearing before a decision is made.

(iv)

That a senior officer in the proposed Department of Water Resources be designated the complaints officer, be so listed in government directories, and have the responsibility of resolving conflicts between the Department and aggrieved persons before they become exacerbated.

Accountability and the Review of Performance

The Central Importance of Accountability

The Public Bodies Review Committee grew from a concern among Members of Parliament that accountability mechanisms in Victoria's public bodies sector were deficient. The Committee itself was intended to be a new accountability mechanism; its hearings and requests for information and submissions from bodies under review have served to call those bodies to account.

Further, the Committee's own Reports and consultancy reports have progressively established grounds for concern as to the state and effectiveness of accountability mechanisms in the public bodies sector generally and in the water industry in particular.

Thus, the Committee's First Report found that:-

- * the greatest proportion of Victoria's public bodies (approximately 80%) do not report their activities to Parliament - many do not even report to the responsible Minister;
- * by far the greatest proportion of Victoria's public bodies are not established by an independent Act of Parliament;
- * the majority of Victoria's public bodies are not audited by the Auditor-General - some are not audited at all;
- * the few annual reports presented to Parliament, and some deal with disbursements of hundreds of millions of dollars, are rarely examined and debated by Parliament; and
- * most reports made to Parliament (usually on an annual basis), are in a form that has little relevance, even comprehensibility, to the Member of Parliament.

In the Second Report, the Committee amplified these remarks and demonstrated how they applied to the water industry:-

- * only eight of the 375 bodies referred to the Committee for review had been created by specific Acts of Parliament;
- * a survey by the Public Bodies Review Committee showed that 78% of water authorities did not produce an annual report, other than the minimum required financial statements;
- * financial statements produced by the water industry lacked comprehensibility and credibility;
- * only 2% of water authorities provided their financial reports to Parliament, and only 6% provided them to their local Member of Parliament;
- * no comprehensive, consolidated set of accounts for the water industry was provided to Parliament;
- * no comprehensive descriptive report covering the whole of the water industry (as distinct from the activities of the State Rivers and Water Supply Commission) was provided to Parliament;
- * elections to water authorities, where they are required, were rarely contested, and where they were contested, they were usually about personalities rather than issues;
- * and perhaps, most fundamentally, it was the Committee's general observation, based on evidence and survey results, that throughout the water industry in Victoria there was little appreciation of the significance, either for purposes of democratic accountability or for those of practical management, of explicit statements of objectives and performance measures.

The Committee at that time stated its view that "the criterion of accountability requires a more ordered set of control relationships, and a less fragmented and diffused industry structure".

Despite the foregoing points, it needs to be stated in defense of the many public bodies, many of which are small and local, that there are clear local reporting and accountability procedures, available to the community which they serve, and which appear to have generally satisfied the requirements of the communities they serve.

The progress toward a less fragmented industry structure occupied much of the Committee's attention during 1981. The Fourth, Sixth and Seventh Reports contain the results of that process as they affected the vast majority of the bodies in the reference - the 339 local water and sewerage bodies and the urban water districts of the State Rivers and Water Supply Commission.

But the Committee was also pursuing the quest for a more ordered set of control relationships. Central to this, the Committee addressed itself to accounting, auditing and reporting relationships, and the first major consultancy study it commissioned was on this subject, that is, the Report on a study of Audit and Reporting Responsibilities of Public Bodies in Victoria, completed by Touche Ross Services Pty. in March 1981.

The Touche Ross Report

This report was primarily addressed to the public bodies sector as a whole, though the consultants visited a number of water bodies during the research phase of their study, and included specimen financial and performance reports for water bodies in their report. As well, Mr. E. J. Austin, Secretary of the Drouin Waterworks Trust and Convenor of the Institute of Water Administration's Accounting Committee, was a member of the study steering committee. For these reasons, the Touche Ross study, though a monumental contribution to knowledge of the general state of public body accounting, auditing and reporting in Victoria, was also informed by an understanding of the water industry and its special requirements. This was well illustrated when the Hamilton Waterworks Trust and Sewerage Authority adopted the Touche Ross specimen report formats, and the Secretary of the Trust and Authority was able to

report that the change to the more coherent method of reporting had been welcomed by the public, commissioners and officers alike.¹

The Touche Ross study established in the clearest terms the shortcomings that currently beset the public sector in the areas of accounting, auditing and reporting, and points the way toward the adoption in the public sector of what elsewhere are contemporary practices. The forty-three recommendations of the Touche Ross Report included recommendations for a single conceptual framework for public sector accounting, the introduction of efficiency and effectiveness auditing, a move away from fund accounting toward accrual accounting, and the adoption of performance measurement and reporting practices. The report represented the most comprehensive package for the reform of public sector accounting, auditing and reporting in the history of Victoria.

Further Steps

Following the publication of the Touche Ross Report, the Committee pursued the question of improved accounting, auditing and reporting among public bodies generally and in the water industry in particular through a number of initiatives. These included:-

- * the publication of the Committee's Third Report, which endorsed a number of the simpler recommendations of the Touche Ross Report;
- * conducting public hearings on issues of accounting, auditing and reporting involving a variety of informed and responsible witnesses including the Auditor-General of Victoria; the Chairmen of the State Rivers and Water Supply Commission and the Public Service Board of Victoria; representatives of the Institute of Chartered Accountants, and the Secretary of the Grain Elevators Board;

1. See letter to the Secretary, Public Bodies Review Committee from the Hon. B. A. Chamberlain, M.L.C., 17 August 1981.

- * support for and participation in a Government Accounting and Audit Discussion Group sponsored by the Institute of Chartered Accountants and the Australian Society of Accountants in response to the publication by the Public Bodies Review Committee of the Touche Ross Report;
- * participation by three members of the Committee, the Committee's Research Director and a member of the Touche Ross Pty. project team in a special issue of the Australian Accountant (August 1981) on Government Accounting; and
- * the commissioning of Mr. E. McL. Holmes, Senior Lecturer in the Department of Accounting at the University of Melbourne as a Resident Consultant and Scholar in Residence with the Committee for six months during early 1982.

The Holmes' Report

Mr. Holmes' primary task while attached to the Committee was to work on the adaptation of and application to the specific requirements of the water industry of the general principles laid down in the Touche Ross Report. Mr. Holmes, with the background of over 25 years as a practitioner and teacher of management accounting and auditing, approached this task with energy and enthusiasm, producing as a major vehicle for his task a report entitled "Managing the Water Industry - the Accounting, Auditing and Reporting Dimension."

The Holmes' Report serves two over-riding objectives. First, it makes the Touche Ross Report capable of immediate implementation by applying it to the water industry in a way which is designed to be rigorous and practical. And second, it provides through the water industry a model for the application of modern approaches in other areas of the public sector. In a number of areas it presents approaches which, if adopted, will represent Australian or even world, firsts. These include proposals for the audit of funds statements, the publishing of predictive budgets, and recommendations for routine, programmed efficiency and effectiveness audits.

The preparation of the Holmes' Report has continued the commitment to consultation and grass roots participation which the Committee has used in all the major strands of its inquiries. Drafts of the document were extensively circulated in the water industry and the accounting profession, and modifications and improvements were put forward from many quarters, ranging from professors of accountancy to the secretaries of sewerage authorities in country towns. The report was greatly strengthened and broadened by that process.

Mr. Holmes has also given detailed thought to questions of implementation and has been instrumental in developing a multi-faceted package to achieve this. Key parts of that package are:-

- * working parties in the Institute of Water Administration covering the three specific areas of (a) priority programme budgeting; (b) accounting and reporting and (c) non-financial performance measurement and reporting, to prepare material for inclusion in detailed practice manuals;
- * a working party in the Institute of Chartered Accountants carrying out trial efficiency audits in the July 1982 - June 1983 period at the invitation of the Lilydale Sewerage Authority and the Geelong Waterworks and Sewerage Trust, in order to develop methodology and skills in these areas;
- * an implementation timetable defining tasks and timeframes;
- * recommendations for legislative change (over 97 recommendations);
- * recommendations for research and development; and
- * recommendations for a developmental role in this area for a group within the Department of Water Resources.

The full details of Mr. Holmes' analysis and recommendations appear in his report, which represents the latest in an important series of contributions made to the Committee's work in the public interest by a large number of people and institutions.

The Committee, having sponsored Mr. Holmes' study, does not see its role as being the endorsement of each of his many recommendations. These it believes should pass to an Implementation group responsible to the Minister of Water Supply, in the expectation that they will form the basis of comprehensive reform of water industry accounting, auditing and reporting, and a continuing vehicle for the widespread voluntary and public spirited contributions to reform in that area which are now available.

Recommendation 7

The Committee recommends that the Touche Ross Report and the Holmes Report be jointly referred by the Minister of Water Supply to an Implementation group responsible to him, with a view to the timetables and programs for legislative and administrative reform being considered for adoption as a matter of priority.

Reform to be appropriate to the size and structure of the Authority concerned, and while preserving a consistent methodology, to be so structured as to give a positive cost/benefit effect for each Authority.

Organizational Structure

(i) **The Minister of Water Supply**

No issue can be more fundamental to the central management of the water industry than the role of the Minister. Consultants, witnesses and submissions leave the Committee in no doubt that the role of the Minister needs to be clarified, accorded consistent powers to secure accountability, control and direction across the whole of his portfolio, and removed from concern with minor detailed intervention and processes which are time consuming, futile and required by current legislation.

The comments of the Public Service Board team which acted as consultants to the Committee on this subject crystallize the requirement quite well. That team identified the need for a new central management role involving:-

- * positive and appropriate Ministerial powers sufficient to enable the Minister to positively direct and monitor the industry in accord with government policy;
- * a single organization with a prime central management role;
- * development and use of clear and explicit government policies, priorities and standards;
- * capacity and resources available to the central management agency and
- * responsibility and capacity to implement and manage change.

The Committee, in addition to commissioning the Public Service Board as consultants to investigate and report on the structure and operation of central management in Victoria's water industry, also commissioned a study specifically directed at the question of ministerial responsibility for public bodies in Victoria. This study was undertaken by Donald P. Gracey, a senior Canadian public servant from that country's Privy Council Office. Gracey had been deeply involved in the processes leading to the

development of Canada's Crown Corporations Bill in the late seventies, and examined Victoria's problems in this area while attached to the Committee as its first resident consultant in mid 1981.

Gracey found that Victoria does not have a system of ministerial responsibility adapted to the State's circumstances and requirements, and recommended the adoption of a "minimum floor" of ministerial responsibility by which the traditional "arm's length" relationship between ministers and public bodies could be preserved while enhancing and making consistent ministerial responsibility for policy direction and for the taking of corrective action.

He recommended that this should be achieved by provisions whereby:-

- * the responsible Minister (together with the Treasurer) would approve annual budgets, financial forecasts or corporate plans, regardless of the sources of funding of public bodies;
- * the responsible Minister would set, or approve, the performance objectives of the body within objectives specified by Parliament in the relevant statute;
- * the statutes would provide to the responsible Minister the power to issue public and binding policy directions to a public body;
- * restrictions would be imposed on the appointment or election of board members by private groups, organizations or individuals - Ministers would generally choose them;
- * Ministers would be equipped with the resources and expertise necessary to effect policy control, co-ordination and direction over public bodies; and
- * Ministers would be able to take corrective action by being empowered to have access where necessary to any papers of the public body, or any official thereof, and to require a report from it on any subject.

The general thrust of Gracey's report has received almost unanimous support in submissions received by the Committee from individuals and public bodies responding to the Committee's request for comments on it.

In particular, the State Rivers and Water Supply Commission has been clear in its advice to the Committee concerning ministerial powers. In its Submission of May 1982 on The Operation and Structure of Central Management in Victoria's Water Industry, the Commission indicated that it concurred with the recommendations made in paragraph 2.10 of the Public Service Board's consultancy report on that subject, and further recommended that, "as a transitional measure, the Minister's powers should be specifically defined ahead of any other major legislative changes". In its comment on the Gracey report, the Commission stated that "Dr. Gracey's arms-length approach to the relationship between the Minister and public bodies is appropriate to the Victorian environment".

The Committee considers that the need for ministerial control in the water industry to be clarified and defined has been well established, and accepts the framework proposed by Gracey as being suited to this end.

The Committee considers that this framework, if it is to be effective and consistent, must apply not only to the Department of Water Resources (the body recommended to succeed the State Rivers and Water Supply Commission) but also to the Melbourne and Metropolitan Board of Works and to each of the other water boards to be established. The Committee appreciates that the Minister will have in relation to the Department of Water Resources a variety of powers in addition to these by virtue of its status as a department of the Victorian Public Service. That does not detract from the need for these powers to be defined.

On the other hand, the Committee would look forward to the repeal of many of the antiquated and detailed processes of approval now contained in the Water Act 1958, such as:-

- * those for Ministerial approval of the use of monies held in depreciation funds (Water Act 1958 s83(5));

- * those requiring the Minister to direct amounts to be deducted for depreciation purposes in Commission districts (Water Act 1958 s83A (2));
- * those empowering the Minister to fine an officer of a waterworks trust up to \$100 for neglecting his books (Water Act 1958 s168).

The Committee considers that in the thorough review of water law it has elsewhere recommended these detailed administrative powers should generally be transferred from the Minister to the permanent head of the Department of Water Resources who would be advised on such matters by the Water Industry Division proposed elsewhere in this Report.

The net result of these changes should be a reduction of red tape and delays, a freeing of the Minister from inundation with trivia, an affirmation of freedom to manage both for the Water Boards and for the Department of Water Resources, but with an enhancement and regularisation nonetheless of those Ministerial powers which are indispensable. The Committee envisages through this a version of accountable management in the water industry which will more adequately balance the virtues of central policy control and local managerial freedom.

Just as the Minister for Local Government has power over municipalities with respect to local government matters, the Committee considers that the Minister of Water Supply should possess similar powers in respect of the water functions of those municipalities which will assume them. The possession of such powers will enable a policy input to come from the centre, and consistent and consolidated accounts performance data and priority judgments to be produced at the centre, whilst maintaining and upholding the managerial freedom of municipalities.

In addition to the general powers designed to effect a system of accountable management which will be effective without being burdensome, the Committee also notes the particular need in the water industry for the Minister to be able to control industry structure, which must necessarily change with urban growth and the need for amalgamations, mergers, abolitions and creations and transfer of functions between municipalities and water boards to take place. The Committee believes that had past Ministers possessed such an unequivocal power, the problems of administrative and

geographic fragmentation noted by the former Committee in its Second Report may have been much less pronounced.

The granting of such powers to the Minister implies that the local water bodies over which they are to be exercised should continue to be created by Order in Council rather than special statute. The Committee had some reservations about legitimising this situation, having regard to the impediment to parliamentary accountability that the non-parliamentary creation process using Orders in Council involves. The Committee notes the criticism of this practice in the First Report of the former Committee. However, having regard to the high number of bodies in the water industry even after restructure, the inflexibility that would be involved if separate legislation were a prerequisite of any structural change, and the fact that the new accountability and reporting proposals canvassed elsewhere by the Committee should provide parliamentarians with a means of effecting accountability over water bodies, on balance the Committee considers the Order in Council creation process appropriate. In that context, an unequivocal ministerial power over structural change is clearly essential.

Recommendation 8

The Committee's recommendation is:-

- (i) That the Water Act 1958 and the Melbourne and Metropolitan Board of Works Act 1958 be amended to include a new Section on Ministerial Responsibility, conferring on the Minister the powers and on the proposed Department of Water Resources, on the Melbourne and Metropolitan Board of Works and on each water board the corresponding obligations:-
 - (a) for the Minister to approve annual budgets, financial forecasts and corporate plans of the bodies, regardless of sources of funding used;
 - (b) for the Minister to approve performance objectives for each body;

- (c) for the Minister to have the power to issue public and binding policy directions to each body;
 - (d) for the Minister to have access to any papers, or any official of each body, and to have power to require a report from the body on any subject;
- (ii) That similar powers and obligations be accorded to the Minister in respect of any water function a municipality may discharge;
- (iii) That the Minister have power to recommend to the Governor in Council the creation, amalgamation, division or cessation of any local water board or boards, or the transfer of responsibility for any water related function to or from any water board, municipality or other public body responsible for such function, but only after a consultative process with all those affected has taken place.

Background

Victoria has never achieved an integrated system of water management. The provision of water services began with separated initiatives to serve individual settlements, such as Melbourne, the goldfields towns, and other provincial cities. Later, irrigation management also began on a fragmented basis, and produced in the later nineteenth century the characteristic financial and technical chaos that goes with excessive fragmentation.

The need for a system of administration which would combine a single, consolidated system of water law and administration, on the one hand, with scope for self-management and local democratic participation on the other, has been recognised in Victoria for over a hundred years, and Parliament has repeatedly made attempts to secure such a system.

Key examples of such attempts were:-

- * the Water Conservation Act of 1881, which sought to provide comprehensive legislation for the supply of water to country areas;
- * Deakin's Victorian Irrigation Act of 1886, which broke new ground internationally by vesting in the Crown the right to the use and control of water in any watercourse, billabong, lake, lagoon, swamp or marsh in the State; and provided for the establishment of self-managing Irrigation Trusts;
- * Swinburne's Water Act of 1905,¹ which established the State Rivers and Water Supply Commission to control and develop the water resources of the State, and which abolished all Irrigation Trusts except the First Mildura Irrigation Trust; and

1. These attempts over the years sometimes met resistance. When Swinburne's "bill was first introduced the opposition was almost unanimous. All the trusts were indignant at their threatened extinction, and public bodies of all kinds passed resolutions condemning it". See E. H. Sugden and F. W. Eggleston, George Swinburne: A Biography, (Melbourne, 1931), p. 151.

- * the Water Resources Act 1975, which established a Ministry of Water Resources and a Water Resources Council intended to ensure the most efficient utilization of water resources in Victoria.

None of these pieces of legislation, however, succeeded in meeting the criterion of a consolidated system of water management for the State; nor that of providing a comprehensive system of self-management for communities or irrigators within it.

It needs to be understood that proper water management requires a co-ordinated arrangement of the interdependent needs for soil, water and forest resources.

The Melbourne and Metropolitan Board of Works

The supply of water to Melbourne has not in recent decades been placed within a framework of adequate Parliamentary or Ministerial control. Although the Ministry of Water Resources and Water Supply and the Water Resources Council may have intended to permit some integration and co-ordination between water management in Melbourne and elsewhere in the State, the Melbourne and Metropolitan Board of Works has a history of independent action and of independently setting its own objectives. No system of water management for Victoria can be comprehensive and consolidated which does not require the activities of the Melbourne and Metropolitan Board of Works (or any subsequent authority) to be subject to the means of enforcing ministerial control, direction and accountability outlined above. The Board of Works must, in at least these respects, be subordinated to the Minister of Water Supply and the policy department.

The Ministry of Water Resources and Water Supply

The Ministry of Water Resources did not provide an adequate means for ensuring that subordination. The Water Resources Act 1975 was introduced without regard to the consequential amendments which should have been made to the Water Act 1958 and the Melbourne and Metropolitan Board of Works Act 1958 if the concept of control and direction through a co-ordinating Ministry were to succeed. These changes were not made, and instead of the introduction of a Ministry clarifying administrative

relationships and aiding ministerial control, it confused them. Ministers were advised by a statutory officer known as the Director of Water Resources, the head of a tiny group in East Melbourne known as the "Ministry of Water Resources and Water Supply", while the principal adviser to the Minister under Westminster conventions, the Permanent Head of the Ministry, was the Chairman of the State Rivers and Water Supply Commission, several kilometres away at Armadale. This Permanent Head also possessed power to direct all the staff of the Ministry of Water Resources, both the 2,000 at Armadale and the 15 at East Melbourne with whom the title "Ministry of Water Resources" had been associated, notwithstanding the fact that all the Armadale and country officers and employees of the State Rivers and Water Supply Commission were legally members of the staff of that Ministry.

The State Rivers and Water Supply Commission

The introduction of the Ministry of Water Resources in 1975 materially detracted from the possibility of that Commission acting as principal water authority in the State, but even before that its role had become seriously confused by a number of factors:-

- * the Melbourne and Metropolitan Board of Works was not subject to control over water policy nor to its boundaries, which expanded erratically with parts of Melbourne's fringe growth;²
- * the Commission maintained its role as retailer of irrigation services, but was prevented from operating as a commercial authority by decisions in the 1930s which on the one hand made non-commercial

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2. The Committee sought evidence from the Melbourne and Metropolitan Board of Works concerning how this erratic growth had come about. The letter from the Board's Chairman at Appendix 7 dated 27 May 1981 provides ample evidence. Among other things it includes Mr. Croxford's claim that the Fringe Areas Committee "has concluded that all the urban areas east of the Maribyrnong River should be part of and supplied from the Board's water supply system." This claim was later denied by the then Minister of Water Supply, the Hon. Glyn Jenkins, M.L.C., in a letter to the Committee dated 5 August 1981. Mr. Jenkins wrote that "I must indicate that it is incorrect at this point in time." Mr. Jenkins' letter and its attachment are also reproduced at Appendix 7.

subsidies mandatory and on the other subjected the Commission to Public Service Board controls, from which it had been free until 1938;³

- * the Commission maintained and developed a role as a retailer of urban water supplies in a number of separate areas of Victoria, while at the same time promoting self-management of such services in other areas;
- * the Commission gained a significant but essentially non-retailing role in sewerage services, so that in many communities it became a direct retailer of water while sewerage was separate and locally managed;
- * the Commission had progressively imposed on it an assortment of statewide policy roles. They included the allocation of financial subsidies for country town water and sewerage schemes, for which it, as an organization, had not been designed and which it administered without displaying sustained concern for administrative innovation or, more seriously, equity, despite initial attempts by formulae to do so.

Despite this confused role, whereby the State Rivers and Water Supply Commission is part retailer of water services, part wholesaler, part constructing authority, part irrigation commission and part policy and priority adviser to government, it remains the most authoritative and best equipped water body in the State. It provides the best basic building block on which to construct a water management system which will satisfy the two criteria of comprehensive statewide management and maximum local self-management.

The idea that a minute external group such as the Ministry of Water Resources has been, or a college of authority heads, as proposed to this Committee by the Public Service Board, could achieve the expertise or influence needed to support the Minister in exerting accountability, control and direction over the water industry in the State is not accepted by this Committee.

3. Sir Ronald East, who was Chairman of the State Rivers and Water Supply Commission from 1936 until 1965, discussed the background to this decision with the Committee at a discussion at Parliament House on 21 August 1980.

The Committee did however carefully consider the 'collegiate' model of central management proposed to the Committee by the Public Service Board's Management Consultancy and Organizational Studies Division, acting as consultants to the Committee pursuant to the then Section 48D(3) of the Parliamentary Committees Act 1968. The 'collegiate' proposal envisaged the establishment of a Water Management Board with the prime responsibility for the central management support role to the Minister. Such a Board was to be composed of a full-time Chairman (appointed by Governor in Council) and a number of part-time members, being the Chairmen of all major multi-functional water authorities (e.g. the Melbourne and Metropolitan Board of Works and the State Rivers and Water Supply Commission) and two other members appointed by Governor in Council.

The chief statutory functions of the Board would be:-

- * formulate and co-ordinate draft statements of State Water Policy and develop a State Water Management Strategy;
- * develop and maintain State water management plans and programs in accord with approved State Water Policies and the State Water Management Strategy;
- * advise on major resource allocations in accord with these plans and programs;
- * implement and co-ordinate approved State water management plans and programs;
- * monitor the operation of the industry and prepare annual reports on industry performance and requirements for the Minister and Parliament;
- * prepare draft proposals for the rationalisation and change in the industry.

The Public Service Board's consultants argued that such a model would have the advantages of separating policy from operational activities; maintaining operational

realism through the presence of authority chairmen; providing a mechanism for resolving disputes at Board level; involving little disruption to the major agency structures and generally maintaining the current status of the Melbourne and Metropolitan Board of Works and the State Rivers and Water Supply Commission.

The State Rivers and Water Supply Commission in its Submission of May 1982 to the Public Bodies Review Committee on The Operation and Structure of Central Management in Victoria's Water Industry argued against the Public Service Board's model on a number of grounds, ending with the proposition that the basic elements in future central management arrangements in the Victorian water industry should be the State Rivers and Water Supply Commission itself as the prime agency, with a renamed representative Water Resources Council performing an advisory function to the Minister as well.

The Committee does not accept the concept of 'collegiate management' as formulated by the Public Service Board consultants. It believes that such a model would perpetuate the past diffusion of central policy and executive responsibilities in the water industry, and at added cost. The Committee's recommendations at local level addressed the problem of fragmentation, and it will do so with its recommendations at central level, where fragmentation has also been a serious problem.

Moreover, the Public Service Board's proposals do not provide a clear basis for the exercise of ministerial responsibility nor of the role of the permanent head as chief policy adviser to the Minister. The Committee does not believe that the creation of yet another public body is the answer to the central management problem in the water industry. Rather it considers a clarification and strengthening of the fundamental roles of Minister and department in this area is needed.

In the longer term, the Committee accepts that the conservation and management of the natural elements of water, soil and forests are so interdependent as to require consideration of the establishment of a Department of Natural Resources.

Such a Department would need to have available to it expertise in the fields of water engineering, soil conservation, forest management, urban and regional planning and conservation.

There will need to be established clear lines of communication with local residents in each catchment area, and a clear avenue for local input to the decision-making process.

Such a Department of Natural Resources would assume control of water, soil and forest management, with appropriate divisions within the Department accepting responsibility for specific management tasks, the whole being co-ordinated at senior management level.

In the immediate future the Committee considers that the Minister of Water Supply requires a single, comprehensive and authoritative department to advise him and to administer state water policy, and that the basis of this department should be the State Rivers and Water Supply Commission.

The body which will play this key role, as envisaged by these recommendations, will possess both significant operational functions, in areas such as irrigation, drainage and river management, and in the provision and maintenance of headworks and bulk water supplies. As well, its permanent head will have the prime central role as adviser to the Minister of Water Supply on questions of State water policy and research, and the administration of State water plans, wherein State water investment programs, water supply and demand studies, pricing output and distributional policies, subsidy and assistance policies and priorities, and the ministerial co-ordination and direction of those public bodies which comprise the water industry, will be brought together.

The Committee has carefully considered the question as to whether the State Rivers and Water Supply Commission's existing statutory authority structure is appropriate to these functions.

The State Rivers and Water Supply Commission is in important respects simply a department of the Victorian Public Service. Its staff are subject to the Public Service Act 1974 and its finances fall within the framework of the public account. Moreover it has the role of advising the Minister which is characteristically that of the ministerial department within the Westminster system, while its possession of operational responsibilities does not distinguish it from many other State Departments.

Unlike true statutory authorities, it lacks the 'arms length' distance from the Minister in matters of finance and personnel.

Only in respect of two matters did the Committee see merit in the retention of the statutory corporation mode. The first of these was the possibility that, through broadening the membership of the Commission and including representatives of a variety of disciplines and interests, such as financial, economic and planning disciplines, or irrigator, conservation or union interests, the basis of the Commission's decision making could be broadened. The Committee on balance rejected this view, since it felt that more effective processes of advice and consultation should permeate all levels of decision making in the water industry, rather than be concentrated at the top, and because it considered the interests of ministerial responsibility to be better served if a single permanent head had the prime advisory role to the Minister of Water Supply, as the Westminster model envisages. Accordingly, the Committee believes the false "Commission" facade should be removed and the Department of Water Resources be created, the name of which would accurately reflect its true status.

The Committee also considered that a legal entity (a body corporate or corporation sole) may be necessary for the purposes of borrowing under the Loan Council Gentleman's Agreement or in other contractual situations. The Committee believes senior legal counsel should examine this matter, but that if a legal entity is required, the entity should be the Minister or Permanent Head as a Corporation Sole - thereby focussing responsibility in its constitutionally correct focus, not diffusing it.

Recommendation 9

The Committee recommends:-

- (i) that the State Rivers and Water Supply Commission cease to exist, and that the successor body be the Department of Water Resources, a department of the Victorian Public Service;**
- (ii) that the Ministry of Water Resources and Water Supply cease to exist and that the Water Resources Act 1975 be repealed;**
- (iii) that the office of Chairman of the State Rivers and Water Supply Commission should be replaced by an office of Director - General of Water Resources,**

which should be that of Permanent Head of the Department of Water Resources for the purposes of the Public Service Act 1974;

- (iv) that the existing offices of Commissioners of the State Rivers and Water Supply Commission should be replaced by offices of Deputy - Director -General of the Department of Water Resources;
- (v) that there be created two new Divisions within the Department of Water Resources not concerned with the operational requirements of the Department itself, viz:-
 - (a) a Policy, Planning, Research and Evaluation Division, and
 - (b) a Water Industry Division;
- (vi) that the Water Industry Division be responsible for preparing analysis and advice concerning the exercise of ministerial accountability, control and direction over all public bodies within the water industry, including the Melbourne and Metropolitan Board of Works;
- (vii) that the Department of Water Resources move progressively to devolve its retailing functions wherever possible to self -managing, democratically elected entities.

(iii)

Regional Water Bodies

In response to both the discussion paper on river improvement and drainage¹ and the consultancy study on central management² the State Rivers and Water Supply Commission has put forward its view on the question of regional water authorities. The Commission's support for such a notion varies according to whether they are discussing their own possible decentralisation or whether they are commenting on proposals put forward by this Committee, or existing water bodies with a regional role, for greater devolution of authority and responsibility to the regions.

The following two quotes make clear the Commission's view in respect of its own decentralisation.

"Whilst the Commission is already highly decentralised, the focus for such decentralisation in the past has been connected with its established role in urban water servicing and in all fields of rural water supply. The Commission is examining a proposal to establish regional offices in the North East, North West and South East of the State where it is not, currently, sufficiently widely represented. The objective is to enhance regional management and co-ordination of water resource development and associated services in those regions. It envisages this could involve the establishment of senior core groups in strategic regional locations with delegated responsibility to deal with all relevant water management issues not already delegated to local agencies and to co-ordinate the exercise of those that are presently delegated. Overall benefits of these arrangements have yet to be assessed in detail against costs."³

and

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1. Public Bodies Review Committee, Discussion Paper Future Structures for Water Management: River Improvement and Drainage Trusts, November 1981.
 2. Report on The Operation and Structure of Central Management in Victoria's Water Industry, September 1981, Management Consultancy and Organization Studies Division, Public Service Board of Victoria.
 3. River Improvement and Drainage Trusts, Comment submitted by State Rivers and Water Supply Commission to the Public Bodies Review Committee, May 1982.

"The Commission concluded that there could be benefits in establishing offices and locating managers in regions which would be based on catchment boundaries, would take account of present State regional centres and that true regionalisation along with its devolution of responsibility and authority to regional managers could have definite advantages.

However, before any decision could be taken on the implementation of this proposal, it would be necessary to examine the cost of the new structure and develop plans, key support systems, relationships and delegations inherent in a major organisational change."⁴

Clearly the Commission sees a need, in strategic regions, for an on the spot group to deal with water management issues not already delegated to local agencies and co-ordinate the exercise of those that are.

The Committee, in recommending that the new "Department of Water Resources move progressively to devolve its retailing functions wherever possible to self managing democratically elected entities", saw existing water boards of a regional nature having a more positive role to play. While recognising the Commission's overall responsibility for water policy and water management the Committee considers there is considerable scope for the larger boards to be involved in setting priorities within their region and ensuring that appropriate standards are met and adhered to. To devolve responsibility to existing democratically elected bodies rather than establish new or upgrade existing Commission establishments would not only enhance local participation and control: it would also be more cost effective and hence diminish one of the Commission's major concerns with such a proposition, namely cost.

4. The Operation and Structure of Central Management in Victoria's Water Industry, Comment submitted by State Rivers and Water Supply Commission to the Public Bodies Review Committee, May 1982.

(a) Latrobe Regional Water Board

The Board's major functions concern bulk water supply to towns and industry in the Latrobe Valley, the treatment and disposal of domestic and industrial wastes from the Latrobe Valley, river gauging and pollution control in the Latrobe River and its tributaries, and serving as a delegated agency of the Environment Protection Authority.

In the Sixth Report the Committee recommended that the proposed Latrobe Regional Water Board have the following responsibilities:-

- "* Co-ordination or control of the regional water cycle, in accordance with regional strategies and local interests; includes the development and implementation of regional water management, preservation and development strategies.
- * Co-ordination of water industry plans and activities with regional land use planning and development strategies.
- * Co-ordination and liaison with other agencies operating at a regional level.
- * Co-ordination and monitoring of local authorities; performance and activities.
- * Design and construction of regionally-based technical schemes.
- * Collection of regional charges and rates.
- * Representation of regional interests to State Government."

and specified that a number of local bodies⁵ should operate within a regional water resources planning framework developed by the Latrobe Regional Water Board".

5. Shires of Buln Buln, Warragul and Narracan, City of Sale and the proposed Maffra, Mirboo, Moe, Morwell, Rosedale, Avon and Traralgon Water Boards.

The local response to this proposal has been generally favourable. However some municipalities have expressed concern at the possible lack of municipal representation on the new Board. The Morwell and Churchill bodies, in a letter to the Minister of Water Supply on 2 June 1982, sought clarification of "the various areas of responsibility and lines of communication between the Government, the Water Commission, the Regional Board and the local Water Boards". The Maffra Waterworks Trust and Maffra Sewerage Authority in a letter dated 28 April 1982 sought clarification of the "affiliation"⁶ with the Latrobe Regional Water Board. The question of representation has been resolved in the Seventh Report - the areas of responsibility and lines of communication in respect of the Latrobe Regional Water Board will be covered in this section.

The desirability of multi-functional water bodies has been supported in previous Committee Reports and considerable debate within the industry has taken place over the year⁷ as to the benefits of establishing regional or catchment management authorities which would not only be multi-purpose water authorities but would also include comprehensive land use and conservation responsibilities.

While such a body may be highly desirable there are practical considerations including high establishment costs that need to be kept in mind. It could be that a multi-purpose water body working in co-operation with land use, conservation, development and community groups is a more effective mechanism.

The Latrobe Valley Water and Sewerage Board in a submission to the Committee in July 1981 pointed to the existing and rapidly accelerating development and interdependencies in the central Latrobe River basin and suggests that the State Electricity Commission of Victoria proposal "to divert the Morwell River and possibly to locate a power station on the flood plain of the Latrobe River are examples of actions that will have major implications for catchment management. Integration of

6. While the Map facing page 145 of the Committee's Sixth Report shows the Shire of Maffra (area of the Maffra Water Board) included under the Latrobe Regional Water Board's area, Recommendation 86 on page 167 omitted to include the words "operating within a regional water resources planning framework developed by the Latrobe Regional Water Board". This is to clarify that the Maffra Water Board is to operate in this framework.

7. See Public Bodies Review Committee - Discussion Paper - Future Structures for Water Management: River Improvement and Drainage Trusts - November 1981.

water supplies from the Latrobe, Thomson, Tanjil and Tyers Rivers to meet the potential needs of domestic, industrial and agricultural users at optimum efficiencies and effectiveness are tasks of increasing complexity requiring more than local arrangements for success. As conflicts for land use and the variety of pollutants increase, collection and satisfactory disposal of wastewaters requires high expertise and regional evaluation of alternatives". The submission went on to suggest that "highest priority" should be given to the establishment of a regional body in the area as this is "essential to cope with accelerated development of the coalfields in the interest of the State and yet recognise the legitimate needs and interests of the resident community".

The State Rivers and Water Supply Commission in its submission of May 1982 in response to the Committee's discussion paper on river improvement and drainage discusses the Driffield project which includes the diversion of the Morwell River and suggests "that these works should be developed using the long accumulated experience of the Water Commission rather than being passed to a new Authority, based on LVWSB, which currently has no experience or responsibility of any significance in regional drainage, stream management or flood plain management".

But the Commission goes on to say that:-

"Development by delegation from the Water Commission to LVWSB of appropriate water and stream management aspects is a realistic and sensible proposal; this could also involve amalgamation of River Improvement Trusts and inclusion of such functions with LVWSB. However, the Water Commission sees it as basic that the development of water management structures for this region should not be based on the fundamental assumption that a multi-purpose regional water agency should be established for the Latrobe Valley.

The Commission understands that the relevant River Improvement Trusts in the region have already taken steps to review the possibility of amalgamating. For example, both the Thomson and Latrobe Trusts have taken steps to co-ordinate technical and administrative arrangements and to share plant and equipment. In view of the specific purpose roles of these Trusts it is likely that there will be a need for some years to retain the Trust structure for stream management rather than delegate it to LVWSB."

The Latrobe Valley Water and Sewerage Board in its letter to the Committee of 13 August 1981 completely dismisses this view. A copy of that letter is included at Appendix 8 in this Report.

In response to the central management report⁸ the Latrobe Valley Water and Sewerage Board rebutted the consultants' suggestion that "delegation of State services to regional authorities is not realistic ... as they do not have the technical professional skills, information and experience or that they can efficiently or effectively provide these resources ... and only State Rivers and Water Supply Commission can and should meet this demand".

In brief the Latrobe response stated:-

"The three authorities (Geelong, Ballarat and Latrobe) have over many years employed highly qualified and experienced administrators, engineers, scientists and other support professionals to carry out their designated functions. It is accepted that from time to time the authorities have used the specialist skills of consultants to meet particular needs where the relevant skill has not been available 'in house'. In such cases there has been no justification for employing person or persons full time because there is not a continuing need. However, the skills have been available "in house" to overview the work of consultants employed. In particular the three authorities along with a number of other proposed water boards have the specialised skills and experience in constructing, operating and maintaining major sewerage treatment and waste disposal works which is not available within the State Rivers and Water Supply Commission ... The proposed major regional water boards are highly skilled professional organisations capable of continuing to efficiently and effectively provide current services and to accept additional responsibilities."

The Committee supports the Latrobe view that it has the technical and professional ability to undertake additional tasks. The Committee continues to be impressed by the efficiency and managerial competence of the Board. It already employs corporate management principles, including objective setting, the preparation and evaluation of

8. Report on The Operation and Structure of Central Management in Victoria's Water Industry, September 1981.

alternatives, the use of long-term multi-objective planning, and the use of an interdisciplinary approach to management.

The Committee also rejects the notion put forward by the Commission that because of the "specific purpose roles" of the River Improvement Trusts "it is likely that there will be a need for some years to retain the Trust structure for stream management rather than delegate it to LVWSB". The Committee accepts the concept put forward by the Commission in its previous paragraph that "development by delegation from the Water Commission to LVWSB of appropriate water and stream management aspects is a realistic and sensible proposal; this could also involve amalgamation of River Improvement Trusts and inclusion of such functions with LVWSB" and considers that the narrow terms of reference or specific purpose nature of the Trusts is an argument in support of the amalgamation into the Latrobe Regional Water Board rather than an argument for a maintenance of the status quo.

Apart from regional drainage and flood plain management roles of the State Rivers and Water Supply Commission there are a number of River Improvement Trusts within those municipalities which are to be included under the framework of the proposed Latrobe Regional Water Board. These include the Latrobe, Thomson and Macalister and Avon River Improvement Trusts. The Latrobe, Thomson and Macalister Rivers converge into the Lower Latrobe River which together with the Avon River discharge into Lake Wellington. Lake Wellington is reported in Ministry for Conservation studies to be significantly degraded in water quality and aquatic ecology and its restoration would be heavily dependent on the co-ordinated management of the input streams. The total Gippsland Lakes system is an irreplaceable tourism and recreational asset for both Gippsland and Melbourne and comprehensive water resource management will be vital for their future well-being.

In response to the discussion paper on river improvement and drainage a number of bodies in the area provided comment. The Shire of Maffra, which contains three of the River Improvement Trusts, suggested (by letter dated 1 April 1982) the creation of a North Gippsland Catchment Authority, under the control of the State Rivers and Water Supply Commission, to administer drainage, river improvement and water management of the catchments and low land areas of the Thomson, Macalister and Avon Rivers to Lake Wellington but that the Macalister Irrigation district remain the direct responsibility of the Commission. The Thomson River Improvement Trust in its letter of 24 June 1982 saw benefits in the merging of Trusts based on a water

catchment concept but with the Commission retaining overall control. The Trust also advised the close co-operation in respect of the sharing of workforce and assets with the Latrobe River Improvement Trust. The Latrobe River Improvement Trust in its letter of 31 May 1982 advised its desire to retain its own identity. The Avon River Improvement Trust in its letter of 23 March 1982 criticised the Latrobe Valley Water and Sewerage Board, the Committee's discussion paper on river improvement and drainage and advised their support for retaining the Trust as a separate body.

The Committee agrees with the general approach put forward by the Shire of Maffra but instead of creating a new authority considers that the Latrobe Regional Water Board should assume responsibility for regional drainage flood plain management and river management. The question of responsibility for irrigation in the region will be resolved in a later report.

Earlier the question of communication between the local bodies, the regional body and State Rivers was raised. The Sixth Report made it quite clear that four Municipalities and seven Water Boards were to operate "within a regional water resources planning framework developed by the Latrobe Regional Water Board". In response to the river improvement and drainage discussion paper the Latrobe Valley Water and Sewerage Board put forward its views on how the expertise of community groups, river improvement trusts and authorities involved in land use conservation and development etc. can be utilized in the establishment of a "master plan" and a "ten year forward-look program". The Committee once again commends the Board for its innovative approach - the Board's response of 8 April 1982 is included at Appendix 9 in this Report.

Given eleven local bodies are to work within the framework established by the regional body it will be necessary for all program approvals and budgets to be forwarded to the Minister via the Latrobe Regional Water Board at the same time as the Board's plans are submitted to the Minister. All local bodies should submit their programs and budgets to the regional body in sufficient time to allow that body to put forward an agreed and co-ordinated proposal for the entire region. In establishing priorities for the State⁹ the Department of Water Resources must give cognisance to the views of both the local boards and the Latrobe Regional Water Board.

9. See discussion earlier in this Report under the heading "Planning Processes".

Recommendation 10

The Committee recommends that:-

- (i) the Latrobe River Improvement Trust, the Avon River Improvement Trust, the Thomson River Improvement Trust and the Macalister River Improvement Trust cease to exist and that the successor body be the Latrobe Regional Water Board;
- (ii) the Latrobe Regional Water Board assume responsibility for all regional drainage and flood plain management functions currently undertaken by the State Rivers and Water Supply Commission, in addition to the responsibilities conferred on that Board including the co-ordination or control of the regional water cycle, the development and implementation of regional water management and the co-ordination of water industry plans and activities with regional land use planning and development strategies as indicated in the Committee's Sixth Report;
- (iii) the central water authority (proposed Department of Water Resources) and the local water bodies in the region shall keep the Latrobe Regional Water Board fully informed of discussions and communications between these bodies on matters of policy, financial arrangements and program/project development;
- (iv) the Latrobe Regional Water Board in preparing consolidated programs and budgets covering its own functions should also take those of the eleven bodies under its control into consideration and submit a consolidated package for the approval of the Minister;

- (v) in the case of disagreement in relation to policy, budget or programs between a local body and the Latrobe Regional Water Board the submission to the Minister must reflect the differing views;
- (vi) the Latrobe Regional Water Board establish the two standing advisory committees as outlined in its response dated 8 April 1982 to the Committee's Discussion Paper Future Structures for Water Management: River Improvement and Drainage Trusts; (See Appendix 9) and
- (vii) the Latrobe Regional Water Board be brought into being before Water Boards in its area, so that it may take a role in the steps leading to their formation.

(b) Dandenong Valley Authority

The discussion paper on river improvement and drainage trusts described the activities of the Dandenong Valley Authority (DVA) and set out, in brief, the DVA's response¹⁰ to questions put by the Committee concerning its future - these included:-

- * its current boundaries be adjusted to more truly conform with the catchment boundaries, (for example, areas that drain to Mordialloc Creek, Cardinia Creek, Muddy Creek, Sweetwater Creek, Kackerabrite Creek);
- * not develop a role in the areas of water supply and sewerage;
- * continue in its waterway management role (includes not only watercourse management, river management, regional drainage, flood mitigation but also water quality, flood plain management, stream environment and conservation within a framework of multi-disciplinary forward look catchment management);
- * it would be available by virtue of the knowledge and experience it has gained over the past seventeen years to assist the development of other waterway management bodies in other areas of Victoria;
- * willing to be commissioned by Government to prepare a waterway management and implementation plan for the Westernport Catchment for consideration by the public and Parliament;
- * a need for a "more realistic and practicable form of accountability criteria to be established between the Dandenong Valley Authority and Parliament through the Minister of Water Resources".

10. Submission by the Dandenong Valley Authority to the Public Bodies Review Committee, October 1981.

A further DVA submission of April 1982, commenting on watercourse and central management aspects of the water industry, entitled Waterway Management - The Way to Go proposed "a significant devolution of power from central" (State Rivers and Water Supply Commission) "to regional level organization" who in turn should "delegate responsibility to the local level of administration as soon as the master strategies and works programs have been effectively implemented". The submission went on to say "the provision of Committees of Management to undertake specific tasks within water orientated areas of jurisdiction has merit and in fact could be the method of re-directing the River Improvement Trusts and Drainage Trusts activity within the confines of a catchment strategy prepared by a Regional Body" but as the existing bodies have a wealth of local knowledge and experience that should be taken into account by the Regional and Central organizations in their task of formulating a new administrative structure for the overall area. There ought not be any change in the status quo except in emergency situations "until the regional or catchment strategy plans have been prepared".

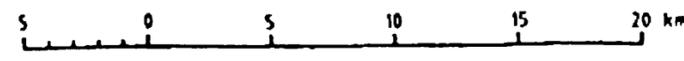
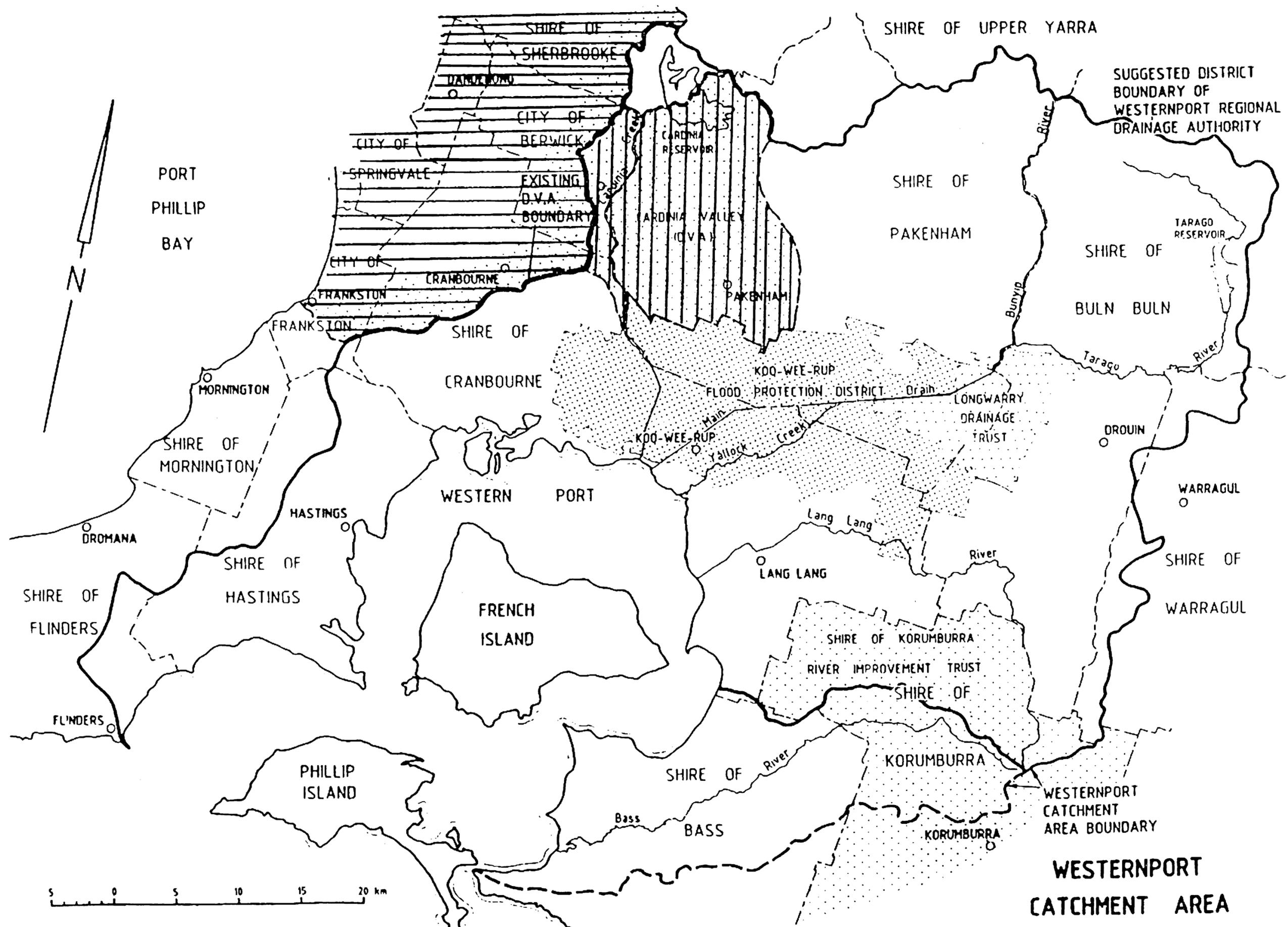
The DVA throughout its submission strongly advocates the development of multi-disciplinary multi-function catchment authorities and suggests that three regions, Westernport Catchment, Latrobe/Thompson River Catchment and Barwon Catchment, warrant attention in the near future. The Authority also pointed to the fact that each of these regions have significant organization to which additional functions could be allocated. Waterway Management - The Way to Go is a useful document and is included at Appendix 10 in this Report.

The State Rivers and Water Supply Commission in its response of May 1982 to the river improvement and drainage trusts discussion paper put forward arguments to support the view that the metropolitan component of the DVA should be handed over to the Melbourne and Metropolitan Board of Works and the present Cardinia sub-district be extended to encompass the greater part of the catchment draining to Westernport Bay. This would include the Koo-wee-rup Flood Protection District, the Longwarry Drainage Trust and part of the Shire of Korumburra River Improvement Trust.

The Commission's rationale for the Westernport Region is set out below.

"It has been mentioned earlier in this submission that Government guaranteed a revenue subsidy to DVA until 1982 to ensure a uniform precept over the whole of the extended district. This was in expectation of

WESTERNPORT
CATCHMENT AREA MAP
OVERLEAF



-  ORIGINAL D.V.A. DISTRICT
-  EXTENDED D.V.A. DISTRICT

**WESTERNPORT
CATCHMENT AREA**

a growth of urban development and hence land valuation, in the Cardinia component, which would reduce the need for such assistance after 1982. For a number of reasons this development has not occurred at the rate originally envisaged and DVA now faces the problem that, without continuation of a substantial revenue subsidy, it will not be possible to carry out planned programmes in Cardinia whilst maintaining uniform precept over the whole district. The Commission understands that, should the revenue subsidy not continue, there will be strong pressure on DVA from its constituents to reduce the level of activities and expenditure in the Cardinia component accordingly or to introduce differential rating. The 1981/82 revenue subsidy amounted to \$140,000 and recent forward planning programmes prepared by DVA propose a significant increase in Government funding assistance for this area.

The attached plan* shows the location of the whole Westernport catchment in relation to existing Municipalities and other authorities. On the western side, progressive urban and rural/urban development has resulted in the need for the preparation of a regional drainage strategy. In the central sector, regional drainage and flood protection is an integral part of land management. The Koo-wee-rup Flood Protection District is under the direct control of SRWSC and runoff from the surrounding catchment including the districts of the DVA (Cardinia) and the Longwarry Drainage Trust passes through the flood protection district before discharging to Westernport Bay.

On the eastern and southern flanks, the principal streams are the Lang Lang River and the Bass River. Substantial stream management problems exist in the case of the Lang Lang River and it is expected that the major bed erosion problems of this stream will require further significant attention over the next decade. A River Improvement Trust has been established over the Shire of Korrumburra, however the overall stream management issues are not substantial, particularly in respect of that part of the district draining to Westernport Bay.

* See Map on opposite page.

For this reason, the suggested initial boundary of the proposed Westernport Regional Drainage Authority ends at the catchment of the Lang Lang River. The Municipalities involved within this proposed district are: Flinders, Hastings, Frankston (C), Berwick (C), Sherbrooke, Pakenham, Buln Buln, Cranbourne, Korrumburra and Warragul.

The Commission would propose that these Municipalities together with representatives of the existing appropriate authorities (Koo-wee-rup Flood Protection District, Longwarry Drainage Trust and Shire of Korrumburra River Improvement Trust) would, in conjunction with the re-arranged DVA (Cardinia District), form the new Westernport Regional Drainage Authority.

The Authority so formed could include some of the technical and administrative staff of the existing DVA although it is possible that some of these would be taken on by MMBW for the Metropolitan component of the DVA district. In addition the opportunity could be made available for SRWSC staff in Koo-wee-rup Flood Protection District to transfer to the new Authority; in regard to the Longwarry Drainage Trust and the Shire of Korrumburra River Improvement Trust the matter of redeployment of full time staff does not arise.

It is the Commission's view that the re-arranged DVA organization would be ideally suited to take on the role of enhancing regional drainage, flood plain management and stream management in this major catchment. The rating base of this district would not be as intensively urban as for the original DVA district and it is therefore likely that the new district would continue to require significant Government grant assistance for a number of years.

In earlier submissions to the Committee, DVA proposed that it might be commissioned to undertake fundamental regional drainage and catchment and management strategy studies for this region; the Commission's proposal is consistent with this approach. It has already taken steps to involve DVA as a consultant in developing a regional drainage strategy for the Cannons Creek - Devon Meadows area (Shire of Cranbourne) and is

confident that the expertise of DVA could contribute to the essential regional management required in this major catchment."

The Committee sees considerable merit in this proposal. There are however, some matters with which the Committee does not completely agree. The main point of dispute is with the suggestion that the Melbourne and Metropolitan Board of Works assume responsibility for the metropolitan component of the existing DVA district. Apart from the fact that both the DVA and the City of Dandenong (by letter dated 21 June 1982) object to such a move the Committee is disinclined to recommend that the Melbourne and Metropolitan Board of Works extend its area of responsibility. As the Melbourne and Metropolitan Board of Works is outside the terms of reference for this Inquiry the Committee has not been in a position to evaluate it in terms of its efficiency or effectiveness. Until such time as this evaluation can be undertaken the Committee does not intend recommending any further extensions to its district other than those in train and recommended in the Sixth Report.

The Committee sees the DVA as having a major role in watercourse management whether it be as a planner and practitioner within a specified district or as a consultant to both the central body (Department of Water Resources) and Water Boards at the regional and local level. The Committee is in no doubt that the expertise of the DVA can and should be made available to other areas in the State. It is interesting in this context to note the various comments put forward by the Authority in support of the "sunset" principle and the analogy¹¹ to the Snowy Mountains situation where the "construction authority" was abolished and a new "management authority" created after the initial purpose had been achieved.

If the DVA district were extended in line with both the Authority's and the Commission's proposals the revised district would overlap with the Melbourne and Metropolitan Board of Works, the proposed Dandenong/Springvale, Mornington Peninsula and Korumburra Water Boards and the Shire of Buln Buln. While there may be scope for certain ongoing functions to be transferred to the Dandenong/Springvale Water Board it would be some time before the Mornington Peninsula or Korumburra Water Boards would be in a position to accept drainage, flood plain or river improvement functions or indeed some time before the DVA had developed works to the stage where they could be incorporated into a more multi-functional water board.

11. See Transcript of Evidence, page 1444.

The question of financial arrangements and subsidies must be considered in the overall context of financial management within the industry. At present the Authority finances its operations from revenue and its capital works by borrowing from private sources and government grants supplemented by monies from contributory drainage schemes and contributions towards the development of the drainage systems. The revenue is raised by issuing precepts on the existing rating bodies - municipal councils - with those councils contributing on a proportional basis according to the net annual value of rateable property within the municipality which is within the district of the Authority.

The extent to which government grants will continue to be available to the Authority is a matter for the Government, rather than this Committee to consider. The Committee does, however, consider that available funds should be allocated according to determined priorities established within a state-wide planning framework (see comments earlier in this Report under Planning Processes). The issuing of precepts can be extended and continued and if necessary the differential rating applied to the various sub-districts.

Longwarry Drainage Trust

Shire of Korumburra River Improvement Trust

The Longwarry Drainage Trust was constituted under the River Improvement Act 1958 on 25 June 1963. It consists of seven Commissioners, three being elected from each of the Shires of Buln Buln and Pakenham and one being appointed by the Governor in Council.

The Trust operates in parts of the Shire of Buln Buln (Longwarry, Longwarry North and Modella) and the Shire of Pakenham (Bunyip, Jona and Nervale). The area served is 8,201 hectares with 704 properties assessed for rating purposes. The area is mainly agricultural and it abuts the eastern boundary of the State Rivers and Water Supply Commission's Koo-wee-rup Flood Protection District.

The Trust is administered from the Shire Office at Drouin with the Shire Secretary acting as Trust Secretary and the Shire Engineer acting as Consulting Engineer. The Shire is reimbursed for its clerical support. In a letter dated 3 October 1980 the Trust Secretary, Mr. K. A. Pretty, advised that while "its present structure is most

appropriate to the needs of the district" if any change was to occur then "the Trust strongly recommends that its administration be amalgamated with that of the Shires of Buln Buln and Pakenham respectively".

The Trust was represented at the Public Hearing held in Dandenong on 3 October 1980 by its Chairman, Mr. Little, and its Secretary, Mr. Pretty.

In response to the discussion paper on river improvement and drainage trusts the Trust by letter dated 1 March 1982 advised that it favoured retention of Trusts in their existing form or absorption by the municipality but not the creation of catchment authorities.

The Shire of Korumburra River Improvement Trust was constituted under the River Improvement Act 1958 on 5 March 1974 to provide improvement works on the Powlett, Bass and Lang Lang Rivers and other streams within the municipality. Its Commissioners are councillors of the Shire of Korumburra. The Chairman, Mr. McRae, represented the Trust at the Public Hearing held at Traralgon on 5 September 1980.

The Secretary, Shire of Korumburra, advised by letter dated 28 August 1980 that "it would be appropriate for the functions of the Trust to be absorbed within the Council structure, providing that Government capital funding is maintained".

Recommendation 11

The Committee recommends that:-

- (i) the Dandenong Valley Authority, the Longwarry Drainage Trust and the Shire of Korumburra River Improvement Trust cease to exist and that the successor body be the Westernport Catchment Board responsible for all watercourse, river and flood plain management, regional drainage, flood mitigation, water quality and stream environment and conservation activities within its district;

- (ii) the district of the Westernport Catchment Board include the districts of the former Dandenong Valley Authority in addition to those areas recommended for inclusion by the State Rivers and Water Supply Commission and illustrated on the Map opposite page 75 including the areas covered by the Koo - wee - rup Flood Protection District, the Longwarry Drainage Trust and that part of the Shire of Korumburra River Improvement Trust falling within the catchment;
- (iii) the Dandenong Valley Authority Act 1963 be amended to take up the recommendations contained in this Report and allow for the Board to establish advisory committees (of similar status to those recommended in the Sixth Report for Municipalities under section 241A of the Local Government Act 1958) to maximise local participation from the various areas within the enlarged district;
- (iv) the Commissioners (no less than 6 and no more than 10) of the new Board shall be appointed by the Governor in Council and consist of persons specifically appointed to represent the interests of the municipalities and local water boards, consumers, environmentalists and conservationists.

The Committee also recommends that all necessary river improvement activities in that part of the Shire of Korumburra River Improvement Trust District not transferred to the Westernport Catchment Board should be the responsibility of the Korumburra Water Board, in addition to the responsibilities conferred on that Board, including all necessary urban water and sewerage provision as indicated in the Committee's Sixth Report.

(c) Regional Water Bodies (Provincial Cities)

In the Sixth Report a number of large Water Boards were established to provide water and sewerage services to several municipalities within a general region.¹²

Of these the Committee, in the Seventh Report, recognised that the Bendigo and Mount Alexandra Water Boards and the Mornington Peninsula Regional Water Board were still the subject of debate and further discussion between those bodies and the Minister of Water Supply would be required before the Transitional Provisions legislation recommended in that Report could be applied to them. Be that as it may the Committee does not consider this sufficient reason to delay making decisions on the extent to which these and the other three large bodies in this category (Ballarat, Yarra Valley and Dandenong Ranges and Geelong) can absorb more responsibilities and become more multi-functional in character.

The Committee is in no doubt that over time each of the six bodies discussed in this section must obtain control, subject to central policy and planning directives, of the complete water cycle within their region. In keeping with its past approach the Committee will not be seeking to impose structures across the board without regard to local circumstances nor will it be recommending that water bodies take on additional responsibilities and functions before they have the appropriate managerial and technical capabilities. Therefore each of the six major water boards will be individually discussed below.

Mornington Peninsula Regional Water Board

The Committee is aware of both the local and State Rivers and Water Supply Commission's reactions to the recommendations in the Sixth Report in relation to this area. The Committee still holds firm the view that the Commission must divest itself of its retailing functions and given the costs involved in breaking up its regional water supply system considers that the conclusions reached in the Sixth Report remain valid. It is essential that the Commission change its emphasis from operations to policy and planning if the overall efficiency and effectiveness of the industry is to increase.

12. Mornington Peninsula Regional Water Board, Yarra Valley and Dandenong Ranges Water Board, Geelong Regional Water Board, the Ballarat Water Board, the Bendigo Water Board, Mount Alexander Water Board.

In its letter of 26 February 1982 the Shire of Cranbourne, in response to the discussion paper on river improvement and drainage trusts, pointed out that while there are no constituted river improvement or drainage trusts within the Shire the State Rivers and Water Supply Commission has provided considerable funds over the years from the Rivers and Streams Fund for extensive erosion control works in the Lang Lang River and that considerable drainage works have been carried out by the Commission in the Koo-wee-rup Flood Protection District.

The recommendations put forward by the Council for future structures for watercourse management may be summarised as follows:-

"At the State level, the Council favours the concentration of all watercourse management functions within a State water agency to perform an overview and overall planning role by removal of the powers of the other bodies involved. Option W8¹³ in the Discussion Paper appears to cover this recommendation, providing the Committee's suggestion recognises operations also at regional and municipal levels.

At the regional level, the Council favours the creation of Regional Watercourse Boards related to catchment boundaries and including drainage, flood mitigation functions with river management (Option W6).¹⁴

At the municipal level Council does not favour the retention of the existing Trusts as fragmentary management units, but considers that municipalities could perform a role in the construction and maintenance of schemes approved at regional level and should assume responsibility for drainage works within the smaller sub-catchments by agreement with the Regional Watercourse Board."

The Committee is grateful to the Shire of Cranbourne for its well considered and thought out views. The entire letter is reproduced at Appendix 11 in this Report.

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13. Creation of all watercourse management functions within a State water agency by removal of the powers of the other bodies involved.
 14. Creation of Regional Watercourse Management Boards (that is, including drainage and flood mitigation functions with river management).

The Committee appreciates that it could take until July 1986 for the water and sewerage functions of the Mornington Peninsula region to be fully integrated and that to place responsibility for all necessary regional drainage, flood plain management and river improvement with the Board at an early date could place an undue burden on the new body and result in a lowering of services in the region.

In taking up the suggestion of the Shire of Cranbourne the Committee considers that it would be more appropriate for the northern part of the Board's district, including the Koo-wee-rup Flood Protection District, to become the responsibility of the expanded Westernport Catchment Board. The Mornington Peninsula Regional Water Board should then be able to absorb the "watercourse" functions over a similar timeframe to that of water and sewerage i.e. no later than July 1986.

Recommendation 12

The Committee recommends that the proposed Department of Water Resources retain direct responsibility for all necessary regional drainage, flood plain and river improvement management activities in those parts of the Mornington Peninsula Regional Water Board's area not coming within the area of the Westernport Catchment Board until such time as the Mornington Peninsula Regional Water Board is in a position to accept these responsibilities. The Committee further recommends that the two bodies hold discussions with a view to enabling the transfer of responsibility to take place no later than July 1986.

Yarra Valley and Dandenong Ranges Water Board

The State Rivers and Water Supply Commission in response to the Committee's discussion paper on river improvement and drainage advanced the view that the Melbourne and Metropolitan Board of Works' responsibility in relation to "regional drainage, stream management and flood plain management" should be extended to "the remaining area of the Upper Yarra catchment". The Commission also stated that "at the present time these functions are the responsibility of the SRWSC and also the Yarra River Improvement Trust whose district extends from Warrandyte to Warburton" and that it "does not envisage any significant problems in delegating its relevant responsibilities for the remaining portion of the Upper Yarra catchment to the Board,

nor does it consider there would be any practical difficulties in the Board being authorised to take over the role of the Trust".

This proposal would mean that within the Yarra Valley and Dandenong Ranges Water Board's district the Melbourne and Metropolitan Board of Works would have greater control over its catchment area, the Commission would presumably still retain responsibility for irrigation and the Board would be responsible for the water and sewerage functions.

While the Committee can appreciate any desire by the Melbourne and Metropolitan Board of Works to extend its operations in this area the Committee considers that the arguments used against the extension into the DVA district can also be applied here. Further the Committee feels that the Commission was incorrect in its assessment of ease by which the Melbourne and Metropolitan Board of Works could take over the operations of the Yarra River Improvement Trust (see additional comment below).

The Yarra River Improvement Trust was constituted on 4 December 1957 and consists of nine Commissioners, five elected by the ratepayers of the Trust, one Government Nominee and one representative from each of the Shires of Healesville, Lillydale and Upper Yarra. Its district covers a portion of the Yarra River from the Warrandyte area to Yarra Junction.

The level of government funding to the Trust has averaged \$18,000 over the past 10 years, the basis of subsidy being 5:1 for removals of stream obstructions and erosion control and 1:1 for drainage works. Drainage works generally comprise less than 5% of the work program.

The Trust has provided the Committee with a number of submissions the latest dated 28 June 1982 and gave evidence at the Public Hearing held at Lillydale on 31 October 1980. At that hearing the question of conflict with certain environment and conservation groups, the financing of activities, the need for the river to be considered in a broader context and the need for local community involvement were all discussed.

The following brief extracts from the Trust's latest submission illustrate an increased awareness of the broader context of its activities and leaves no doubt as to its opinion of the Trust's future.

- "* Yearly works programmes are now determined after investigation of the possible impact on the environment and after consultation with the Upper Yarra Valley and Dandenong Ranges Authority, Soil Conservation Authority, Fisheries and Wildlife Division and the Melbourne and Metropolitan Board of Works. The State Rivers and Water Supply Commission provides final assessment and approval.
- * Regardless of whether the Trust is to continue in its present form or not, it is of the opinion that it is imperative that its activities be both recognised and continued.
- * The Trust can envisage a future where its present activities form part of that of a body having far wider involvement in related areas of water management, such as supply, sewerage, drainage, flood mitigation, etc. Having regard to this concept, the Trust must point out that it does not view the Melbourne and Metropolitan Board of Works as the appropriate body being responsible for water management on a catchment or regional basis for the Yarra Valley upstream of the Yering Gorge.
- * The Regional concept proposed by the Trust¹⁵ is on the basis of the management body being of an elected base with individual functions having its own advisory committee, thereby providing for the important advantage of local expertise to remain available. In the case of this Trust, Commissioners have an immense quantity and quality of knowledge of the Yarra River and these factors should not be lost, but remain available to the management organisation."

The Committee considers that the most appropriate option for this area is W4 and that the Yarra Valley and Dandenong Ranges Water Board is the appropriate body.

15. In its letter of 28 June 1982 the Trust advised that it favoured options W4 - Absorption by a regional or sub-regional multi-purpose water body, W6 - creation of Regional Drainage Watercourse Management Boards (including drainage and flood mitigation functions with river management) and W7 - Creation of catchment bodies embracing not only the functions of watercourse management but also comprehensive land use and conservation responsibilities over the whole catchment.

Recommendation 13

- (i) The Committee recommends that the Yarra River Improvement Trust cease to exist and that the successor body be the Yarra Valley and Dandenong Ranges Water Board, in addition to the responsibilities conferred on that Board including all necessary urban water and sewerage services as indicated in the Committee's Sixth Report.
- (ii) The Committee also recommends that responsibility for any regional drainage, flood plain or river management functions currently undertaken by the State Rivers and Water Supply Commission in this area also be transferred to the Yarra Valley and Dandenong Ranges Water Board making that Board responsible for all necessary works of that nature in its district other than for those areas already the responsibility of the Melbourne and Metropolitan Board of Works.

Geelong Regional Water Board

West Moorabool Water Board

Ballarat Water Board

Almost from the very beginning of the reference one of the key areas and issues for debate has been the Barwon region. In the Fourth and Sixth Reports and the Committee's Discussion Paper Future Structures for Water Management: River Improvement and Drainage Trusts the question of the Geelong Waterworks and Sewerage Trust extending its responsibility for the Barwon River beyond its present 10km segment in the lower reaches and responsibilities for regional drainage and flood plain works being added have been canvassed.

In response to the river improvement and drainage trusts discussion paper the Geelong Waterworks and Sewerage Trust has reaffirmed its view that:-

- "* The management of catchments and water courses cannot be divorced from other aspects relating to the management of the water cycle and therefore needs to be integrated with water supply, sewerage and drainage functions wherever possible.
- * A suitably equipped Regional water management body, such as the proposed Geelong Regional Water Board, operating as far as possible on a catchment basis, together with an overall Catchment Authority responsible for co-ordination within the total catchment area is seen as the most appropriate model for water management in the Barwon Region.
- * The creation of Catchment Authorities is seen as necessary in order to co-ordinate water management functions with land use planning and the management of natural resources both within regions and between abutting regions. Such authorities would facilitate more effective formulation of strategies and implementation of Government policies in those areas of concern.
- * Centralised control of watercourse management functions is not seen as appropriate to the Victorian situation."

This opinion is not shared by certain municipalities in the area who do not support the notion of the Geelong Regional Water Board assuming complete responsibility for drainage, flood protection, and the whole of the Barwon River.

The State Rivers and Water Supply Commission commenting on a Barwon Catchment Authority in response to the river improvement and drainage trusts discussion paper states:-

"... the Commission recognises the important role played by Geelong Waterworks and Sewerage Trust in urban servicing for the Geelong region and in the management of the specific short reach of the Barwon River through urban Geelong. Proposals, however, to form a Barwon Catchment Authority can only be effectively evaluated in the light of a clear understanding of contemporary issues and the feasibility of meeting

regional aspirations in regard to control of water quality and water quantity. The Commission recognises that GWST has, for some time, promoted the concept of a major study of the water and catchment management issues of the Barwon. Salinity control, drainage, flood protection and stream management are issues that have been raised for consideration.

As a first and essential step in this major study, the Commission has commenced, in conjunction with GWST and other Agencies, a comprehensive water quality monitoring study. This will provide essential background data. It will also form the basis for submissions in 1983 to the Parliamentary Public Works Committee Inquiry into the operations of the Lough Calvert and Lake Corangamite Drainage Systems. Any proposals for re-structuring water management arrangements or for delegation of functions to GWST in regard to drainage, flood plain management or stream management should await the outcome of the Inquiry."

While Geelong is affected by the activities of the Lough Calvert and Lake Corangamite Drainage Schemes their physical location suggests to the Committee that the Colac Water Board would be the more suitable recipient (see discussion under Lough Calvert Drainage Trust).

The Committee supports the Geelong Waterworks and Sewerage Trust's arguments in support of a multi-functional approach and considers that the proposed Geelong Regional Water Board would have the appropriate managerial and technical skills to undertake all necessary river improvement, flood plain management and regional drainage functions in this area.

The West Moorabool Water Board was set up under the West Moorabool Water Board Act 1968 "to provide for the construction, maintenance and operation of water storage on the West Moorabool River and the constitution of a Board to construct operate and maintain the said works, to make provision concerning the supply of water from said works and for other purposes".

Construction commenced in January 1970 and the dam was completed in June 1972 at a cost of \$4.95 million. The Board is now mainly concerned with the running and maintenance of the dam and reservoir and its surrounding land.

Water is provided to the Ballarat Water Commissioners who have a pumping station located below the embankment and to the Geelong Waterworks and Sewerage Trust by releases down the West Moorabool River to a pumping station located at She Oaks.

All administration and engineering aspects of the Board are carried out by officers of the Ballarat Water Commissioners who are reimbursed for these services. The only staff employed by the Board is one Reservoir Keeper who resides at the dam and one full-time labourer.

The Act provides for a formula of contributions by the Ballarat Water Commissioners and the Geelong Waterworks and Sewerage Trust to meet all costs associated with the Board, including loan redemption and interest, based on water requirements. This ranged from one-third by the Ballarat Water Commissioners to two-thirds by the Geelong Waterworks and Sewerage Trust up to the eventual two-thirds by the Ballarat Water Commissioners and one-third by the Geelong Waterworks and Sewerage Trust. However, the Ballarat Water Commissioners, in its wisdom, decided that as from 1 July 1977 they would meet half the cost of the Board. The fifty/fifty contribution rate has been operating since that date. The Ballarat Water Commissioners commenced taking water from the reservoir in October 1976.

The Committee is of the opinion that the original purpose behind the creation of the West Moorabool Water Board namely the construction of a dam has long since been achieved and the existence of a separate authority to maintain the works cannot be justified. The Committee appreciates that the dam provides water to two major bodies but does not consider this necessitates the existence of a third.

In early submissions to the Committee the Ballarat Water Commissioners and Ballarat Sewerage Authority advised their willingness to accept additional R4¹⁶ type functions. As with Geelong some bodies in the area do not support drainage and flood protection being the responsibility of a regional body and the Shire of Ballarat has suggested to the Committee that the current Town and Country Planning Act 1961 requirements are adequate.

16. An R4 model has been described in the Second, Fourth and Sixth Reports as "A regional authority responsible for all water, sewerage, drainage and flood protection works in its region".

Following the release of the Committee's river improvement and drainage trusts discussion paper Mr. A. S. Howard, Engineer in Chief of the Ballarat Water Commissioners, writing in a private capacity made, inter alia, the following comments:-

- "* The proper River Improvement Works generally should be constructed at the source of the trouble whereas Victorian practice has been to attempt to take corrective action at the point where trouble becomes apparent.

- * By their fundamental engineering nature, River Improvement, Flood Control and Drainage are Total Catchment Problems which cannot be divided up into arbitrary small sections. They are predominantly Hydrologic in nature and although Land Use and Soil Conservation are very important factors they should not be allowed to over shadow the "water" aspect.

- * While there is an important role for the Soil Conservation Authority to play, it is in support of the "water" function and the Soil Conservation Authority should not be left with the dominant policy responsibility that it now has. All water policy in catchments should be the responsibility of Water Authorities of the R3 or R4¹⁷ Type.

- * It now appears appropriate to re-draft the River Improvement Legislation as "Catchment Legislation" embodying all aspects of River Catchment Responsibility such as flooding, drainage, erosion, control, diversions, pollution, stream gauging, recording, etc., to provide that Regional Water Boards of the R3 and R4 Type are responsible for implementation where they exist and that in other areas, the State Rivers and Water Supply Commission can be responsible for these functions until Regional Boards are created. With this approach there is no need to complicate the Legislation setting up Regional Water Authorities. The Catchment Legislation can have provision for areas of catchment to be defined in it and

17. See earlier Reports namely the Fourth and Sixth for a complete description of the R (Regional) models.

allocated to the appropriate R3 or R4 Regional Water Board or State Rivers and Water Supply Commission where Regional Water Boards do not exist."

The Committee is aware that there are considerable matters to be finalised in relation to the establishment of the Ballarat Water Board and to transfer responsibility for river improvement, regional drainage and flood plain management to it immediately may cause some problems. The Committee is strongly of the view that the Ballarat Water Board has the appropriate expertise to become a Board of the R4 type and suggests that they work towards accepting additional responsibilities by July 1984.

Recommendation 14

- (i) The Committee recommends that the Geelong Regional Water Board and the Ballarat Water Board assume responsibility from the State Rivers and Water Supply Commission for all necessary river improvement, regional drainage and flood plain management works in their respective regions and that the Boards assume this responsibility no later than July 1984.

- (ii) The Committee also recommends that the West Moorabool Water Board cease to exist and that the Geelong Regional Water Board and the Ballarat Water Board assume joint responsibility for the future operation, maintenance and arrangements for the supply of water from the dam, and all necessary activities in relation to the dam.

Bendigo Water Board

Mount Alexander Water Board

Both these Boards have been identified in the Seventh Report as those to which the second phase of the Transitional Provisions legislation should apply. In the Sixth

Report it was recommended that these Boards take over particular areas of the State Rivers and Water Supply Commission's Coliban Urban Supply System.

The Coliban system is also involved with rural supplies which contain significant irrigation and drainage aspects.

The Committee is of the opinion that neither the Bendigo Water Board nor the Mount Alexander Water Board would be in a position to assume full responsibility in relation to watercourse or flood plain management from the Commission for some time. Further consideration could be given following the Committee's review of the irrigation aspects of its reference.

In the case of the Bendigo Water Board, however, there is scope for an early extension of their functions to include river improvement. This is discussed below.

The Bendigo Creek Improvement Trust was constituted under the River Improvement Act 1958 on 15 January 1952. It consists of six Commissioners, one elected by each of the respective Councils of the City of Bendigo, Borough of Eaglehawk, the Shires of Huntly, Marong and Strathfieldsaye and one person appointed by the Minister of Water Supply. The Trust is financed mainly by precepts from the municipalities concerned and its district consists of the whole of the catchment of Bendigo Creek to O'Donnell's Bridge some 33km downstream of the city and includes a 20m strip of land adjoining the tributary Reedy Creek on either side for some 8km upstream from its confluence with Bendigo Creek. Bendigo Creek flows through the City of Bendigo and a large part of the activity of the Trust is designed to protect urban land.

The Trust made an initial submission to the Committee, attended and gave evidence at the Public Hearing held in Bendigo on 12 September 1980 and provided a response dated 10 March 1982 to the Committee's river improvement and drainage discussion paper. In that letter the Trust reaffirmed its earlier view "that because of the knowledge and expertise of the Commissioners" it "is opposed to any alteration to" its "operations". The letter went on to say that "if there are to be changes the Trust favours the creation of a Water Board which would have as its role a type of "Catchment Authority" for the Bendigo Creek. The Water Board to have provision in its membership for one representative who was formerly a member of this Trust or alternatively provision for this Trust to act in an advisory capacity to the Water Board".

In the Seventh Report the Committee recommended that Water Boards be given powers similar to those possessed by municipalities under section 241A of the Local Government Act 1958 to establish advisory committees to assist where appropriate with the operation of the service at a local level and/or provide advice to the Board in relation to the services provided.

Recommendation 15

- (i) The Committee recommends that the Bendigo Creek Improvement Trust cease to exist and that the successor body be the Bendigo Water Board, in addition to the responsibilities conferred on that Board including all necessary urban water and sewerage services as indicated in the Committee's Sixth Report.

- (ii) The Committee recommends that the proposed Department of Water Resources retain for the time being its existing flood plain management, river improvement and drainage functions in the areas covered by the Mount Alexander and Bendigo Water Boards.

(iv)

Local Water Boards

Earlier in this Report the role of local bodies in the overall planning process was discussed. In the Seventh Report it was recommended that they be able to set up advisory committees where appropriate along the lines of municipal committees under section 241A of the Local Government Act 1958.

The remaining matters which the Committee wishes to discuss under this heading are:-

- (a) the extent to which Water Boards and Municipalities (where appropriate) should:-
 - (i) act as agents for the central and/or regional body in respect of watercourse and flood plain management projects; and
 - (ii) assume a more multi-functional role by taking over, from other bodies, responsibility for watercourse management functions; and
- (b) the future arrangements to apply to those river improvement and drainage trusts not already discussed under the heading Regional Water Bodies.

Consistent with the Committee's desire to devolve responsibility to local and regional bodies is the notion that once the State's overall projects, programs and priorities have been established by the Department of Water Resources and approved by Government the actual implementation should be carried out wherever possible by local bodies.

The Committee recognises that in the Commission's irrigation and rural districts it will be some time before the local water authorities, be they a Board or a Municipality, can assume responsibility for a broad range of water functions. As a major step towards complete local autonomy local bodies should however, wherever and whenever possible, be engaged by the Commission as their constructing authority.

The Committee also considers that in areas where the Commission is not heavily involved locally the existing water authority should assume a multi-functional role and accept responsibility for water course management functions.

As outlined in the Committee's Discussion Paper Future Structures for Water Management: River Improvement and Drainage Trusts November 1981 considerable support exists, especially among statutory bodies in the field, for the creation of catchment based authorities to encompass not only watercourse management functions but also land use management and related functions. In response to that discussion paper the Committee has once again been fortunate to receive a broad cross section of community comment. The restructuring proposals outlined below are based on new information presented as a result of that discussion paper together with information supplied by Trusts in their original submissions and during evidence at public hearings.

Shire of Alberton River Improvement Trust

The Shire of Alberton River Improvement Trust was discussed briefly in the Committee's Fourth and Sixth Reports. In those Reports it was disclosed that the Commissioners of the Trust are the Councillors of the Shire, and the Shire's response to the Second Report stated:-

"Duplication of some of the Council's administrative functions by the Shire of Alberton River Improvement Trust is in the opinion of Council unnecessary ... Administrative duplication as well as being inefficient is an additional expense to ratepayers and government."

The Committee shares the sentiments expressed by the Shire.

The Trust has not presented evidence to the Committee at a public hearing nor has it responded to any of the Committee's latest Reports or discussion paper.

While the Committee is not generally in favour of municipalities undertaking "water" tasks in areas where there is a fully constituted Water Board it does consider that in the case of the Shire of Alberton, the Shire is the more appropriate body.

Recommendation 16

The Committee recommends that the Shire of Alberton River Improvement Trust cease to exist and that the successor body be the Shire of Alberton responsible for current river improvement, regional drainage and flood plain

management works in the Shire with the exception of the Merriman's Creek Catchment which shall become the responsibility of the Latrobe Regional Water Board.

Shire of Alexandra River Improvement Trust

King Parrot Creek Improvement Trust

Seymour Shire River Improvement Trust

Shire of Yea River Improvement Trust

When constituted in February 1963 the Shire of Alexandra River Improvement Trust was the first such Trust to embrace the whole of a Shire. Its objectives are to combat erosion on the Goulburn, Acheron and Rubicon Rivers and mitigate flooding on land adjacent to these streams.

The Councils of the Shires of Rodney, Deakin and Nathalia originally objected to the Trust's creation as it was felt works could have an effect on their areas downstream.

The Trust made an initial submission to the Committee in August 1980 and was represented at discussions held by the Committee in Shepparton on 29 August 1980.

The Trust consists of the Councillors of the Shire. The level of government funding over the past ten years has averaged \$14,000 per annum and in recognition of the fact that works have to be undertaken during winter in the non-irrigation period the State Rivers and Water Supply Commission meets 10% of the cost of all works on the rivers.

Following a formal application by the Shires of Broadford and Yea the King Parrot Creek Improvement Trust was constituted in December 1966. The Trust consists of seven Commissioners, six elected by the ratepayers and one appointed by the Minister of Water Supply. Its district covers approximately 40 km of King Parrot Creek from the State Forest to the Goulburn River and includes its major tributaries namely the Strath, Carvers, Kangaroo and Silver Creeks. The level of government funding over the past ten years has averaged \$17,000. Rate revenue approximates \$3,600 per annum.

The Trust's consulting engineers, Gutteridge, Haskins and Davey, have communicated with the Committee on behalf of the Trust. In August 1981 they forwarded their

"Preliminary Report on Overview Study and Development of Management Strategies" and on 31 March 1982 in response to the river improvement and drainage trusts discussion paper put forward the Trust's view in relation to watercourse management in the region. The later submission pointed to the extent to which the Trust consults with bodies such as the Soil Conservation Authority, Forests Commission, Department of Crown Lands and Survey and Fisheries and Wildlife Division, and recommended the creation of a catchment authority responsible for watercourse management throughout King Parrot Creek catchment incorporating "representation of local ratepayers, government nominees, local municipalities ... local interest and/or conservation groups, together with a formalized advisory committee providing the necessary land-use and resources input (i.e. State bodies such as Soil Conservation Authority, Forests Commission, Department of Crown Lands and Survey, Fisheries and Wildlife Division)". The submission also recommended "the adoption of regional planning to co-ordinate watercourse management, land-use functions and resources management for the Goulburn River catchment".

The Committee has been presented with evidence to suggest that the Trust restricts ratepayer access to its meetings and several ratepayers in the Flowerdale area have sought to limit the Trust's district. A submission dated 28 March 1982 from R. Curling of the Flowerdale Progress Association, and correspondence between the Association and the Trust paints quite a different picture to that put forward by Gutteridge, Haskins and Davey. The Flowerdale correspondence is contained at Appendix 12 in this Report. Prior to a visit to the area by the former Chairman of this Committee (Dr. Kevin J. Foley) the King Parrot Trust on 26 October 1981 forwarded a submission in relation to its activities.

In December 1962, following requests from landholders the Shire of Seymour submitted a formal application for the constitution of a River Improvement District comprising land bordering the Goulburn River within the Shire. A number of prior public meetings had considered a proposal for a larger district to include the Goulburn tributaries in the Shires of Alexandra, Yea and Seymour but the general consensus was for separate districts for each Shire.

The Seymour Shire River Improvement Trust was constituted in July 1963 and consists of seven Commissioners, three elected by the ratepayers, one appointed by the Shire of Seymour and three appointed by the Minister of Water Supply. Its original name was the Middle Goulburn Improvement Trust. Its district was extended in May 1977 to

embrace the whole of the Shire of Seymour. Since then the level of government funding to the Trust has averaged \$72,000 per annum.

The Trust provided an initial submission to the Committee on 29 August 1980, was represented at discussions held at Shepparton on that date and provided a response dated 23 March 1982 to the river improvement and drainage trusts discussion paper.

The Secretary of the Shire is also the Trust Secretary and the Shire by agreement with the Trust, undertakes the issuing of rate notices. The works depot of the Trust is located at the new Shire depot on land owned by the Council.

The Shire of Seymour by letter dated 28 January 1982 supports the continuation of the Trust as a separate entity. The Trust in its letter of 23 March 1982 advised that it "has initiated a move to discuss with three neighbouring trusts areas of common planning interests and other bases of co-operation" and favours "development of a Trust towards Option W5", that is, watercourse management on a catchment scale.

The Shire of Yea River Improvement Trust was constituted in November 1973. Its district covers all of the Shire of Yea except for that part of the Shire covered by the King Parrot Creek Improvement Trust. Its Commissioners are the Councillors of the Shire of Yea and the level of government funding over past years has averaged \$8,000.

In its letter dated 8 June 1982 the Commissioners of the Trust put the view that they should be abolished "and the Shire of Yea appointed as the successor body". In that letter the Secretary also advised that "the Trust is administered by Council ... without fee or reward for accommodation, administration and technical services ... the Shire Secretary and the Shire Engineer act as Trust Secretary and Trust Engineer respectively without salary or other remuneration".

River Engineering Consultant, Mr. Ian Drummond, has proposed a middle Goulburn based catchment authority to include initially the Shires of Yea, Seymour and Alexandra and ultimately include Pyalong, Broadford, part of Kilmore and Mansfield.

The Committee supports in principle the notion of catchment based multi-disciplinary bodies but given the tight economic situation is disinclined to recommend the creation of a large body which could not be completely justified. The Committee does,

however, consider that there is sufficient evidence to support the need for a properly co-ordinated multi-disciplinary approach to this region.

Recommendation 17

- (i) The Committee recommends that the Shire of Alexandra River Improvement Trust, the King Parrot Creek Improvement Trust, the Seymour Shire River Improvement Trust and the Shire of Yea River Improvement Trust cease to exist and that the successor body be the Mid - Goulburn Catchment Board responsible for all current river improvement, regional drainage and flood plain management works in the Shires of Alexandra, Yea and Seymour.
- (ii) The Committee further recommends that the convenor body be the Seymour Shire River Improvement Trust, the interim management Board consist of no more than two persons from each of the four former bodies and two persons appointed by the Minister of Water Supply to represent environmental and land use planning interests.

Avoca River Improvement Trust

Bullock Creek Improvement Trust

Pental Island River Improvement Trust

The Avoca River Improvement Trust was constituted in October 1966 following requests from landholders and the Shire of Kerang supported by the Shires of Charlton, Gordon, Wycheproof and Swan Hill for a Trust to cover a 140 km stretch of the Avoca River from a point 5 km south of the Boort Wycheproof Road downstream to the Little Murray River. In August 1977 the area north of the Mystic Park Forest and within the Shire of Swan Hill was excised. These lands were within the Goulburn Murray Irrigation District and the Trust felt that the Commission should accept responsibility for works on the Avoca Floodway which was seen as an integral part of the Goulburn

Murray District. Eradication of cumbungi from the River by spraying has developed into the most significant feature of the Trust's current activities.

The Trust consists of seven Commissioners, two elected by the Shire of Kerang, one elected by each of the Shires of Charlton, Gordon and Wycheproof and two persons appointed by the Minister of Water Supply. Of the two persons appointed by the Minister one is the Wildlife Management Officer for the Koorangie Field Reserve. (The State Rivers and Water Supply Commission were opposed to this appointment.) The Shire of Kerang provides administrative support and most of the works are carried out by the Shire and a contractor to the Trust.

The Trust provided an initial Submission to the Committee dated 3 September 1980 and presented evidence at the Public Hearing held at Bendigo on 12 September 1980. The Loddon-Campaspe Regional Planning Authority and the Victorian Field and Game Association also gave evidence at that Hearing. The Authority advised their support for a total catchment approach. The Association was critical of diversion of saline water into the Kerang State Reserve and suggested that the Trusts are "destructive to the natural environment".

The Bullock Creek Improvement Trust was constituted in May 1970 following requests from landholders and the Shire of Gordon supported by the Shires of Kerang and East Loddon for a Trust to embrace an area of some 550 square kilometres of lands bordering Bullock Creek and tributary streams within the Shires. Its objectives were to undertake works of stream clearing to restore, preserve and if practicable increase the productivity of lands within the district by reducing the extent and frequency of flooding and improving the drainage of properties adjoining the waterways. The clearing of heavy cumbungi stands, considered necessary to provide a reasonable stream capacity thereby mitigating flooding of adjacent lands, has on occasions been criticised by local Field and Game groups.

The Trust consists of seven Commissioners, three elected by ratepayers, one elected by each of the three Shires and one person appointed by the Minister of Water Supply. The Shire Secretary of the Shire of Gordon is the Trust Secretary and the Shire Engineer is also the Trust Engineer. All administrative and technical work is carried out by the Shire of Gordon.

The level of government funding to the Trust has averaged \$21,900 over the past ten years and in view of the State Rivers and Water Supply Commission's use of Bullock Creek as an outfall from Irrigation Districts the Commission contributes half of the local contribution to capital works and half the actual maintenance expenditure incurred in any year.

The Trust made an initial submission to the Committee in September 1980, presented evidence at the Public Hearing held at Bendigo on 12 September 1980 and responded to the Committee's discussion paper on river improvement and drainage trusts on 26 February 1982. In that letter the Trust advised that it supports retention of the existing Trust in its present form and suggested that "the recommendations of the Lower Loddon Flood Study Consultants" are "a solution of the total area".

The Pental Island River Improvement Trust was constituted in 1957 to manage river improvement works including flood protection for Pental Island, an area of about 70 square kilometers bounded by the Murray and Little Murray Rivers. It consists of 9 Commissioners, 7 elected by the ratepayers, one elected by the Council of the Shire of Swan Hill and one appointed by the Minister of Water Supply.

Since 1970 the Trust has been allocated \$244,000 for the construction of levee banks and associated works and over 43 km of banks have been constructed to a level above the highest recorded flood. The Island is subject to floodwaters from the Loddon, Avoca and Murray Rivers and the Trust regulates and supervises the flow in the Loddon Floodway during flood time. Allowance has been made for a second floodway across the Island to take excess flows from the Avoca River but work is yet to commence.

The Trust made an initial submission to the Committee in September 1980 and presented evidence at the Public Hearing held at Melbourne on 25 March 1981. The Trust did not respond to the Committee's discussion paper on river improvement and drainage despite criticism levelled at it in that paper.

Apart from the Swan Hill Pioneer Settlement which has written to the Committee calling for the abolition of the Trust some farmers on Pental Island have telephoned the Committee expressing their displeasure at certain Trust activities and advising difficulties they have had at being admitted to Trust Meetings.

The Shire of Kerang has provided the Committee with a considerable amount of information in relation to attempts to create a catchment co-ordinating body for the Loddon-Campaspe-Avooca Catchment. Their letter in response to the river improvement and drainage trusts discussion paper is included at Appendix 13 in this Report. The Committee commends the efforts of this Shire for its attempt to stimulate interest and provide a solution to this problem.

The Committee is aware of the strong feelings of various groups in this catchment area both for and against the river improvement and drainage functions undertaken by the three Trusts. The Committee is also aware of the inter-relationships between the work of those Trusts and various government authorities in the area - in particular the State Rivers and Water Supply Commission's irrigation activities.

The Committee is conscious of the fact that this area will again be examined by the Parliamentary Joint Select Committee on Salinity and future recommendations of this Committee in relation to irrigation may also have an effect. However, the Committee considers that some early structural readjustments in the area are essential.

Recommendation 18

- (i) The Committee recommends that the Avoca River Improvement Trust, the Bullock Creek Improvement Trust and the Pental Island River Improvement Trust cease to exist and that the successor body be an Avoca Loddon Catchment Board responsible initially for the functions of the three former bodies.**

- (ii) The Committee also recommends that the interim management of the Board consist of two persons appointed by each of the three former Trusts and three persons appointed by the Minister of Water Supply. Such persons should represent irrigators, environmentalists and the proposed Department of Water Resources.**

Black Dog Creek Improvement Trust
Fifteen Mile Creek Improvement Trust
Ovens and King River Trust

As these Trusts have adjoining districts they are being considered together. This combined district covers all or part of nine municipalities.

The Black Dog Creek Improvement Trust was constituted in 1969 with a district of some 360 square kilometres comprising 40 km of the lower reaches of Black Dog Creek and its tributaries west of the Hume Highway between Wangaratta and Springhurst to the Murray River outfall. The district was extended in 1978 to include the whole of the Shires of Rutherglen and Chiltern, additional parts of the Shire of Wangaratta and the Gooramadda, Carlyle West and Carlyle Drainage Areas.

The present Trust consists of nine Commissioners, two being appointed by the Shire of Chiltern, three each by the Shires of Wangaratta and Rutherglen and one appointed by the Minister of Water Supply. The Shire of Wangaratta's Secretary and Engineer act in a part-time capacity as Secretary/Collector and Engineer to the Trust and the Shire provides both administrative and technical services. The level of government funding to the Trust has averaged \$23,500 per annum over the past ten years. Revenue derived from rating is approximately \$4,500 per annum with each Shire making a contribution.

The Trust is supported in its activities by a Standing Advisory Committee consisting of representatives from the Soil Conservation Authority, Fisheries and Wildlife Division, the Department of Crown Lands and Survey and the Forests Commission of Victoria. The Trust's initial Submission to the Committee of 13 August 1980 also advised that it has frequent contact with the State Rivers and Water Supply Commission and other bodies such as Country Roads Board and VicRail on an as required basis.

The Trust was represented at discussions held in Wangaratta on 4 July 1980 and at a Public Hearing held in Wodonga on 22 August 1980. At the Public Hearing the Trust pointed out that while its district adjoined that of the Fifteen Mile Creek and Ovens and King River district the nature of the work was different and the Black Dog Creek district was in a separate catchment.

Following the release of the Committee's discussion paper on river improvement and drainage trusts the Trust provided a further submission dated 16 April 1982. In that submission the Trust concluded, inter alia, that:-

- * local experience and knowledge is a pre-requisite for the management of streams and drainage;
- * the Rivers and Streams section of the Commission should be reviewed "with the aim of making it a more effective oversight body on stream improvement and drainage";
- * more funds are required for river improvement and drainage and "coupled with additional government moneys, there should be an increase in the 4% on-cost of works presently chargeable against the government grants for administration."

The Committee, while recognising that it is up to the Government to determine the level of funding for river improvement and drainage within the context of its entire "water budget", must agree with the general conclusions reached by the Black Dog Creek Improvement Trust.

The Fifteen Mile Creek Improvement Trust was constituted in March 1966 and consists of nine Commissioners, one being elected by each of the Councils of the Shires of Oxley, Benalla, Wangaratta and the City of Wangaratta, four elected by the ratepayers and one appointed by the Minister of Water Supply. The Trust district extends from the boundary of the Ovens and King River Trust district upstream for approximately 43 km to Middle Creek and includes the balance of the City of Wangaratta not already included within the Ovens and King River Trust district.

Some tentative moves have recently been made to extend the Trust district to include the whole length of the stream to the State Forest boundaries.

The level of government funding has, over the past ten years, averaged \$23,900 and revenue from rating has approximated \$4,250 per annum. The Shires of Oxley and Wangaratta pay the rates in lieu of the ratepayers in their areas and the eight ratepayers in the Shire of Benalla are billed individually. Its major works are in the form of construction of soil-saving weirs.

The Trust has not provided the Committee with a formal Submission but it was involved in Discussions with the Committee in Wangaratta on 4 July 1980. The Trust handles its own administration and employs contractors as required. It does, however, hold some meetings at the Shire of Wangaratta offices but does not pay for this service.

The Ovens and King River Trust as constituted in May 1977 covers the districts of three former Trusts namely the Whorouly Creek Improvement Trust, King River Improvement Trust and Ovens River Improvement Trust. The amalgamation was initiated by a majority of the Commissioners of the former Trusts as they considered administrative and engineering costs would be minimised and works could be better planned and co-ordinated.

The Trust district comprises the river flats of the Ovens River from its junction with the Murray River upstream to the junction of the East and West Branches at Harrietville, the creek flats of Whorouly Creek, the river flats of the Buffalo River to just downstream of Lake Buffalo, the Buffalo Creek flats and the King River flats from its junction with the Ovens River at Wangaratta upstream to the junction of its East and West Branches near Cheshunt.

The Trust consists of nine Commissioners, seven of whom are elected by the City of Wangaratta, Shires of Oxley (two representatives), Bright, Myrtleford, Wangaratta and the United Shire of Beechworth and two persons appointed by the Minister of Water Supply.

While the Trust's Secretary is also Secretary of the Shire of Oxley the Trust does maintain a separate office which is manned by an Assistant Secretary.

The Trust gave extensive evidence to the Committee at its Discussions in Wangaratta on 3 and 4 July 1980, gave further evidence at the Public Hearing held in Wodonga on 22 August 1980, provided an initial detailed submission dated 14 August 1980 and responded to the Committee's discussion paper on river improvement and drainage trusts and consultancy report on central management by letter dated 10 March 1982.

In the initial submission the Trust advised that the purpose behind the amalgamation of the three Trusts, was the establishment of a larger authority which could eventually be extended to cover all drainage and river works within the catchment. The Trust also

indicated in that submission that "approaches were made to the seven municipalities concerned ..." and "... each council indicated that it would contribute an amount in lieu of rates on behalf of its ratepayers."

The Secretary, Mr. E. Van Leeuwen, and Consulting Engineer, Mr. Ian Drummond, during the discussions at Wangaratta re-inforced their view as to the need for overall planning on a catchment scale. At the Wodonga hearing the Committee was advised that the extent of investment in the Ovens and King Rivers was of the order of \$4 million and it was estimated that expenditure over the next five years would be about \$600,000. Since that time, \$1,668,593 in Natural Disaster Fund allocation has been made to repair major flood damage which occurred in 1981. This money will be spent over the next three years.

The Trust's response to the discussion paper recommends a catchment authority for the Ovens and King Rivers responsible for river improvement, drainage, streamside beautification, development of crown land sites, control of levee banks, soil conservation control (preventative works), water control (storages and canal system) and flood control including flood plain planning and land use. The Committee compliments the Trust on the development of this Submission which is reproduced at Appendix 14 in this Report.

The United Shire of Beechworth by letter dated 22 June 1982 advised that the Shires of Beechworth and Myrtleford consider that Barwidgee Creek should be included in the Ovens and King River Trust's district.

The Committee notes that there are other streams within the catchment that are not currently included in the Trust's district. These include Happy Valley, Barwidgee, Boggy and Reedy Creeks. The Committee also notes that the firm Ian Drummond and Associates has been preparing a plan based on a catchment model.

As previously stated several municipalities are involved in the combined district of these Trusts. Given the fact that these municipalities are familiar with the concept of precept rating, that expertise in drainage, river improvement and other watercourse management functions is available locally and the general support within the area for catchment based management the Committee considers that this area lends itself to the development of a body along the lines of the Westernport Catchment Board (formerly Dandenong Valley Authority).

Recommendation 19

- (i) The Committee recommends that the Fifteen Mile Creek Improvement Trust and the Ovens and King River Trust cease to exist and that the successor body be the Wangaratta Catchment Board responsible for all river improvement, regional drainage and flood plain management in the existing districts of the former bodies extended to include the areas of Happy Valley, Barwidgee, Boggy and Reedy Creeks. The Committee also recommends that the Ovens and King River Trust act as Convenor of the new Catchment Board.
- (ii) The Committee further recommends that the Black Dog Creek Improvement Trust continue to exist as a separate entity but that it be renamed the Black Dog Creek Catchment Board responsible for all river improvement, regional drainage and flood plain management in its existing district and that it should again be reviewed within ten years of the date of the Tabling of this Report.

Broken River Improvement Trust

The Broken River Improvement Trust was constituted in August 1960 and consists of nine Commissioners, three elected by the ratepayers, one elected by each of the Shires of Benalla, Mansfield and Violet Town, one elected by the City of Benalla, one elected jointly by the City and Shire of Shepparton and one person appointed by the Minister of Water Supply.

The Trust's district consists of the entire length of the Broken River (175 kms) and includes some 130 kms of tributaries. The area extends from Mansfield to Shepparton. The Lake Nillahcootie water storage is situated within the Trust area.

The Trust employs a foreman, labourer, part-time Secretary (who is also Secretary to the Shire of Benalla) and a consulting engineer. Expenditure to 31 December 1979 totalled over \$0.7 million. It maintains close liaison with the State Rivers and Water Supply Commission and representatives of the Department of Crown Lands and Survey, Soil Conservation Authority and Fisheries and Wildlife Division are invited to attend meetings to discuss works programs each year.

The Committee has had several communications from the Trust. It provided an initial submission dated 11 August 1980, had discussions with the Committee at Shepparton on 29 August 1980 and provided a response to the Committee's river improvement and drainage trusts discussion paper on 4 March 1982. In addition the Trust's Consulting Engineer, Mr. H. W. Terrill, made a private submission to the Committee on 22 August 1980.

In its letter of 4 March 1982 the Trust illustrated that government funding had dropped from \$60,920 in 1977-78 to \$37,160 in 1981-82, and suggested "that there should be a body with an overview of all river and drainage works in Victoria ..." to ensure that works taken out in one area do not conflict with works undertaken or proposed in other areas and stressed that the river catchment principle is essential in any restructuring proposals.

The City of Benalla advised by letter dated 23 February 1982 "that the Broken River Improvement Trust, as presently constituted, is performing its role in a satisfactory manner."

Recommendation 20

The Committee recommends that the Broken River Improvement Trust cease to exist and that the successor body be the Broken River Catchment Board responsible for all river improvement, regional drainage and flood plain management works in the Broken River Catchment.

Cann River Improvement Trust

The Cann River Improvement Trust was constituted in September 1963 and consists of seven Commissioners, six of whom are elected by the ratepayers, the remaining

Commissioner is appointed by the Minister of Water Supply. The level of funding to the Trust has averaged at \$44,000 per year over the past ten years.

While it is a relatively small Trust having only 25 km of river within its district its problems are great. In its initial submission dated 6 August 1980 the Trust advised "the river has a sand bed for two thirds of its length within the Trust district and very high velocities in excess of three metres per second. Excessive sediment comes from the catchment yet still the stream is steadily degrading from the Cann River township upstream to the rock barriers at Noorinbee North. This excess sediment is steadily filling Tamboon Inlet, a very popular fishing and holiday resort."

The Trust's submission of 6 August 1980 was quite extensive and it contained a number of points which reflect on the role of the central management agency in relation to both technical standards and planning. These include:-

- * "The Trust has, over the years, been unable to obtain reliable technical information on which to base its works. There have been extensive works carried out over the last eighteen months on the soundest information that was available, however there are still too many unknowns to be desirable."
- * "The Trust believes that the government should arrange for applied research to be carried out on the problems facing Trusts, such as Cann, and that the results of the investigations should be widely distributed to Trust Commissioners and Engineers."

The Committee, as evidenced by recommendations earlier in this Report, concurs with these sentiments.

The Trust gave evidence at the Public Hearing held at Bairnsdale on 15 August 1980 and by letter dated 29 March 1982 responded to the river improvement and drainage trusts discussion paper. In that letter the Trust advised its support for option W5, that is, watercourse management on a catchment scale and made some very pertinent comments in relation to consultation. "It is considered essential that other bodies such as the Forests Commission and the Soil Conservation Authority should be obliged to consult with the new management board on proposed operations within the catchment just as the Trusts are now required to consult with those other bodies."

Consultation must necessarily be a two way process. The Committee does consider, however, that the notion of Standing Advisory Committees as outlined in the circular to Trusts in 1978 could facilitate co-ordination and consultation between the various functional groups.

The Committee can see little justification for two water bodies in the Cann River area retaining their separate corporate identities.

Recommendation 21

The Committee recommends that the Cann River Improvement Trust cease to exist and that the successor body be the Cann Valley Water Board responsible for current river improvement, drainage and flood plain management works in the Cann River Catchment, in addition to the responsibilities conferred on that Board including all necessary water and sewerage provision as indicated in the Committee's Sixth Report.

Glenelg River Improvement Trust

Strathdownie Drainage Trust

The Glenelg River Improvement Trust was constituted on 29 June 1960 and consists of seven Commissioners, five elected by the ratepayers, one appointed by the Glenelg Shire Council and one appointed by the Minister of Water Supply. Its district extends from approximately 16 km upstream of Casterton to 64 km downstream.

Within the past ten years moves were made to extend the Trust's district to include the Wannon River. Strong objections were received from the Wannon Conservation Society and other groups. In 1975, following substantial criticism of river improvement activities in the region, the matter was referred to the Standing Consultative Committee on River Improvement. An analysis of the entire catchment was undertaken and short and long term strategies established. A ten year program by the Soil Conservation Authority at a cost of \$1.5 million and a stream management program to be undertaken by the Trust at a cost of \$150,000 were endorsed.

The level of funding to the Glenelg Trust over the past ten years has averaged \$11,500 per annum. The current works, undertaken in conjunction with the Soil Conservation Authority, are aimed at stabilising the tributary streams within the existing district.

The Strathdownie Drainage Trust was constituted on 28 April 1960 and consists of eight Commissioners, three elected by the ratepayers, one appointed by the Shire of Glenelg and four appointed by the Minister of Water Supply. The district embraces an area of 374 square kilometres and abuts the Glenelg River Improvement Trust district.

Within the Strathdownie drainage area concern has been expressed, particularly in recent years, at the loss of natural wetlands which otherwise have significant value for wildlife. Recently the Trust, in consultation with the Fisheries and Wildlife Division, has completed a plan of activities covering the next few years.

The level of funding from government has over the last ten years averaged about \$20,000 per annum.

In its submission to the Committee dated 25 July 1980 the Trust proposed that it remain as is until its major works were completed after which administrative services could be provided by the Shire of Glenelg. The Shire, in its submission heard at the Portland Public Hearing, proposed that the Shire be empowered to assume responsibility for the Trust at any time but the Trust should be permitted to complete its works.

Both the Glenelg and Strathdownie bodies were represented at the Public Hearing held at Portland on 8 August 1980.

Following the release of the Committee's Discussion Paper Future Structures for Water Management: River Improvement and Drainage Trusts several letters were received from citizens in the Coleraine area critical of the river improvement and drainage bodies and supporting an extended role of the Soil Conservation Authority (SCA) in the region. The Wannon Conservation Society has also presented a further submission and this is reproduced at Appendix 15 in this Report. The Shire of Wannon in its letter of 1 April 1982 advised the general dissatisfaction of residents at "river improvement" works and the general support of local landowners and residents for the work of the SCA.

The Committee notes the extensive role of the SCA in the Glenelg Catchment area and its positive results in both the catchment and the lower reaches of the Glenelg River.

Recommendation 22

The Committee recommends that the Glenelg River Improvement Trust and the Strathdownie Drainage Trust cease to exist and that the successor body be the Shire of Glenelg responsible for all current river improvement, drainage and flood plain management. The Committee also recommends that the Shire of Glenelg continue the tasks of the Trusts in accordance with plans to be devised and approved by the Soil Conservation Authority and the proposed Department of Water Resources.

Kiewa River Improvement Trust

The Kiewa River Improvement Trust was constituted in February 1952 and consists of nine Commissioners, two elected by the Councils of the Shires of Yackandandah and Bright, one elected by the City of Wodonga, five elected by the ratepayers and one person appointed by the Minister of Water Supply. Its district extends over some 135 km of the river below the junction of the East and West Branches downstream to its confluence with the Murray River.

The district has recently been extended and now abuts the upper catchment area which is controlled by the State Electricity Commission. The Trust Secretary is also Secretary of the Shire of Yackandandah.

The level of government funding over the past ten years has averaged \$27,800 and rate revenue approximates \$1,367 per annum. In addition, since 1974, some \$161,000 has been allocated from the Natural Disaster Relief Account.

The Trust provided an initial submission to the Committee on 14 August 1980, presented evidence at the Public Hearing held at Wodonga on 22 August 1980 and responded to the Committee's discussion paper on river improvement and drainage trusts on 21 April 1982.

In its initial submission the Trust suggested, inter alia, that its rates would best "be recovered by precept served on the municipal councils concerned, or alternatively the entire cost of operating Trusts be borne by the taxpayers" and if Commissioners were appointed by municipalities it "would eliminate the need for elections ... and the annual compilation of voters' rolls." The Trust further suggested that "there can be improvements in the current funding arrangements for the Works Programme" and "consideration should be given to bringing the Trust's financial year into line with the Commission's financial year."

In evidence at Wodonga it was suggested that the future role of the Trust was in the carrying out of maintenance tasks. In answer to arguments put forward by Committee Members as to why the municipalities concerned could not carry out this task the consulting engineer, Mr. Drummond, suggested they wouldn't have the appropriate technical skills.

By letter dated 19 April 1982 the Trust advised that it favoured Option W5 for the Kiewa area, that is, conversion of the Trust to a watercourse management body on a catchment scale. The Trust also expressed its concern at what "it sees as a relatively low level of technical expertise within the industry and the concentration of know-how ... in the hands of so few people." Recommendations made earlier in this Report are designed to overcome this major concern.

In considering the future arrangements to apply to this area, the Committee favours a catchment based multi-purpose structure.

Recommendation 23

The Committee recommends that the Kiewa River Improvement Trust cease to exist and the successor body be the Kiewa River Catchment Board responsible for current river improvement, regional drainage and flood plain management works in the Kiewa River Catchment.

Mitchell River Improvement Trust

The Mitchell River Improvement Trust was constituted in August 1957 following a request from landholders and the Bairnsdale Shire Council for a trust to be established

to cover the lower 60 km of the Mitchell River. The district was extended in 1961 to include the lower portion of Clifton Creek. The district is wholly within the Shire of Bairnsdale. However, it is administered through offices at the Bairnsdale Waterworks Trust and Sewerage Authority which operate in the Town, not the Shire.

The Trust consists of nine Commissioners, seven elected by the ratepayers, one appointed by the Shire of Bairnsdale and one appointed by the Minister of Water Supply. The level of government funding over the past ten years has averaged \$40,000 and revenue derived from rating is approximately \$9,000 per annum.

The Trust made an initial submission on 5 August 1980 and attended the Public Hearing held at Bairnsdale on 15 August 1980.

In response to the river improvement and drainage trusts discussion paper the Trust provided a further detailed submission (reproduced at Appendix 16 in this Report) dated 5 April 1982. That submission supported option W5 which combines all river improvement, flood drainage and flood mitigation functions on a catchment basis.

The Committee notes that the Trust is the only water body operating in the Shire of Bairnsdale which is not administered by the Shire. The Committee also notes that the Mitchell River supplies water to the Town of Bairnsdale, Lindenow and Paynesville (via Bairnsdale) and considers that the future administrative arrangements must take cognisance of the fact that both the Town and Shire have a direct interest in any river improvement activities on the Mitchell River.

As stated in the Sixth Report the Shire of Bairnsdale favours integration of water, sewerage and river improvement functions under the umbrella of the Shire.

Recommendation 24

The Committee recommends that the Mitchell River Improvement Trust cease to exist and that the successor body be the Shire of Bairnsdale responsible for all current river improvement, regional drainage and flood plain management in the Shire. The Committee further recommends that in its operation of river management functions the Shire take account of the water supply requirements of the Town of Bairnsdale.

Mitta Mitta River Improvement Trust

The Mitta Mitta River Improvement Trust was constituted in October 1954 and consists of seven Commissioners, five elected by the ratepayers, one elected by the Shire of Tallangatta and one appointed by the Minister of Water Supply. Its district consists of the Mitta Mitta River commencing about 6 km downstream of Dartmouth Dam and extending to Lake Hume, the Tallangatta Creek commencing at Cravenville and extending downstream to Lake Hume and Fairyknowe, Cascade, Dry Forest and Kangaroo Creeks. The district also includes the flood plains of the main streams, the Crown allotments through which they run.

The Shire Engineer is the consulting engineer to the Trust and also its part-time Secretary. The Trust owns its depot lands and buildings.

The Trust provided an initial submission to the Committee dated 28 July 1980, presented evidence at the Public Hearing held at Wodonga on 22 August 1980 and on 15 March 1982 provided a response to the Committee's discussion paper on river improvement and drainage trusts. In its response the Trust advised, inter alia, that:-

- * the catchments of the rivers and creeks cared for by the Mitta Mitta River Improvement Trust are predominately Crown land managed by the Forests Commission;
- * the Mitta Mitta River is regulated by Dartmouth Dam;
- * the Soil Conservation Authority has management powers over the flood plain and all private properties in the catchment;
- * the Tallangatta Shire Council controls land use on the flood plain;
- * the Trust does not favour being absorbed into the Tallangatta Shire Council. Land holder Commissioners of the Trust all live adjacent to the River and have built up a great deal of knowledge about erosion control.

The Shire of Tallangatta by letter dated 29 March 1982 suggested that "although some advantages would occur from amalgamation with this Council, the expert knowledge of

the team of Commissioners who live on the river bank would be lost. My Council believes the Trust should remain a separate organisation at least for the time being. I might add that there is already very close co-operation between personnel of the two bodies, including exchange of plant and equipment."

The Committee cannot support the notion of a separate body and considers that the Trust and Shire have presented good ground for amalgamation rather than the retention of separate bodies. The Shire could, if it considered it necessary, use the mechanism suggested by the Committee in earlier Reports¹ and create an Advisory Committee under section 241A of the Local Government Act 1958. This would enable it to harness the expertise of the Commissioners.

Recommendation 25

The Committee recommends that the Mitta Mitta River Improvement Trust cease to exist and that the successor body be the Shire of Tallangatta responsible for all current river improvement, regional drainage and flood plain management projects of the Trust.

Snowy River Improvement Trust

The Snowy River Improvement Trust was converted from the Bete Bolong South, Jarrahmond, Newmerella and Orbost East Drainage Areas and constituted as a river improvement trust under the River Improvement Act 1958 on 29 March 1951.

It consists of eight Commissioners, seven elected by the ratepayers and one person appointed by the Minister of Water Supply.

The order of expenditure by the Trust on works and services is \$64,000 per annum. Approximately \$13,500 is collected each year from the various rating districts.

In its initial submission to the Committee dated 6 August 1980, the Trust advised that it employs three full-time 'outdoor' staff and a part-time secretary and does not rely on any outside body except for obtaining property valuations from the Orbost Shire.

1. The Fourth, Sixth and Seventh Reports.

The Trust also pointed out in its submission that while the Cann, Snowy and Brodribb Rivers within the Shire are maintained by Improvement Trusts the Shire maintains the Genoa and Bemm Rivers when necessary under the powers contained in section 23(1)(7) of the River Improvement Act 1958.

The Trust attended and gave evidence at the Public Hearing held at Bairnsdale on 15 August 1980 and provided a detailed and colourful response to the river improvement and drainage trusts discussion paper on 30 March 1982. The submission:-

- * points to the lack of communication between the majority of bodies involved with rivers and the trust;
- * suggests that while "it is the duty of any recognised and responsible body to give reasons for expenditure of taxpayers' money, but why does it always fall on this River Trust where the amount involved is negligible, and the cost analysis takes a large percentage of the funds available (and also interprets the analysis). Maybe the Trust Commissioners are not always the wisest, but then the same could be said for the architects who designed the King Street Bridge";
- * advises that "this Trust has had very little opportunity to do improvements to the river because we have never received funds for such a purpose" and that the powers of Trusts need an overhaul. "Nothing in the Act gives the Trust specific powers over the river and Trust area";
- * states that planning is disjointed "the most important" (factor) "being the ad hoc method of funding by the Victorian Government";
- * in relation to central management the Trust believes "there is a lot to be desired ... There appears to be a genuine desire in State Rivers to continually frustrate this Trust";
- * favours, in relation to future arrangements, a catchment body but "for the best practical result this Trust should be retained" and "in no way should the Trust be absorbed in the local Shire".

Commissioner J. Nixon also advised her comments in relation to the discussion paper and pointed to the need for adequate regular funding to allow a proper planned approach to the control of the river channel and reinforced the view of the Trust's Secretary that State Rivers appear determined to frustrate and burden the operations of the Trust.

The Committee has recognised the need for proper financial management and planning within the industry and sympathises with the views expressed by the Trust. The Committee cannot however accept the notion put forward by the Trust that they should not be subjected to so much central control nor can the Committee accept that expenditures by Trusts are insignificant.

Recommendation 26

The Committee recommends that the Snowy River Improvement Trust cease to exist and that the successor body be the Snowy River Catchment Board responsible for all current river improvement, regional drainage and flood plain management works in the Catchment area of the Snowy River.

Tambo River Improvement Trust

The Tambo River Improvement Trust was constituted on 4 August 1953. The Trust consists of seven Commissioners, five elected by the ratepayers, one appointed by the Shire of Tambo and one appointed by the Minister of Water Supply. Its district comprises the Tambo River and adjacent low lying lands from Bruthen Township to Lake King.

The level of government funding to the Trust over the past ten years has averaged \$22,000 and rate revenue approximates \$6,400 for operational and maintenance costs.

The Trust has three full-time employees and the Trust Secretary is also Secretary to a number of Waterworks Trusts in the area.

The Trust made an initial submission to the Committee on 8 July 1980, attended the Public Hearing held at Bairnsdale on 15 August 1980 and responded, in some detail, to the river improvement and drainage trusts discussion paper on 15 April 1982. In that response the Trust emphasised the need for local participation, and suggests that as co-operation between relevant government agencies already exists there is no need for a large scale regional body to be formed. It also considers that funding should be via general taxation with no contributions being required from local communities and individuals.

The Committee considers that this area lends itself to the creation of one multi-functional water body to cover all necessary water, sewerage and watercourse management functions.

Recommendation 27

The Committee recommends that the Tambo River Improvement Trust cease to exist and that the successor body be the Tambo Water Board responsible for all current river improvement, regional drainage and flood plain management functions in the Shire of Tambo, including all necessary urban water and sewerage provision .

Tarwin River Improvement Trust

The Tarwin River Improvement Trust was constituted in July 1950. Its district consists of lands adjacent to the Tarwin River from its confluence of the East and West Branches of the River to its mouth at Andersons Inlet. The Trust consists of six Commissioners, five elected by the ratepayers and one appointed by the Minister of Water Supply.

The level of Government funding to the Trust over the past ten years has averaged \$24,000 and rate revenue approximates \$5,200 per annum. The Trust rents office accommodation.

The Trust provided the Committee with its initial views by letter dated 3 December 1980 and responded to the river improvement and drainage trusts discussion paper on 15 February 1982. The Trust advised that it favours option W5, that is, conversion of

Trusts to watercourse management bodies on a catchment scale with such a body being elected by the landholders and revenue being allocated from the Shire's general rate.

The Sixth Report recommended the creation of three Water Boards with jurisdiction over certain parts of the Shire of Woorayl namely the Wonthaggi Water Board covering the Inverloch district, the Dumbalk Meeniyen Water Board responsible for the area around those towns and the Leongatha Water Board responsible for the remainder of the Shire. Both the Leongatha and Dumbalk Meeniyen bodies draw a supply from the Tarwin River.

The Committee does not consider that the Shire of Woorayl requires four separate water bodies and it considers that the most appropriate body to assume the functions of the Tarwin River Improvement Trust would be the Leongatha Water Board.

Recommendation 28

The Committee recommends that the Tarwin River Improvement Trust cease to exist and that the successor body be the Leongatha Water Board responsible for all current river improvement, regional drainage and flood plain management in the Shire of Woorayl, in addition to the responsibilities conferred on that Board including all necessary urban water and sewerage functions as indicated in the Committee's Sixth Report.

Shire of Upper Murray River Improvement Trust

The Shire of Upper Murray River Improvement Trust was constituted in August 1975. Its district encompasses the whole of the Shire including 193 km of the Murray River and major tributary streams such as Cudgewa, Bunny, Comfory, Teapot, Surveyors, Hermet and Omeo Creeks.

The Trust consists of nine Commissioners, four elected by the ratepayers, four appointed by the Shire of Upper Murray and one appointed by the Minister of Water Supply. The Shire Secretary is also Secretary to the Trust.

The Trust made a submission to the Committee dated 15 August 1980 in which it stated "there seems no reason why the Shire Council could not carry out the work in this district, without a Trust being formally established".

Both the Trust and Shire responded to the Committee's river improvement and drainage trusts discussion paper. The Trust, by letter dated 29 April 1982, advised its support for a separate body on the grounds of enhanced local representation although it did concede that "it may be more efficient and effective to have its accounting and paperwork channeled through the local municipality". The Shire (letter of 30 June 1982) considered that "the functions of the Trust would not be hindered if these functions were incorporated into the role of Council" and with "nine Councillors, three from each Riding ... local opinion" can be "adequately aired and considered".

While there is already a Water Board operating in part of the Shire the Committee supports the Shire's view that greater efficiencies would occur if it assumed the role of the River Improvement Trust.

Recommendation 29

The Committee recommends that the Shire of Upper Murray River Improvement Trust cease to exist and that the successor body be the Shire of Upper Murray responsible for all current river improvement, drainage and flood plain management in the Shire.

Lough Calvert Drainage Trust

The Lough Calvert Drainage Trust was constituted in May 1953 following extensive flooding of freehold and Crown land bordering Lake Colac and Lough Calvert. The original district embraced some 20,000 hectares - this was extended in 1957 to include Bullock Swamp and adjacent lands north-west of Lake Colac. The Trust consists of seven Commissioners, three elected by the ratepayers, one elected by each of the Councils of the Shires of Colac and Winchelsea and the City of Colac.

Since 1975 the regulated release of water from Lake Colac has been confined to the period 1 May to 30 September to ensure the water quality control in the Barwon River

during the period when diverters were extracting water to meet irrigation requirements. In recent years, following heavy rains, approval has been given to extend this period but outflows from the lake cease when the total dissolved salts in the Barwon flow exceeds 1,600 E.C. at Winchelsea. Approval for such extension is sought from the Barwon Leigh Advisory Committee.

The Trust provided an extensive initial Submission to the Committee in 1980, attended the Public Hearing held at Geelong on 26 September 1980 and responded by letter dated 18 March 1982 to the Committee's discussion paper on river improvement and drainage trusts.

The Trust has had a chequered career. During questioning on the request by the Trust to be taken over by State Rivers, Mr. Richardson, the consulting engineer, suggested "it was my interpretation that it was perhaps the easiest way out for locals because of the tremendous difficulties which arise from dealing with a City Council who want the lake lower, the Shire Council who want the lake higher, the Barwon users who do not want any water out at all."

In its letter of 18 March 1982 the Trust advised that it "follows closely the recommendations of the study of the area undertaken by the State Rivers and Water Supply Commission titled 'Lake Colac, Lough Calvert Flood Mitigation Report' " and suggested that "control must remain local."

The City of Colac by letter dated 31 May 1982 and the Shire of Colac on 23 March advised opposition to the Trust being absorbed into the proposed Geelong Regional Water Board.

The State Rivers and Water Supply Commission in its Submission "River Improvement and Drainage Trusts" of May 1982 suggested that any restructuring in this area should await the outcome of the major study into water quality monitoring currently being undertaken by the Commission, the Geelong Waterworks and Sewerage Trust and other agencies.

The Committee is sympathetic to the problems faced by the Geelong authorities as a result of discharges from the Lake Colac area and considers that to safeguard the various interests along the Barwon River the Barwon Leigh Advisory Committee's role

needs to be strengthened. The Committee also notes the strong local feelings in the Colac area and in line with its earlier recommendation for the area does not support a transfer of responsibility for Lake Colac and Lough Calvert to Geelong (although such may turn out to be appropriate when the major study referred to in the previous paragraph is completed).

Recommendation 30

- (i) The Committee recommends that the Lough Calvert Drainage Trust cease to exist and that the successor body be the Colac Water Board responsible for all current functions of the Trust, in addition to the responsibilities conferred on that Board including all necessary water and sewerage functions as indicated in the Committee's Sixth Report. The Committee further recommends that consideration be given to extending the functions to include all river improvement, regional drainage and flood plain management functions in its district following the outcome of the current study by the State Rivers and Water Supply Commission and the Geelong Waterworks and Sewerage Trust.
- (ii) The Committee also recommends that the Barwon Leigh Advisory Committee continue to oversight the discharges from the Lake Colac and Lough Calvert into the Barwon River.

Yatchaw Drainage Trust

In 1888 the Yatchaw Irrigation and Water Supply Trust was constituted to construct a system of subsoil drains, to provide for the removal of surplus storm water from the lands within its District, with check sluices to control the flow in the drains and cause the irrigation of the subsoil.

This Trust was converted into the Yatchaw Waterworks Trust under section 153 of the Water Act 1905 and was later, on 1 July 1951, converted pursuant to section 2 of the

Water Act 1950 into the Yatchaw Drainage Trust. The proposed works of the Drainage Trust were to be the enlargement and improvement of existing drains and ancillary structures and provision of new drains within the Trust district.

The Trust consists of five Commissioners, four elected by ratepayers and one person appointed by the Minister of Water Supply.

The Trust district was extended in October 1960 and now embraces 39 square kilometres of fertile lands consisting of the area known as Buckleys Swamp and the lands adjacent to Muddy Creek extending downstream to near Hamilton.

The level of government funding (including government loan) to the Trust over the past ten years has averaged \$7,500 per annum. The basis of subsidy is 1:1 for capital works on drainage and 5:1 for capital works associated with the main outfall system known as Muddy Creek. The Trust has opted to meet its contribution from government loan.

The revenue derived from rating currently approximates \$1,375 which includes funds necessary to meet operational and maintenance costs.

The Trust provided an initial submission to the Committee on 22 July 1980, presented evidence at the Public Hearing held in Portland on 8 August 1980 and responded on 22 March 1982 to the Committee's river improvement and drainage trusts discussion paper. In its letter of March 1982 the Trust responded to criticisms contained in the discussion paper in the following terms:-

- * "Proposed works programmes are forwarded to the Fisheries and Wildlife, Lands Department, Forests Commission, Soil Conservation Authority and State Rivers and Water Supply Commission for approval prior to any works being commenced. To date these departments have approved all works programmes and no alterations or objections to any part of the programmes have been received. Similarly no comments or objections have been received from any conservation body."
- * "Dr. J. Obst, Director, Pastoral Research Institute, in his letter of support of the Trust points out the value of experiments carried out

in this area which benefit people in similar areas throughout the country. So it must be said that people other than ratepayers benefit directly from this drainage scheme."

- * "Drainage problems within Yatchaw are caused by water draining into the area from a very large catchment area totalling approx. 105.3 sq. miles outside the Trust District. With this in mind the criticisms levelled that only a relative small number of people receive the benefits of Government subsidised works must be taken in perspective. Whilst these ratepayers are receiving the benefits they also suffer the great disability of having their land inundated for long periods by water draining from other people's land and road and drainage reserves. Surely they must be entitled to assistance to help relieve them of this disability which is not their own doing."

- * "The area affected by the Scheme in Division 1 as stated in our Portland submission is 28.26 sq. km. involving 31 individual landholders (1980) not 1000 ha. benefiting 10 properties as stated by Mr. Bird."

- * "A Meeting of ratepayers held on 9th March 1982 voted unanimously in its support of the Trust in its endeavours to retain its present status and structure and the ongoing efficient drainage of the Yatchaw Drainage Trust District."

In addition, a number of farmers in the Trust's district have written advising their support for a continuation of the existing arrangements.

The Committee, in view of the small number of farmers in the Trust's district and the modest level of expenditure over the past few years, questions whether the Trust should continue to be supported as a separate statutory body. When asked "has the State Rivers and Water Supply Commission examined the economics of the Yatchaw Drainage Trust since it was set up in 1895 to determine whether the five to one subsidy is justified on economic grounds" the Chairman, Mr. Bromfield, responded "I would say the answer is no."

In the discussion paper it was suggested that "the existence of Drainage Trusts is an historical anachronism" and "that they could perhaps more suitably be re-constituted as landholder co-operatives." Whilst the Committee supports this notion in principle, it has taken into account the small size of the operation of the Trust and the fact that in this instance the functions of a co-operative would be little different from the existing Trust. Accordingly the Committee can see little justification in altering the present structure and activities of the Trust.

Recommendation 31

The Committee recommends that the Yatchaw Drainage Trust continue to exist as a separate entity but that it be renamed the Yatchaw Catchment Board responsible for carrying out existing drainage works in its existing district. The Committee further recommends that the Yatchaw Catchment Board be again reviewed within ten years of the date of the Tabling of this Report.

Financial Responsibility

The Committee recognises that substantial, directly identifiable money is made available by both State and Federal Governments to finance River Improvement, Drainage and associated works.

Federal Government funds are generally Natural Disaster Fund grants.

It must be recognized that River Improvement funds are generally expended on Crown Land, being streamside reserves, and therefore can be seen to protect and preserve public property and that it is therefore reasonable that public funds be expended for that purpose.

At the same time, substantial benefit and protection is provided to adjacent landowners, who can therefore be reasonably expected to make a financial contribution.

In the re-organization proposed in this Report, it is essential that the financial contribution by government be separately and directly identifiable, and that the restructuring proposed in this Report in no way be allowed to weaken that separate identification.

Implementation

Given that the Seventh Report fulfilled the Committee's statutory obligations arising from section 4P(3) of the Parliamentary Committees Act 1968 in relation to bodies in the Sixth Report and that the Transitional Provisions legislation can equally be applied to the bodies in this Report and that the Minister of Water Supply has established an implementation committee within the central body to facilitate change there is, then, very little the Committee needs to add in this Report.

There are, however, a number of matters which the Committee would like to emphasise and matters where comments need to be made. These are in relation to multi-functional water boards, catchment authorities, objectives and planning.

The fragmented nature of the industry is reflected by the large number of separate pieces of legislation. In the Seventh Report the Committee called for an urgent review of the water law. This review is long overdue and its importance cannot be emphasised too strongly.

The Transitional Provisions legislation needs to reflect the creation of Catchment Boards and their special membership requirements and the multi-functional nature of some water boards and Shires whose roles have been extended to cover watercourse management matters.

The Committee realises that where water, sewerage, river improvement and other associated functions have been municipalised, representation of consumers on the Councils may be marginal.

In these cases the Committee believes that Councils should establish Water Advisory Committees pursuant to sec. 241A of the Local Government Act 1958¹ to ensure that the expertise and public spirited endeavour of the former local Commissioners and members of river improvement and drainage trusts is not lost and also to maximise local participation from the various areas within the new district.

1. Section 241A confers a general power on municipalities to delegate the management of any land or works owned or leased by the municipality to a management committee.

The Committee does not propose that delegation of responsibility for overall policy, operations and effectiveness be given to Advisory Committees, but rather they should be given authority to act in particular circumstances and have specified local delegations. Their principal purpose should however be as their name suggests - advisory.

Recommendation 32

- (i) The Committee recommends that the Transitional Provisions legislation as recommended in the Committee's Seventh Report be applied to the Boards created in this Report. In addition the Committee recommends that the Transitional Provisions legislation reflect the special membership requirements of Catchment Boards. These Boards should be comprised of persons appointed by the Minister of Water Supply to represent, where appropriate, the interests of: irrigators, land owners and local residents, environmentalists, land use authorities, municipalities, and major catchment users. The functions of Water Boards and Shires should reflect a broad multi-functional role.
- (ii) The Committee further recommends that the Transitional Provisions legislation reinforce those powers possessed by municipalities under Section 241A of the Local Government Act 1958 to establish Water Advisory Committees to assist with the operation of the service at a local level and to provide advice to the municipality in relation to the services provided. Such Committees' delegated responsibilities should not extend to entering into any contract, legal agreement or commitment to expend funds beyond that specified by the municipality concerned.

(iii)

The Committee also recommends that the water law as rewritten include provisions in relation to planning and public participation as set out in recommendations in this Report.

COMMITTEE ROOM
20 April 1983

THE OBJECTS OF THE COMMISSION

A - STATUTORY OBJECTS			
LEVEL 1	LEVEL 2	LEVEL 3	STATUS
1. To assess the surface <u>water resources</u> of the State.	To operate river gauging and water quality monitoring stations for surface waters and to record and process the data collected.	To participate in National Water Resources Assessment Programs.	On-going object.
2. To <u>conserve</u> the surface <u>water resources</u> of the State.	To prepare proposals and to construct State works for the management, utilisation and protection of those resources.	To implement a program of major storage projects to be commenced in the planning period 1979/80 - 1985/86, including -	General Government recognition in Policy Speech 1978, but not formally adopted as total program
		(i) Tanjil River (Blue Rock) Dam - \$28.5 million for SECV cooling water and other purposes.	Included in Water Supply Works & Services Act, 1979 - Funded jointly with SECV to commence water storage autumn 1984. (An extension of one year based on recent advice from SECV.)
		(ii) Mitchell River Dam - \$15.0 million for irrigation/water supply and other purposes.	Included in Water Supply Works & Services Act 1979; commenced 1978/79; earliest completion date for forward planning 1984/85.
		(iii) Merrimu Reservoir, Stage III - \$12.9 million for water supply, Melton and other uses.	Included in Water Supply Works & Services Act 1979; deferred to earliest commencement for forward planning 1984/85.
		(iv) Sandhurst Reservoir - \$8.5 million for Water Supply, Bendigo.	Planned to commence 1980/81 subject to availability of funds. Earliest completion for forward planning 1983/84.
		(v) Lance Creek Reservoir Enlargement - \$1 million for water supply Wonthaggi and regional Water Trusts.	Planned to commence 1981/82 subject to availability of funds. Earliest planned completion 1982/83.
		(vi) Development of resources of Gellibrand River Basin - to augment Geelong Water Supply and other uses.	Augmentation required 1985/86. Subject of Inquiry by P.P.W.C. Groundwater Development is a possible first stage.
	To operate and maintain State water storages and headworks.	To undertake specific programs for rehabilitation of existing structures.	Provision for budget requirement in excess of \$500,000 p.a. over planning period.
		To provide and maintain recreational facilities at State water storages and headworks.	On-going object.

LEVEL 1	LEVEL 2	LEVEL 3	STATUS
<p>3. To exercise oversight of river improvement and the drainage of rural lands.</p>	<ul style="list-style-type: none"> . To advise the Minister in the constitution of River Improvement Trusts and Drainage Trusts, having regard to real needs as they are identified. . To supervise the activities of River Improvement and Drainage Trusts (themselves statutory bodies). . To act as a river improvement authority within districts constituted under the Water Act or under the Drainage Areas Act. 	<ul style="list-style-type: none"> . To set up a Standing Consultative Committee on River Improvement to consider and report on applications for constitution of or extension of boundaries of Trusts. . To operate the Rivers and Streams Fund. . To allocate funds from various sources to those bodies. 	<ul style="list-style-type: none"> . Done; representative of wide range of resource management agencies; "Guidelines to River Management" prepared 1979. . On-going object. . On-going object. Annual expenditure about \$1.3 million.
<p>4. To undertake <u>flood plain management</u> (other than within the designated areas of the M.M.B.W. and the D.V.A.).</p>	<ul style="list-style-type: none"> . To undertake whole catchment management flooding and drainage studies and to engage consultants. . To set up consultative committees to facilitate local contribution to the conduct and funding of such studies. . To make recommendations as to land use and works and to design and construct works. 	<ul style="list-style-type: none"> . To promote an understanding and acceptance in planning circles of the need for management strategies to have regard to the whole catchment; and the implications for development on flood prone areas. . To facilitate a programme of purchase of flood-prone urban lots. 	<ul style="list-style-type: none"> . The Government adopted "Guidelines for Flood Plain Management" in August 1978. On-going in various areas. . Procedures for the setting up of consultative committees adopted in 1978. Implementation of the concept already successful in several areas. . Programme commences and runs through current Commission Six Year Forward Look Programme. Number of lots estimated at 1000. Total estimated purchase cost was \$15 million at 1979 values.
<p>5. To operate, maintain and administer constituted Districts for water supply, irrigation drainage and flood protection in <u>rural areas</u>.</p>	<ul style="list-style-type: none"> . To construct State works for water supply, irrigation, drainage and flood protection. . To operate and maintain works for the supply distribution and drainage of water within those districts. 	<ul style="list-style-type: none"> . To undertake specific annual programs for new works or extensions within districts. . To implement specific annual programs on remodelling and enhancement of existing irrigation/drainage systems to effect reduction in seepage losses and greater efficiency. 	<ul style="list-style-type: none"> . New works almost entirely for drainage of rural irrigated areas. Priorities under continual review. . Current level of expenditure \$4.5 million p.a. on distribution of water and drainage of rural properties.

LEVEL 1	LEVEL 2	LEVEL 3	STATUS
6. To manage saline and shallow <u>groundwater control</u> in irrigation areas.	<ul style="list-style-type: none"> . To establish and maintain necessary administrative facilities and resources to achieve its objects at district level. . To strike rates and collect revenue on behalf of the State for their operation and management. . To undertake recoup works on behalf of other bodies and individuals. . To prepare proposals and to construct State works for control of shallow groundwater and the disposal of saline effluent. . To operate and maintain works as above, including taking over of privately installed groundwater pumps. . To monitor watertable levels and salinity, in and adjacent to districts and works. . To levy charges for the operation of such works. 	<ul style="list-style-type: none"> . To review water charges. . To operate appropriate accounts. . To implement over a 10 year period a strategy of salinity control and (associated) drainage for northern Victorian irrigation areas and River Murray water quality, (including specialised irrigation extension and advisory services - see 14 below). 	<ul style="list-style-type: none"> . On-going object. A program for upgrading offices and storeyards over a 10 year period approved in October, 1979, subject to availability of funds. . On-going object. . On-going object. . Announced 1975. Subject of on-going Inquiry by P.P.W.C. Elements being implemented as recommended by Committee adopted by Government and included in Water Supply Works & Services Acts. Annual expenditure about \$3 million. Contribution by Commonwealth under National Water Resources Programme. . Lake Hawthorn and Barr Creek saline interception works operative since 1968; Sunraysia Interception works operative progressively from 1979/80. Shepparton Region Groundwater Extraction Scheme Phase A commenced 1974/75 with allocation of special funds. 50% complete. . On-going object. . <u>Note</u>: Operating costs (exclusive of capital charges) are borne by the benefitting and contributing Irrigation Districts and private diverters on the River Murray.
7. To operate, maintain and administer Districts and systems for <u>water supply to urban areas</u> .	. To construct State works for water supply including headworks.	. To undertake specific programs for augmentation of supply; enhancement of local system storage and distribution works.	. Priorities under continual review. Total expenditure 1979/80 - \$7.6 million.

LEVEL 1	LEVEL 2	LEVEL 3	STATUS
<p>8. To overview the activities of local water supply and sewerage authorities (which are themselves statutory bodies).</p>	<p>To operate and maintain those works.</p> <ul style="list-style-type: none"> . To establish and maintain necessary administrative facilities and resources to achieve its objects at district level. . To undertake recoup works on behalf of other bodies/ individuals. . To strike rates and collect revenue to meet annual costs. . To advise the Minister in his exercise of oversight of administrative, financial and technical aspects of the activities of those authorities. 	<p>To improve the quality of supply to urban communities within districts.</p> <ul style="list-style-type: none"> . To undertake specific programs for rehabilitation and enhancement of existing works. . Operate appropriate accounts. . To review water pricing policies. . To review technical administrative and financial aspects of proposals submitted by authorities; to make recommendations authorising expenditure under authorities loan works programmes. . To promote and facilitate the upgrading of quality of water supplies to towns and provision of new systems to meet anticipated demands and planned growth. . To facilitate the continuing provision of reticulated sewerage to towns to enhance quality of life and the quality of natural stream flows. 	<p>Government commitment in 1978 Policy Statement to increase financial support for urban water treatment. Commission Six Year program. 1979/80 - 1984/85 requires expenditure \$1 million p.a. in main urban systems; \$400,000 over 5 years towns supplied from River Murray. Red Cliffs included in 1979. Annual Water Supply Works & Services Act.</p> <ul style="list-style-type: none"> . Expenditure 1979/80, \$1.5 million. . On-going object. . On-going object. . A review of the application of financial assistance made January 1980. . On-going object. Allocation of Government loan funds are authorised by Parliament in Annual Water Supply Works and Services Acts. The Minister has powers in relation to borrowing by the authorities. . Reference Government Policy Speech 1978. Special allocations of funds made for water treatment (10 towns). Expenditure allocations for 1979/80 on water supplies to Local Authorities \$11.8 million, including \$1.2 million for water treatment (\$14.3 million in 1978/79, including \$1 million for water treatment). . Reference Government Policy Speech 1978. Expenditure allocation for sewerage in country towns for 1979/80, \$24.3 million (\$26.3 million for 1978/79).

LEVEL 1	LEVEL 2	LEVEL 3	STATUS
<p>9. To administer licensing and regulatory functions, and to generally administer and control water resources and waterways.</p>	<ul style="list-style-type: none"> . To promote rationalisation in the development of, or the extension of, water supply and sewerage facilities to country towns which has regard to the interests of local ratepayers and the community at large. . To manage and control private diversions from streams and lakes. . To exercise control over use of groundwater as provided by Groundwater Act. . To exercise delegated authority under the Environment Protection Act for the licensing of liquid waste discharges to receiving waters. . To exercise control over land and works in flood prone areas under the Drainage of Land Act (see also 4). 	<ul style="list-style-type: none"> . To review the basis for the application of financial assistance to country water supplies and sewerage authorities. . To evaluate and review the utilisation of local water resources by private diverters including local water supply authorities; particularly in areas of rapidly changing land use. . To issue permits and licences and to fix and collect annual charges thereto. . To review the design of private dams on watercourses and to authorise their construction under conditions and for purposes consistent with its objects. . To issue groundwater licences for uses other than for domestic and stock. . To make recommendations as to the declaration of groundwater conservation areas. . To exercise the regulatory functions attaching to that delegation. 	<ul style="list-style-type: none"> . Reference Government Policy Speech 1978 with respect to sewerage. Review in both areas under way. Revised arrangements or financial assistance to water supply authorities proposed in January, 1980. . Preliminary investigation to be undertaken in Macedon Ranges area. . On-going object. . On-going object. . On-going object. . Kooweerup - Dalmore Groundwater Conservation Area declared 1971, amended by additions in 1974. . On-going object.

LEVEL 1	LEVEL 2	LEVEL 3	STATUS
<p>10. To act as Constructing Authority for the River Murray Commission (RMC).</p>	<ul style="list-style-type: none"> . To exercise control over boating and recreational activities on water storages and inland waters for which it has management responsibilities. . To operate and maintain certain existing works on behalf of the RMC. . To investigation, design and construct specific projects as authorised by the River Murray Waters Agreement. . To undertake studies and investigations on behalf of the R.M.C. . To participate in and provide inputs to the activities of various technical committees set up by the R.M.C. to assist in its management of River Murray waters, and to provide administrative and technical advice generally. 	<ul style="list-style-type: none"> . To undertake leasing of boat ramp/caravan park sites. . To issue boat licences (Eildon only) control boat types used and surface areas open to boating/fishing. . Example Dartmouth Dam. . To undertake water quality monitoring and related programmes. 	<ul style="list-style-type: none"> . On-going object relevant to maintenance of water quality. . On-going object. . Costs are shared equally by the three States in accordance with the provisions of the River Murray Waters Agreement. . Costs are shared equally by the three States and the Commonwealth in accordance with the terms of the Agreement. . Costs are shared equally by the three States and the Commonwealth in accordance with the terms of the Agreement. . Costs are carried by the States on an individual basis.
<p>11. To participate in integrated planning and co-ordination activities.</p>	<ul style="list-style-type: none"> . To be represented on State planning and co-ordination bodies. . To provide inputs to regional and local planning. 	<ul style="list-style-type: none"> . To foster the recognition and acceptance of water management issues as normal elements of input to the planning processes and the role of the Commission as the prime water management authority making that input. . To facilitate, assist and make inputs to regional planning initiatives, processes and policy development with respect to catchment management, water supply, waste water management, flood plain and stream management and including metropolitan fringe areas. 	<ul style="list-style-type: none"> . On-going object. . An on-going development process, the success of which reflects performance. . Participation in activities of various inter-agency working groups sponsored by the Town and Country Planning Board and/or Planning Authorities.

LEVEL 1	LEVEL 2	LEVEL 3	STATUS
<p>12. To establish, operate and maintain central administration facilities and resources.</p>	<ul style="list-style-type: none"> . To establish and maintain staff to provide central administrative support services. . To own, operate and maintain buildings and land, equipment and systems for the purpose of carrying out its activities. . To own, operate and maintain a plant and machinery fleet; including automotive vehicles. 	<ul style="list-style-type: none"> . To provide a Secretarial and Public Relations capability; Personnel Management; Corporate Planning, Financial Management and EDP Services; Materials Procurement; Property and Legal and Valuation Services; Library Services; Word Processing and Printing Services; Building and Maintenance Services. . To plan for necessary development of the Head Office site as needs are identified. . To instal in-house computer facilities. . To operate the plant on a hire basis, and to keep and operate a Plant and Machinery Account. 	<ul style="list-style-type: none"> . Participation in preparation of a report - "A Sewerage Strategy for the Yarra Valley" prepared by an ad hoc Committee sponsored by Victorian Water Resources Council and recently adopted by Government . On-going object. . Extension completed 1979/80. . Commissioned November, 1977.
<p>13. To establish, operate and maintain engineering and scientific support services.</p>	<ul style="list-style-type: none"> . To establish and maintain competent staff and facilities to provide those services. . To carry out surveys, investigations, design and research in support of on-going programmes, in the development of new programmes, projects and initiatives. 	<ul style="list-style-type: none"> . To undertake cadastral surveys relevant to the tenure of land; surveys for investigations and preliminary proposals prior to their identification and authorization in specific terms by Parliament; and the production of maps and plans. . To carry out multi-disciplinary investigations as above. . To carry out specific studies and applied research of a multi-disciplinary nature in the area of water management and including the evaluation and testing of materials. 	<ul style="list-style-type: none"> . On-going object. . On-going object. . On-going object. . On-going object.

LEVEL 1

LEVEL 2

LEVEL 3

STATUS

LEVEL 1	LEVEL 2	LEVEL 3	STATUS
14. To provide advisory and technical services to external bodies and individuals.	. To facilitate study programs initiated by the Victorian Water Resources Council through the Ministry of Water Resources and Water Supply.	. To facilitate the study program of the Reclaimed Water Committee et al, including public involvement aspects and inputs.	. Funds are allocated from Works and Services allocations to the Commission - about \$130,000 p.a. Total study programme requires funds of order \$400,000 p.a.
		. To facilitate a review of the existing institutional arrangements for water management within the State.	. Participation in a study being managed by the Victorian Water Resources Council and funded through the Commission's allocations.
	. To support the services provided under 14 below.		. On-going object.
	. To provide advice to landholders on farm water supplies.	. To seek to ensure that on-farm works are effective in their objectives and not detrimental to the rights of others.	. On-going object.
	. To provide irrigation extension services, including an irrigated land layout and contour survey service.	. To contribute positively to the continuing and/or enhanced viability of irrigated agriculture as practiced within constituted districts.	. On-going object.
	. To provide advisory, laboratory analytical and technical training services to local water supply and sewerage authorities.	. To promote the participation of local water supply authorities in a programme of regular testing of water samples in the interests of public health and water quality management.	. On-going object. Funded in part by the authorities being serviced.
		. To operate a sewage treatment plant operators' training course.	. Facilities established at Werribee and operative since 1977/78.
	. To operate and maintain the Water Science Division of the State Laboratories, as the prime laboratory for routine freshwater analyses within the Public Service sector.	. To as far as possible recover the cost of operation of the laboratories.	. Government agencies and the Commission's own Divisions are charged on this basis. Accountability is reported separately to Parliament. Costs incurred by Local Authorities are recouped in part.
	. To provide consultation and/or advisory services to other agencies in specific areas of technical expertise.		. The Commission is consultant to the Latrobe Valley Water and Sewerage Board for survey investigations and design of the saline effluent outfall pipeline from Loy Yang in the Latrobe Valley to McGauran's Beach.
	. To participate in Special Projects.	. To participate in overseas aid projects either as principal or by secondment of experts.	. Currently 1 engineer in the Philippines seconded to Snowy Mountains Engineering Corporation and 2 Surveyors seconded to Fijian Government service.

LEVEL 1	LEVEL 2	LEVEL 3	STATUS
15. To provide advice to Government and to Parliament on matters relevant to water management.	<ul style="list-style-type: none"> . To provide administrative and technical advice to Government. . To provide policy analysis and advice to Government. . To develop policy initiatives within its area of statutory function. . To respond to Parliamentary enquiries and the Ombudsman. 	. See also relevant program areas above.	<ul style="list-style-type: none"> . On-going object. . - do - . - do - . - do -
B - <u>NON-STATUTORY OBJECTS</u>			
1. To pursue its objects in an efficient manner.	. To attain and maintain the highest practicable ratios of output to input in the use of internal and external resources.	<ul style="list-style-type: none"> . To promote the efficient use of water resources and to encourage the re-use of waste water where feasible. . To continually review administrative and management procedures and the efficient use of available resources. . To introduce as and when justified those advances in technology which are appropriate to the Commission's activities. . To keep under review the efficiency of operation and management of its constituted districts, e.g. the Commission's Inquiry into staffing and organisation - Goulburn Murray Irrigation District 1976. 	<ul style="list-style-type: none"> . Reflected in programmes for reduction of seepage losses by replacement of channels by pipelines; substantial remodelling and rehabilitation of old systems to reduce water losses; and studies/investigations on waste water re-use. . An on-going corporate initiative utilising specific personnel ad hoc committees, and training facilities. See also 2 below. . Computer based technology has been progressively adopted in technical and administrative support services. . The internal Committee appointed was required to assess the effectiveness of service having regard to resources available and report on possible economies. The recommendations were adopted and have and are being progressively implemented.

LEVEL 1	LEVEL 2	LEVEL 3	STATUS
2. To pursue its objects effectively.	<ul style="list-style-type: none"> . To maximise the effectiveness of its activities having regard to: <ul style="list-style-type: none"> (i) the total environment in which it operates; and (ii) the resources available. 	<ul style="list-style-type: none"> . To consolidate existing development within constituted districts. . To regionalise as much of administration of constituted districts as possible to enhance participation of consumers in that administration. . To improve the quality of communication with consumers, the public and other agencies; to promote acceptance of water management policies and objectives by the public. . To provide advice whether as a statutory duty or otherwise in a format and manner which primarily serves the objects of effective communication. . To review as necessary the Commission's organisational structures in the light of changes in the environment in which it operates. 	<ul style="list-style-type: none"> . Implicit in evidence to P.P.W.C. Inquiry on Water Allocations May, 1976. . Constitution of District Advisory Boards under By-Law 5744. Recommendation for more effective use of these Boards supported by Commission in 1979. Reconstitution of Boards to this end being effected as elections become due. . Central to the objectives of Senior Staff Seminar conducted in February, 1980, including representatives of other agencies and participation by local government representatives. . A corporate initiative which in mandatory financial reporting requires the active support of Treasury. . An associated matter for consideration by the Senior Staff Seminar (above) concurrent with management initiatives and decisions taken by the Commission and submissions made to the Public Service Board; and with a formal review of its Accounting/Financial areas of management.
3. To pursue its objects economically.	<ul style="list-style-type: none"> . To maintain a high standard of competence and morale amongst its workforce and to maximise individual performance and job satisfaction. . To promote and practice a comprehensive approach to water resource planning and management, taking account of all environmental, social, technical and economic benefits and costs. 	<ul style="list-style-type: none"> . To conduct internal training courses and support continuing education and development of officers by their participation in appropriate formal studies and seminars. . Is an inbuilt element of the studies/investigations and processes involved in the development of State works projects (see A.2 above). . To encourage direction of any additional allocations of water (for irrigation) into expansion of development by private diversion to meet specific gaps in effective production; or to intensify development within existing districts. 	<ul style="list-style-type: none"> . On-going object. . Statutory procedures are imposed under the Environment Effects Act. These concepts and procedures are also formalised in the "Guidelines for Water Resource Planning" prepared by the Victorian Water Resources Council in 1977. . Evidence to P.P.W.C. Inquiry on Water Allocations in Northern Victoria in 1976. A current corporate policy initiative.

Extract from

Priorities and Funding of Capital Works Program

Prepared by

State Rivers and Water Supply Commission.

DEMANDS FOR CAPITAL FUNDS

It is not the intention of this Paper to argue the case that a relatively greater share of capital investment in the public sector, should go to the water industry.

However, the question of the availability of resources is one which is basic to the review of an authority's performance in terms of, whether it is effectively and efficiently carrying out its statutory functions and responsibilities, and in terms of its capacity to meet objectives.

It is acknowledged that the relative share of the Gross Domestic Product available for investment in the Public Sector is for practical purposes, relatively inelastic. That being so any increase in public investment in the water sector in this State can only be at the expense of some other area of the provision of public services, and resulting from a positive decision made a matter of public policy.

4.1 Major Factors in Demand for Capital Funds

Movements in the demand for services in the water sector occur for reasons which may be demographic, social, and physical. These movements may represent a shift in emphasis or new and increased needs.

Major factors in the resulting demand for capital funds in the water sector are:-

4.1.1 The growth of non-Metropolitan urban populations.

Basic demographic statistics from which conclusions can be drawn as to population growth rates in urban centres are largely located within local government in those centres. Further, the statistics are often in formats which are incompatible between different centres.

Historically the Commission has had responsibility for supply of water in the major urban areas of the Mornington Peninsula System, the Coliban System (Bendigo), the Bellarine Peninsula System and the Otway System. Consumption increased by 87 percent in the Mornington Peninsula System over the last decade and the number of services connected increased by 69 percent. Annual growth rate in number of services was in excess of 7 percent in 1973: at a period of peak building activity. State Co-ordination Council's Forecasts Project Team in 1978, in an analysis of the Mornington Peninsula Supply area, concluded the annual population growth rate over the 10 years ended 1976 was 4 percent compared to 1.8 percent for the Melbourne Statistical Region. The team forecast a 4 percent growth rate in that System area to year 2001, some four times the expected growth rate for Melbourne Region.

In fact since that time annual growth rates in number of services connected has dropped to 2.8 percent in 1980, reflecting the fall off in the building industry due to rising interest rates and other economic and financial aspects of the house building market. Similar trends have occurred in the other main urban areas. Population growth rates for planning purposes in the Geelong Water and Sewerage Trust's area are estimated(1) at 4 percent per annum.

Population of Latrobe Valley urban centres from Warragul to Sale are estimated(2) to increase from 93,000 (1980) to 160,000 by year 2000, equivalent to a growth rate of 2.8 percent per annum.

Projected growth rates will reflect pressures arising from industrial development, increasing building costs and associated (or required) mobility, recreational living styles and the movement of rural populations to local and regional urban centres.

Population predictions of local and regional planning authorities have regard to attracting development and are invariably optimistic. Servicing authorities must make independent assessments and be in a position to react to short term movements, in planning works if they are to avoid capital expenditure ahead of real need.

4.1.2 Public Health and Quality of Life.

Reticulated water supplies provide urban communities with a planned degree of security of supply. More significantly such supplies provide a community with the opportunity to use water for more than drinking purposes.

Even if that supply is initially not potable it does increase and enhance the communities' quality of life, by above all providing the basis for the establishment of community recreational facilities:

The principal reasons for urban communities requiring reticulated sewerage systems is to improve or maintain public health; and to achieve the indirect benefits of raised standards of living.

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1. First Report on Water Resource Management for Development of the Gippsland Brown Coal Fields - Latrobe Valley Water and Sewerage Board September 1980.
 2. Submission to Gellibrand River Inquiry - Geelong Water & Sewerage Trust.

Most so called Metropolitan type domestic amenities are almost universally expected in today's rural and non-metropolitan communities. Most of these amenities require a reticulated water supply and most increase the waste water loadings on disposal systems, be they natural or artificial.

It is Government policy,(1)

"to provide a water supply of good quality, and sewerage to all country towns of adequate size"

4.1.3 Urban Development on Flood Plains.

Floods are a natural phenomena and will inevitably occur from time to time in our rivers and natural drainage systems. At these times the river and its associated flood plain, form an integrated system for the carriage of flood flows.

It has been natural also for man to occupy and use the flood plain, as a place of residence, for agriculture, transport and recreation. Consequently, there are many instances where urban development has intruded and is intruding further into the flood plains with resulting problems of aggravated flooding with ensuing social costs.

It has been estimated that there are at least 1,000 urban allotments throughout the State which are liable to flooding for which there are no feasible structural solutions, and many more which will continue to be flooded unless works are constructed.

There is growing recognition and acceptance by local planning authorities that solutions either structural or non-structural must be found where the problem already exists, and that responsible planning should not proliferate the intrusion of urban development onto flood prone land.

Flood plain management strategies are being developed and implemented with local co-operation and input. A necessary prerequisite to the development of those strategies is the undertaking of a massive mapping program to facilitate the delineation of flood prone areas.

These are problems, the non-technical solutions to which, have only been possible as the result of public policy embodied in legislation by the Parliament over the last 5 years.

4.1.4 Endemic Problems of Existing Irrigation Areas.

The most serious problem to the continuing viability of existing irrigation development is the salinisation of irrigated land in the Murray Valley and the entry of saline effluents and saline groundwaters to the River Murray System and its effect on water quality for downstream users.

1. May 1978 - Government Policy Speech.

Worldwide experience shows that the permanence of such development depends on adequate drainage to which insufficient priority has been assigned during the past 95 years of public and private investment in irrigation in Northern Victoria.

This same investment has determined the pattern and prosperity of rural and urban settlement in districts covering 860,000 hectares.

At farm gate prices, the assessed value of irrigation production from irrigation districts and private diverters was \$372 million for the year 1978/79 or 20 percent of the State total rural production of \$1,858 million; and produced from only 4 percent of the total lands used for agricultural purposes.

The serious implications of the problem for the River Murray and particularly for the Kerang and Sunraysia Regions became obvious in the mid sixties at times of low flows in tributary systems. These flows were highly saline, resulting from saline drainage effluent from irrigated areas and the intrusion to the stream systems of extremely saline groundwater flows endemic to the area. Groundwater profiles had successively been modified by irrigation practices: raising those naturally highly saline waters to the root zone of trees and crops.

Saline interception and disposal works were completed in the Kerang and Sunraysia Regions in 1968. These were the forerunners of further measures being undertaken as outlined in a strategy plan issued by the Commission in 1975. As currently modified and at today's prices an investment in excess of \$50 million, most of which should be committed over the next decade is necessary if significant and effective corrective measures are to be taken.

Soil fertility in irrigation areas must be maintained or enhanced if the Government's objectives(1) in agriculture are to be realised.

4.1.5 Inflation and Depreciation.

The Commission has for many years maintained a construction cost index based on earth and rockfill dam construction. The index is updated at 6 monthly intervals using current index prices for labour, maintenance and plant hire. Obviously there are recognised limits on the use of this index in construction activities, other than earth and rock dams.

Over the last decade that cost index has moved up 250 percent. Over the same period the Building Materials Index(2) (Melbourne other than housing) has moved up somewhat in excess of 200 percent.

On current rates of inflation the cost of a project in money terms will increase by at least 10 percent per annum, if for no other reason. In the case of the Blue Rock Dam on the Tanjil River, the increase in cost in money terms over the planned 5 years of major activity will be of the order of \$10 million.

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1. Victoria's Strategy for the Eighties - March 1981.
 2. Australian Bureau of Statistics - Vic. office - Graphs of Economic Indicators.

Major projects such as large dams and trunk pipelines will have a most cost efficient construction period of two to four years. Within the Commission's own programs such projects must compete with other high priority, and essential ongoing programs. New major projects of that kind should have a commitment by Government to make available additional specific purpose funds to meet the requirement of a cost efficient rate of expenditure of funds. Such a policy would minimise the cumulative effects of inflation and be in the best interests of the State.

Without such a commitment it is unrealistic to imagine that objectives of effectiveness and efficiency can be met by attempting to accommodate political credibility within financial programs which are already limited by the availability of scarce resources.

The effects of inflation of course, aggravate the already identified deficiencies in statutory requirements and procedures for the setting aside of funds against depreciation of assets, and the problems of replacement of those assets. Those deficiencies have been examined earlier in this Paper, (2.7).

In practice the consequences of these effects and deficiencies are that:-

- (i) The cost of replacement of assets is met in general, by future users of those assets rather than past users.
- (ii) There is significant competition for scarce capital resources to both construct new assets and to replace existing assets.
- (iii) The priorities of replacements defer to those of new works, further proliferating the eventual financial management problem.

4.2 The Size of the Problem

The Commission has recently submitted its Six Year Works Program to State Treasury for the period 1981/82 to 1986/87. The program requires a total allocation directly for expenditure through the Water Commission of \$290 million at 1980 prices. At current allocation levels there would be a shortfall over the period of \$70 million.

A total authorisation of some \$330 million from private borrowing is necessary over the same period if local water and sewerage authorities are to catch up the current backlog of works which are approved and which could proceed, if funds were available. Current levels of authorisation would mean a shortfall some \$90 million over the same period.

5 - THE PRACTICALITIES OF CAPITAL FUND ALLOCATION

5.1 Treasury Procedures and Requirements

Decisions by State Treasury on the allocation of capital funds to works programs within its overall Budget are made against departmental submissions. These submissions in the case of the Water Commission take the form of:-

- (i) A Six Year rolling Forward Look Works Program, which is evaluated, after a check for significant new project proposals, and incorporated

by Treasury in a State forward capital planning document as a basis for discussions at Federal level; and

- (ii) An annual works program which is submitted in March and forms the basis for discussion, and is the basic document against which allocations of capital funds are made after the Loan Council meeting in July.

Both these programs include capital funds required to be directed from State Budget to local authorities by means of the Commission's allocation; and authorised private borrowing both subsidised and unsubsidised to those authorities, as well as commitments to bodies such as the River Murray Commission and the Melbourne and Metropolitan Board of Works.

It should be understood that some 30 percent of the Commission's Works and Services allocation is disbursed to other authorities, virtually as an agent for Treasury, and not spent directly on the Commission's own programs.

5.1.1 Communication.

Under current arrangements there is no dialogue with Treasury, even at officer level, with respect to programs or works included in the Commission's Six Year program - certainly none which would suggest any endorsement either wholly or in part, of that program. There are of course formal submissions by the Commission both accompanying the program and subsequently in relation to particular aspects, aimed at ensuring some real consideration of the program's financial planning implications.

Treasury officials discuss informally the private borrowing program proposed by the Commission in its works program for local water and sewerage authorities, prior to consolidation of the State's works programs for consideration at Loan Council. Arising out of that discussion the State Co-ordinator of Works may make some adjustments with respect to the major borrowers both as to total authorisation and the distribution of authorisation geographically having regard to Government policies and initiatives.

The annual works program as a whole is discussed in June prior to Loan Council but without any indication of dollar numbers, and again in July after Loan Council, when the Commission is advised of the amount of its total allocation. In most cases that amount is not negotiable.

5.2 Decremental Growth

This country has been recently visited by an eminent⁽¹⁾ academic in the field of policy making.

1. Prof. Y. Dror - Professor of Political Science Hebrew University, Jerusalem, (2) -Seminar for Ministers and Permanent Heads March 1981.

- 5.2.1 In the course of a presentation(1) of his evaluation of the environment within which today's policy makers have to operate, he draws attention to the unprecedented lengthy period of incremental growth which occurred in O.E.C.D., and most developed countries, over the years 1948 to 1973: a period unique in human history.

The task of Government and its agencies is relatively simple when there can be a continuing expectancy that each year there will be more funds available for implementation of policies and programs. The task is simply to decide which competing demand will get more. Priority setting becomes less relevant: new projects are simply added to existing programs. There is little incentive for the consideration of zero based budgeting.

- 5.2.2 He goes on to describe the subsequent period as a period of decremental growth - a period in which economic growth rates have taken a downturn. The reasons for this reversal of trend are oil pricing, uncertainties in the direction and policy of major powers, and inflation.

Decremental or very low rates of growth pose much greater problems for Governments and their institutions and call for much more radical actions.

The capacity of Governments to govern is diminished as popular support for the Government falls away in the wake of unfulfilled community expectations and political promises. Conventional economic theories appear unable to cope with the consequential problems of unemployment and inflation and experimentation with new theories and policies produces uncertainty.

Governments and their agencies must decide who will get less rather than who will get more. At the same time they must address the question of equity in payment for the provision of public services.

The proposition is put that a continuance of decremental growth is a likely scenario for the next decade. The message for Governments and their agencies is that policies should be aimed at maximising certainty. The Victorian Government has taken a step in this direction, in spelling out its objectives.(2)

5.3 Effects on the State Budget

It would be a fair comment to say that the Treasury's approach to consideration of capital work programs is determined primarily by the effect of programs and projects on the State Budget. That approach is acceptable in a period of decremental growth as described above, and in the situation of financial constraints arising from Federal and State policies for restricting direction of capital funds to the public sector, and in which there is concern for cutting the cost of Government.

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1. Victoria's Strategy for the Eighties - March 1981.
 2. Victoria's Strategy for the Eighties - March 1981.

5.3.1 Deferrals and Future Capital Planning.

Such an approach tends to encourage consideration of budgets and competing programs firstly in terms of historical allocations and allocation levels per se, and then in terms of real priorities between and within competing programs. It does not encourage a real appreciation of the problems of future capital planning brought about inevitably by deferral or curtailment of expenditure on new projects.

5.3.2 Cost-Efficiency.

In the process of restraining budgetary allocation on the one hand and seeking to meet commitments on the other - objectives of cost efficiency can be lost sight of. This matter is referred again in 5.6 below.

5.3.3 Continuing Costs against Budget.

The question of ongoing costs as a charge against State Budget arising from the construction of capital works are of course legitimate and important considerations. Profits which become selfsupporting or profitable will rate higher priority than those requiring continuing financial support. Reference is made to this aspect in 7.1.3 (ii) below.

5.4 Manpower Resources

The allocation of capital funds to programs or works requires a corresponding availability or allocation of manpower resources with the appropriate skills.

In geographically dispersed locations, and in particular small rural centres; the necessary skills have quite often to be developed within the local labour force: then maintained if programs are to be maintained or satisfactorily completed.

Technical and professional skills and their availability for the investigation development and implementation of major programs are also considerations in the practicalities of the programming of capital funding.

Industrial relations are obviously enhanced where a continuity of works programming can be maintained on a project site or at a local district centre, rather than the generation of uncertainty as to future activity.

5.5 Local Authorities and the Commission's Role

The legislation as it stands puts the responsibility for initiating, developing and implementing local water and sewerage programs in the hands of the municipalities and/or authorities concerned, using their own staff, or engineering consultants, and in practice with the advice of the Commission or its officers.

The Commission's involvement in capital works programs of local authorities is, for practical purposes, essentially that of appraisal of their technical soundness and cost-effectiveness; co-ordination; and the provision of advice to

the Minister and to Treasury, as to relative priorities state wide, for works and borrowing programs in the context of total fund allocations and private borrowing authorisations.

The Commission takes, the initiative in investigating, developing and constructing water supply works of a regional nature, where such initiatives are beyond the proper responsibility and capacity of a local municipality or water supply authority. Further, it ensures that regional supply to small communities is considered where that responsibility is appropriate to the local municipality.

In assessing the merits of sewerage proposals the Commission does evaluate the options, where they occur, for works to serve two or more urban communities. It has no powers to itself undertake sewerage works other than in particular situations, e.g., to serve construction townships.

5.6 Political Direction

The general principle of political choice in the determination of public policy is referred to in 6.2.1 below.

It is a feature of the political system that community expectations are created which are beyond the financial capacity of Governments to satisfy. Unfortunately, in attempting to maintain credibility in the face of local pressures, programs and projects can be launched with insufficient committal of financial and other resources. As a consequence those new programs and those already in progress are less efficient in the use of those limited resources.

There is little logic in commencing projects with a modest allocation in the first year with the knowledge that the second and subsequent years will require significantly greater allocations if the project is to be completed with an efficient use of scarce resources.

The concurrent timing of construction of 3 major storages by Government in the situation of the current level of funding available to the Commission, is inappropriate.

An additional \$4.17 million will be necessary beyond 1980/81 levels of expenditure to meet cost efficient construction for 1981/82 on these three projects with an allocation from Budget for 1982/83 of almost 3 times that for 1980/81 if those same cost objectives are to be met.

6 - PRIORITIES OF PROGRAMS AND WORKS

6.1 Introduction

Western society's demand for capital resources is increasing, even though the same western countries are experiencing a period of great uncertainty. The capital resources required for development and production of energy has become enormous as new technologies are employed to develop new sources and new forms of energy.

National policies for financial and economic management of inflation place priority on cutting back the allocation of capital funds to the public sector - to increase the share of Gross Domestic Product available to the private sector. Those policies are determined by Federal Government and applied through Loan Council as limiting State loan raisings and in reducing Federal payments to the States. The constraints on capital available to the public sector are therefore basically bound up with the levels of national productivity, with the additional impetus which stems from application of Federal monetary policies. They apply in the area of both Parliamentary appropriations, and private loan raisings by public authorities.

There must therefore be priorities as between areas of public policy, and within those areas of public policy.

6.2 The Priority Decision-Makers

The role of the Loan Council has already been referred to. It is assumed here that outside of large energy programs and specific State projects of some magnitude, e.g. the Victorian Trade Centre, that the Council has no real concern as to how Victoria proposes to spend its capital resources in the public sector, other than its concern for the totality of loan raising.

6.2.1 Political Choice.

Public policy choices are made through the political processes. Those choices are influenced by community demands, the mass media, the institutions of Government and Parliament, and by the support for Government. The choice is properly one for Government.

The recently announced Government objectives and strategies for growth⁽¹⁾ have been developed as a response to perceived deficiencies. Further, development within policy areas will be necessary for these initiatives to be effective.

More specifically the priorities of policy areas in competition for scarce resources are determined by Government, through the Cabinet System. Any shifts in those priorities will be as a result of a political judgement made as a response to some of those influences. The process, can result in both, rational policy choices and in commitments of scarce resources to particular initiatives without real regard to the capacity of total resource allocations to meet those new and additional commitments.

6.2.2 The Water Commission.

The Commission has a priority decision making role in two areas: its own program; and in providing advice to the Minister, as to a program for subsidised and unsubsidised borrowing by local water and sewerage authorities.

1. Victoria's Strategy for the Eighties - March 1981.

It is the Commission's responsibility, within Government policies and objectives, either formal or perceived, to indicate to Government what the Commission's priorities are in planning its programs to meet those policies and objectives and in the use of capital fund allocations.

The Commission has formal consultative arrangements with user groups such as the Goulburn Murray Irrigation District Advisory Council, and District Advisory Boards. It uses these arrangements to provide input to its priority decision making processes. Co-ordination and integration of program planning with local and regional land use planning is achieved through both formal and informal consultation with responsible planning authorities.

It is also a responsibility of the Commission through its Minister to bring to the notice of Government, those matters, which in its judgement as the primary water management authority, should be considered in determining choice in the direction of capital resources to competing areas of public policy.

6.2.3 The Commission and Local Authorities.

The current legislation is so framed that the initiatives for local water and sewerage programs come from the local community, through the local municipality or authority.

These initiatives reflect the implications for ratepayers, of operating and capital servicing costs, including the application of any financial assistance in accordance with public policy; rather than absolute priorities from an overall State point of view.

It is the function of local authorities to determine individually their own priorities for works.

It is the role of the Water Commission either as providing advice to the Minister, or in its general control and supervision of the authority, (as in the case of the Latrobe Valley Water and Sewerage Board), to co-ordinate priorities on a State wide basis in the context of competition for limited capital resources, and having regard to Government initiatives and objectives.

6.2.4 The Parliamentary Public Works Committee (P.P.W.C.).

The P.P.W.C. which is a Standing Committee of Parliament does not make recommendations to Government as to the priorities of works referred to it relative to other public works. Its role is rather, to make recommendations as to the concept nature and effects of a particular proposal, having regard to the best interests of the State.

6.3 Priority Areas in Water Management

6.3.1 Statutory Functional Areas.

In an earlier paper(1) the constitution of the Commission, set up under the Water Act 1905, to manage the water resources of the State and to administer urban and rural water supplies is referred to. That Act assigned certain functions, duties and responsibilities to the Commission.

Since that time, subsequent legislation has given expression to new areas of public policy which have added further and diverse functions to the responsibilities of the Commission.

In summary then, the Commission currently has responsibilities with respect to programs of capital works in the following policy areas:-

- (i) water resource assessment;
- (ii) water conservation - major storages;
- (iii) stream conservation and river improvement;
- (iv) flood plain management;
- (v) irrigation and drainage;
- (vi) water supply to rural areas;
- (vii) urban water supply to areas administered by the Commission; and
- (viii) the establishment, maintenance and operation of supportive local and central administrative facilities.

Further, the Commission provides advice to the Minister in respect of the programs of local water sewerage and drainage authorities.

These policy areas then, are the broad field of programs, which are in competition for capital funds available to the water industry, either directly from State Budget, or as authorised private borrowing.

6.3.2 Broad Areas of Priority.

Turning now to those programs funded through the Commission's annual allocation of Works and Services funds.

As already stated elsewhere, the Commission currently expends 65 percent of its capital allocation on Urban services, and 35 percent on Rural services. Detailed breakdown of the estimated expenditure for 1980/81 to functional areas is shown at Attachment 3. By far, the larger part of the total expenditure (and of expenditure on urban type services) will occur in urban water supply to districts administered by the Commission. Further, the main urban districts, will account for the larger share.

Rural water supply and irrigation will account for 12 percent, largely on improvements and renewals necessary to maintain the viability of irrigation districts, and irrigation production.

1. A Background paper on Water Management in Victoria - the Commission's Role - July 1980.

Rural drainage and salinity control in irrigation districts will account for some 6 percent of the total.

We have therefore an elementary weighting of priority of urban versus rural services which by inference is recognition of the need to meet demands for service in these two areas. It is unlikely that this balance of emphasis will change much over the next five years.

The fine tuning of that balance will be dependent upon the Commission's assessment of the relative requirements for funds to meet:-

- (i) urban growth demands;
- (ii) the maintenance and renewal of assets both in urban and rural areas;
- (iii) salinity control;
- (iv) enhancement of systems, with respect to water quality security of supply, pressure and reliability;
- (v) maintenance or enhancement of safety of major structures.

6.3.3 Other Priority Areas.

Additional to priorities which are or might be attached to works and programs with respect to function; there are others which recognise specific Government initiatives and objectives(1), and the Commission's own policy objectives of the non-statutory or functional kind.

These other aspects of priority will have regard to the relevance of:-

- (i) State initiatives of economic development; in terms of relative benefits and costs in the broader sense;
- (ii) particular areas of consumer demand;
- (iii) environmental issues;
- (iv) the Commission's social responsibility to the community; and
- (v) effects of particular programs, and the options for sourcing of funds, on State Budget.

It is assumed here, that economic or financial justification for particular projects or programs has already been considered in the normal processes of development and approval.

6.4 The Dilemma in Priority Fixing

Clearly the diversity of function and objectives in the area of water management, is indicative of the diversity of services provided and of consumer interests.

Classically, one cannot compare apples with oranges. There can be no answer to the question - does an urban program for increased security of supply have absolute priority over a rural program for drainage construction? Priorities are only relevant in terms of the success which particular programs or works have in competing for limited resources. However, there are and must be,

1. Victoria's Strategy for the Eighties - Jobs from Growth - March 1981.

priority rankings of works within single programs or similar programs, which will be based on effectiveness or capacity to meet revenue earning criteria.

6.5 How it should work

Society has primary priorities related to maintaining its essential existence. In its present state of development, society has other priorities related to the enhancement of that existence and to the quality of its lifestyle. Society must itself, ensure that the price it pays for the standards it sets is within its ability to pay i.e. that it uses its resources wisely. The community must therefore through its Governments, have objectives for what it wants, which reflect its priorities, and which are related to the resources which are at its disposal.

Government must have objectives for the Commission which will ensure that society achieves what it wants in the area of water related services - effectively, efficiently and economically.

It is the Commission's role to provide advice in the formulation of those objectives and to identify the magnitude of the share of the resources available to Governments which those objectives require for their attainment.

It can do that by achieving the endorsement of Government to its objectives, and in broad terms to its programs for achieving those objectives - in effect, endorsement by Government of its Corporate Plan for the Commission.

Both the Commission and Government should seek to match the cost efficient attainment of objectives with the resources appropriate to that attainment - notwithstanding the practicalities of politics. Priorities are meaningless unless they are part of that process.

7 - PRIORITY FIXING IN THE WATER COMMISSION

7.1 The Process

7.1.1 The Rationale.

The practicalities of priority fixing are their relevance to the allocation and use of resources.

In attaching priorities to programs and works within the broad area of priority discussed in 6.5.2 above; and in the context of the fundamental difficulty of comparing apples and oranges; the following criteria are used to provide the checks which determine overall priority of competing uses.

7.1.2 The Criteria.

- (i) The meeting of objectives.

The Government has objectives and initiatives which may be either formally stated or inferred. Some of these are contained in the document(1), already referred to.

1. Victoria's Strategy for the Eighties - March 1981.

Important among these are:-

- * The production of energy from brown coal deposits, and balanced development throughout the State.
- * The viability and enhancement of this State's share of the national production from agriculture.
- * The maintenance and protection of water quality and the enhancement of the water environment.

Against these objectives the Blue Rock Dam, which will provide water for power generation and industry in the Latrobe Valley, will have high priority.

Other things being equal, a scheme for local water supply in a regional development centre would take priority over other such schemes not so easily justified in that context.

Irrigation will be important in meeting State objectives in agriculture. The improvement and enhancement of system efficiencies through capital works and the control of salinity are top priority in the context of expenditure in rural areas.

A sewerage scheme or works which will apart from public health considerations, contribute towards the protection of stream water quality will rank more favourably than one which does not have that same implication.

(ii) The maintenance/renewal of assets.

As mentioned earlier the total capital liability including headworks, for construction of works is considerable. Some of these older and more significant structures are 75 years old.

Programs which are necessary to adequately manage essential maintenance and renewals should, and in the case of key components of systems must maintain high priority in competition with other projects. The refurbishing and enhancement of security of Goulburn weir is one such important project.

(iii) The maximising of beneficiaries.

A simple example is the priority attached to each of two water supply schemes with similar capital costs but with one scheme serving twice the number of services as the other.

(iv) The implications of Government commitments.

Commitments by Government to commence particular projects may not always fit short term priorities imposed by resource availability.

In allocating overall priorities, the implications for future capital planning are more significant than the question of resource allocation to enable a commencement, as discussed in 5.6.

In circumstances of limited resources, commitments to major projects of less than optimum benefit to the whole State, have the effect of distorting priorities which would otherwise apply.

(v) The implications for funding new projects.

As in 7.4 above priorities for funding new projects in terms of capital resource allocation in a particular year may have to be adjusted after examination of the capital funding requirements for subsequent years.

That judgement is made on the basis that the capital funding required is consistent with a cost-efficient construction program.

(vi) The implications for annual charges and revenue.

Programs of particular concern are those which may involve high fuel or energy costs; are labour intensive in operation; or carry high maintenance charges.

(vii) The implications for manpower planning.

It is implicit in the Commission's objectives to make best use of its manpower resources in the context of planning for program and project implementation.

Programs which can accommodate an integration of the effects of staff ceilings, financial constraints, and the objectives of stability, and good industrial relations in the work force will attract higher priority than those which cannot meet such criteria.

(viii) Social effects.

Programs and their timing as afforded by relative priorities, may result in both benefits and disbenefits to sections of the community.

Benefits may well be an enhancement of the life style of a Mallee town by virtue of a reticulated water supply, from an ear - then tank. Disbenefits may well be the loss of employment in small rural centres, as a result of curtailment of an ongoing program on an overall priority basis.

7.1.3 Priority aspects of programs of local water and sewerage authorities.

(i) Planning requirements.

Consideration is given to the necessity and ability of works proposals to meet State and Local Government objectives in terms of:-

- * Planning for overall State development, e.g. provision of service infrastructure for planned growth centres.
- * Provision of services to meet the requirements of State Environment Protection Policies.
- * Provision of services in a configuration which conforms with approved planning schemes.
- * Modification or alteration of existing Commission works, to meet development needs of other agencies and authorities, which include a capital contribution from the Commission in accordance with agreed criteria.

- (ii) Sources of funds and the impact of annual charges on users and the State Budget.

The relative amounts of Government Works and Services funds available and the authorisation for private borrowing are of considerable importance in considering cost effectiveness of proposals.

Works must be programmed to achieve a balance between the two forms of funding, such that an unmanageable backlog of grant commitments to local authorities does not occur, and to ensure that investigations and designs are sufficiently advanced to permit the expenditure of capital allocations.

The amendments to legislation which provide for landholder contribution have been referred to earlier. Authorities which are prepared to exercise those powers to augment the finances which can be provided from Government sources, are encouraged by being given a higher priority than they might otherwise enjoy.

Section 120A (1AA) of the Sewerage Districts Act provides that the maximum amount recoverable from an owner of land shall be limited to an amount determined by, or calculated in accordance with a scale determined by the Minister. This is an aspect on which the Commission advises the Minister and which may have implications for overall consideration of priorities.

Whilst not wanting to prejudice the opportunity for a community to enjoy the benefits of reticulated water supply or sewerage services; schemes with high costs per household serviced would defer to others with similar priorities in other respects.

- (iii) Adequate water supply.

The provision of a safe supply of water for domestic purposes adequate in quantity and pressure is an essential prerequisite to the provision of conventional reticulated sewerage and therefore a basic priority consideration.

7.2 The Priorities

The Commission has published a Statement of Policy Objectives. These objectives will be further refined and detailed to meet the requirements of the development of the Commission's Corporate Plan, at present being undertaken following a formal decision taken in October 1979. The formal Statement (of Objectives) is new - the objectives are not.

In accordance with those objectives and the priority considerations and processes described above, the Commission's broad major priorities for the period of its Six-Year Program 1981/82 - 1986/87 as included in its submission to Treasury are:-

- * to facilitate/meet the real demands of new development throughout the State;
- * to maintain the means to ensure acceptable standards of service throughout its functional areas;

- * to implement approved strategies to deal with endemic problems of irrigation areas to ensure their continuing viability;
- * to facilitate and extend the enjoyment of good quality water and of reticulated waste water disposal to country urban areas;
- * to facilitate the greater enjoyment of the water environment consistent with the interests of public health.

8 - CONCLUSION

It would be convenient to assume that priorities for programming and funding of capital works could be ranked on a computer printout following sophisticated and objective analytical procedures which identify in dollar terms economic, social and environmental costs and benefits.

Clearly, the foregoing arguments demonstrate that this assumption is not a practicable option even if it were possible to quantify all the costs and benefits. Banking in accordance with economic merit may well be a starting point, particularly within each broad program. However programs and priorities as ultimately adopted, both by the Commission and by Government, must involve a degree of subjective judgement which has regard to social and political influences as well as to economic merit.

In our political system the demands of society are met if these matters of subjective judgement are clearly exposed.

Extract from

The 1980-1985 Development Plan

Metropolitan Water Supply, Sewerage and Drainage Board, Perth

FOREWORD

Metropolitan Water Supply,
Sewerage & Drainage Board.
Perth.

This Development Plan, 1980-1985, is the third of a continuing series of 5-year "rolling programmes" being published annually by the Board for general information.

To ensure that all involved are referring throughout to fully updated material, this Plan is complete in itself and so totally replaces earlier issues.

Presented on corporate planning principles, the Plan sets out in Section 1 the philosophy and policy being applied by the Board in carrying out its responsibilities. Subsequent sections outline some major issues confronting the Board and describe intended activities over the first half of the nineteen eighties.

For the immediate year ahead, firm intent is recorded at the date of issue. For the four subsequent years, the intentions expressed are of course subject to adjustments in the light of intervening development of events.

It is hoped that the wide publication of the Board's reasoning and future intentions will assist the planning of other agencies involved in metropolitan development and provide the basis of constructive discussion with customers, government, local government, developers and all others concerned regarding the various factors that will shape the future development of services to be provided in the best long term interests of our community.

A. McA. BATTY
CHAIRMAN

DEVELOPMENT PLAN 1980 to 1985

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1.9 In the dynamic situation facing the Board the need for an integrated approach to future planning is clearly apparent, both as an aid to internal management and to reflect changing customer attitudes towards service standards, prices and environmental factors.

1.10 In publishing its third Plan the Board's aims are:-

- (i) To assist in the internal management of the organisation by presenting (in a single document) corporate objectives in various policy areas that provide a framework for the detailed consideration of specific policy issues and a plan of action for the short and medium term.
- (ii) To present to external bodies, a statement of the Board's future intentions and thus provide a basis for discussions with customers, government, local authorities and other interested groups.
- (iii) To help to provide an opportunity for the most important group of individuals, namely the Board's customers, to become aware of the organisation's objectives and policies and of the conflicting pressures that arise in planning and providing an appropriate level and standard of service.

CORPORATE OBJECTIVES

1.11 As a basis for an integrated approach to planning, it is necessary to have a statement of the Board's corporate objectives in each major policy area. To provide guidelines for planning activities, the Board has adopted a set of policy objectives covering eight key areas. However, before turning to objectives in the various policy areas it is necessary to discuss in a wider sense the general role and responsibilities of the Board.

The Board's Role and Responsibilities

1.12 It is apparent that the role of the Metropolitan Water Board, its constitution and relationships with government are not universally known. The MWB is perceived by some to be one of a number of government departments, directed and controlled in its activities by the various mechanisms of governmental bureaucracy. This view is incorrect.

1.13 It is true, of course, that any public body created by statute is ultimately answerable to the legislature for its actions. The MWB is not, and would not want to be, an exception to this general principle. However, there are varying degrees to which public bodies have freedom of action to run their day-to-day activities and to plan the services to be provided in the future. The degree of autonomy of a public body is normally set out in the relevant statutes and differs widely according to the nature of the functions to be carried out by the public body. For example, the statutory arrangements regarding the management and financing of an instrumentality such as the Metropolitan Water Board differ substantially from those applicable to the provision of education services.

1.14 The MWB's degree of autonomy is set out in the Metropolitan Water Supply, Sewerage and Drainage Act 1909-1979. This Act clearly provides for the MWB to operate substantially as an independent body, established to provide services according to the demands of its customers. The costs incurred in providing services are not met from general State funds via taxation but by making appropriate charges to customers. Thus, the provision of services in the urban community of Perth is quite clearly considered to be a series of commodity transactions, to be managed and financed substantially along commercial lines.

1.15 Control of the MWB is vested in a seven-member Board comprising an 'outside' chairman appointed by the Governor, the chief executive of the organisation and five other 'outside' members, including three nominated from local government.

1.16 In order to improve public awareness of its role and responsibilities, the Board has adopted the following statement of its corporate policy, which provides a general backcloth to the more detailed corporate objectives in the various policy areas:-

The Board is an independent body providing services for sale in the market place. Although the Board takes due account of other factors (including government policies and environmental considerations), its primary task is the provision of services to its customers as a series of commercial transactions.

Accordingly, the level of services provided primarily depends upon the willingness of the Board's customers to pay for them at a proper 'economic' price. If customers demand a high level of service (in terms of quantity and quality) and are prepared to pay for it then that level of service will be provided, whenever possible. Conversely, if customers indicate a preference for a lower level of services (at a lower price) the Board will reflect that preference in its operating and development policies.

1.17 This statement of corporate policy is of fundamental importance. It means that the extent of investment in new assets should be based not only on the Board's (and the Government's) view of future requirements but must also reflect the changing attitudes of the Board's customers. It means that financing and charging policies need to be formulated in ways that enable customer responses to be identified. It means that the implications of standards of service and environmental factors need to be clearly understood by customers as well as the Board.

1.18 There are of course certain minimum standards which, in order to safeguard the general health and well-being of the community, must be maintained. Indeed in most developing and some developed nations the provision of water, sewerage and drainage services is viewed entirely as an essential public health function. However, such an outlook is certainly not appropriate in Perth, where water usage per capita is estimated to be at least three times that necessary solely to maintain essential health standards. The majority of usage is a reflection of general attitudes towards the quality of life, and particularly garden attractiveness.

1.19 The policy objectives and development proposals published in this document should not be viewed as inflexible statements of the Board's intentions. They will be reviewed periodically in the light of views expressed by customers, government and other interested bodies.

Policy Area Objectives

1.20 For planning purposes, objectives have been formulated for the policy areas shown below. They are not ranked in any order of priority and it will be realised that there is a certain amount of overlap between them:-

- (i) Provision of services and conservation of resources
- (ii) Standard of service
- (iii) Engineering standards
- (iv) Financing and charging
- (v) Environmental considerations
- (vi) Public understanding and contribution
- (vii) Employee understanding and contribution
- (viii) Land-use planning

Provision of Services and Conservation of Resources

1.21 The objective is:-

To encourage and promote the efficient (i.e. non-wasteful) use of resources and to provide services according to customer demands at least-alternative costs.

1.22 This objective recognises the Board's general duty as a public body to avoid wasteful use of resources, natural and economic. To achieve this objective requires:-

- (i) Demands to be forecast realistically
- (ii) The public to be aware of the implications of its demands
- (iii) Current capacity to be used efficiently
- (iv) New assets to be constructed to meet the forecast excess of demand over capacity
- (v) Proposed projects to be assessed in terms of cost-effectiveness
- (vi) Wasteful use of resources to be discouraged

1.23 Examples of interdependence referred to in paragraph 1.20 are that items (i), (ii) and (vi) overlap with public understanding and financing and charging objectives. In fact the adoption of all other policy objectives will ultimately have a fundamental impact in this policy area.

Standards of Service

1.24 The objective is:-

To evaluate standards of service to the customer in terms of reliability and quality and to identify the costs or cost savings resulting from variations in standards.

1.25 This objective recognises the importance of identifying for separate consideration the standards of service provided and the implications of changes to these standards. Salinity levels, quality standards regarding effluents and sludges and the design reliability of water supply systems (i.e. the accepted risk of restrictions) are examples of service standards which, if varied, could have a significant effect on the order of costs incurred. Decisions regarding the provision of sewerage to currently unsewered areas also come within this policy area of 'service standards'.

Engineering Standards

1.26 Whilst engineering standards are predominantly a matter of professional judgement, an objective in this area is considered useful so that the impact of changes in technology and engineering methods can be isolated and monitored. The objective is:-

To critically appraise engineering standards on a continuing basis in the light of technological advances and other improvements in engineering methods and to apply new standards whenever appropriate.

Financing and Charging

1.27 It is necessary to frequently review financing and charging policies to ensure they do not conflict with other policy objectives. Financing methods include consideration of the role of various sources of funds to finance investment (e.g. developers' contributions, other connecting charges, internal financing from charges, and loan funds).

1.28 Tariff structures (i.e. the methods by which annual costs are distributed amongst individual customers) may also make an important contribution towards the achievement of corporate objectives and are thus an integral part of the planning process.

1.29 The objective is:-

To reflect in financing and charging arrangements the corporate objectives of the Board, particularly to promote economic efficiency and equity, provided the arrangements are generally acceptable to customers and are not administratively unwieldy.

Environmental Considerations

1.30 The increasing scale and complexity of the Board's activities require operations to be carried out and new assets to be constructed with due regard to environmental factors. The objective is:-

To establish the environmental impact of operating and development policies and promote public understanding of environmental factors and the economic implications of alternative policies to ensure that decisions on projects take due account of such factors.

Public Understanding and Contribution

1.31 The objective in this important policy area is as follows:-

To promote public understanding of the Board's actions and future plans and to encourage public contributions to the consideration of the many interdependent factors that will determine the future provision of services.

Employee Understanding and Contribution

1.32 It may seem trite to state that the most important resource available to the Board is the skill, effort and goodwill of its employees. It is nonetheless true. The dynamic situation facing the Board has significant implications for its employees and one objective must be to ensure that employees are appropriately informed and that they may contribute to the objectives and policies of the organisation. Accordingly, the objective is:-

To promote employee awareness of the Board's objectives and policies and to develop appropriate employee communications.

Land-Use Planning

1.33 The costs of providing services to new properties can vary substantially according to the nature of the property development, particularly the layout and density. The Board is not directly involved in deciding the planning parameters within which new properties are developed; that is a matter for the appropriate planning authorities. However, it is considered that the Board should be in a position to fully advise the planning authorities of the substantial differences in the order of costs imposed under various community planning scenarios. Accordingly, the following is the objective regarding land-use planning:-

To work closely with planning authorities to co-ordinate the provision of adequate services to new properties as they are constructed and to advise planning authorities of the implications (for water, sewerage and drainage service costs) of adopting changes to community planning parameters.

Link Between Objectives and Actions

1.34 The objectives set out above are not simply laudable sentiments that have no practical value, but to be effective they have to be applied. This can be achieved by using them as a formal framework within which specific matters in any one policy area can be considered and decisions taken in a way that is consistent with the collective objectives of the organisation.

1.35 In general, achievement of objectives can only be gradual and the objectives themselves will evolve to reflect changing circumstances. It is both unnecessary and unwise to make major changes to all policies simultaneously. Instead consideration or implementation of selected matters is planned progressively. During the past year a number of initiatives directly related to policy objectives have been taken. Action is proposed during the next five years in such areas as financing and charging policies, selection of projects for inclusion in works programmes and allocation of resources to increase knowledge, examine options and generally to foster a participative environment.

1.36 The rate of progress towards achieving objectives is limited by a number of considerations, including the availability of resources (financial and physical), the implications of changes to financing and charging policies on the level and incidence of charges in any one year and external reaction generally to the Board's intentions.

Summary

1.37 The following sections of the Plan contain specific proposals regarding investment in capital works over the next five years, the resultant implications for financing and charging and also identify a number of policy reviews where further action is intended. The document is presented in seven further sections, the contents of which are summarised below:-

Section 2 discusses future demands for services, dealing with both increases in volumes and quality aspects, such as salinity, reliability and the environment.

Section 3 describes the intended investment in new water, sewerage, drainage and common services assets over the next five years, which comprises a Capital Works Program amounting to \$464 million.

Section 4 outlines a programme of investigation and development relating to alternative practices and options under consideration by the Board; a programme to strengthen liaison with customers and programmes relating to internal procedures. It also contains a discussion of the non-financial resource implications of the Board's activities.

Section 5 reviews the historical methods of financing the Board's activities, assesses the Board's financing requirements for the five year plan of action and discusses future sources of funds, including the expected availability of loan finance for both new investment and conversion of maturing loans. An assessment is presented of the various sources from which it is planned to obtain funds over the next five years.

Section 6 discusses the annual costs expected to be incurred over the five year period. Analyses are presented of operating costs, interest charges and provisions for depreciation of assets.

Section 7 estimates the revenues required to meet these expected outgoings and outlines the principles to be applied when formulating tariff structures.

Section 8 contains a schedule of capital works to be constructed or commenced over the five year period. Some projects are included on a provisional basis, the extent and timing of their construction depending on the location of future property developments.

"ROLE, FUNCTION AND STRUCTURE OF ADVISORY BOARDS"

D.J. Constable

The object of this paper is to briefly summarise the various considerations in recent years given to the functioning of Advisory Boards, to briefly discuss what might be jointly perceived as the most desirable role in the future, and to explore the extent to which existing arrangements might be improved to better fulfil that role.

In developing this general objective, there are a number of significant issues, but central to the discussion the following two are paramount:

The first is of course the role and function of Advisory Boards in the administration and management of the existing irrigation districts, and closely following from that, is the role of individual Advisory Board members in the operation and functioning of the Board system. Consideration of these two issues in the context of the Goulburn-Murray District, because of its geographic extent and historical development, leads inevitably to the examination of the existing Board structure and representation at the ten administrative centres of the District, and raises questions as to whether there are desirable changes which should be made to both of these aspects.

I referred earlier to the "role and function of Advisory Boards in the administration and management of irrigation districts", and perhaps could be taken to task for attempting to limit that role before allowing discussion which is directed at exploring the very extent of that role. This is certainly not the Commission's wish or intention. At the outset however, it is necessary to have regard to the overall consultative arrangements which exist, or for which legislative arrangements exist for their development in appropriate specific areas or water resources management.

The Chairman, in his theme paper, outlined the considerable range of specific and general activities and statutory obligations the Commission is required to carry out. He also mentioned the many formal arrangements for liaison and consultation already established, and of the various community groups who have interests in some of those activities and obligations.

Many of those activities and obligations are not of direct or indirect concern to farmers within irrigation districts, and, for some others which are, representations to Government or the Commission on behalf of the irrigation community could be more effectively made by bodies other than Advisory Boards.

However, before exploring these particular thoughts further at this stage, we should examine the existing Advisory Board functions as set out in the current By-law (No. 5744):

"The functions of an Advisory Board shall be to advise the Commission in regard to:

- (a) the fixing of the times and periods for the supply of water for irrigation to lands in the Board's electorate and the maximum quantity that may be taken under water right at or during any time or period by the owners or occupiers of those lands;

- (b) the operation of the Commission's works for the distribution of water for irrigation;
- (c) the allocation of water including the rationing and priority of supplies in times of shortage of water; and
- (d) any other matter for improving the operation of an irrigation district or area."

As the name "Advisory Board" implies, the functions are essentially of an advisory nature, the responsibility for carrying out these duties being the Commission's statutory obligation.

While the Boards have considered matters forwarded to them by the Commission under those areas listed in the By-law, the Boards themselves have also initiated proposals of their own e.g. mortgaging of Water Rights, a proposal initiated recently by the Kerang Boards, for consideration by the Commission.

A few years ago, two inquiries into the administration of the Goulburn-Murray Irrigation District were held, the reports of both were widely circulated among Advisory Boards. These were the Internal Inquiry carried out by a committee of senior Commission officers, and a subsequent one by Mr. A. G. Robertson. Both reports identified, among other things, the opportunity and the need for Advisory Boards to become more actively involved in district administration.

Mr. Robertson suggested widening the range of matters for consideration, specifically:-

- (i) Water Distribution Operations and Maintenance Works - Review Expenditure. Review programme performance and methods and procedures. Make proposals.
- (ii) Estimates, Budget Expenditure and Rating - Review content of revenue and capital works expenditure budgets, monitor actual expenditures. Correlate need for expenditures and consequent rate levels with standards of service required.
- (iii) Administration - Review State Rivers and Water Supply Commission practice. Examine irrigator and community response. Adjust approaches to achieve objectives. Make representations as required to the State Rivers and Water Supply Commission and Government.
- (iv) Capital Works Programme - Review need, in context of irrigation system and cost benefit as reflected in rate and other charges, inspect and review progress of works.
- (v) Extension Services - Devise type for local needs and direct programme.
- (vi) Industry Issues - Watch and discuss as required.
- (vii) Research and Development - Inspect, review and make proposals for trial.

The reaction of Advisory Boards to this proposal was somewhat lukewarm. Where comment was forthcoming, it indicated that farmers had limited time to devote to indepth involvement in such a wide range of topics, however desirable it might be, even with the aid of secretarial assistance suggested by Mr. Robertson.

This attitude can be viewed against a background of the seventies with its trend towards larger farms, fewer farm workers, and some farmers seeking off farm work to supplement their traditional farm income. It could also be viewed against a history of seeming indifference and a low level of involvement by irrigators in these matters, a comment offered by Mr. Robertson in his report.

On the other hand, that reaction could well be a recognition that most farmers, by and large, are satisfied to leave the basic responsibility for operation of the water supply system with the Commission, provided workable arrangements exist for consultation between users and operators. The primary objective of farmers is to conduct a viable and continuing system of farm production, and there is a wide range of complex issues both on and off the farm in which a farmer has a vital interest. Not all of these issues have the same relevance for all farmers, and this is indicated by the fact that there are a number of farmers and industry groups dealing with specific issues. For farmers within a public irrigation system, however, there is one substantial common interest provided by the operation of the water supply system. This forms a significant element in conducting and maintaining a viable system of farming, but irrigation is only a means to that end and not an end in itself, and most thinking farmers recognize this.

An extensive gravity open-channel system serving large areas containing hundreds of individual farms, or a pumped system serving a compact area, inevitably results in some constraints to the particular service available to individuals within the system. The overall objective must be to optimise the system performance for the benefit of the irrigation community as a whole, and the maximum service to individuals can only be determined in that context. Quite clearly, this is a situation requiring an arrangement for formal consultation between the irrigators and the Commission as operators of the system.

From the many comments and considered views which have been given by Advisory Boards and individual irrigators since publication of the reports, the Commission believes that the consensus view is against the broadly based role suggested by Mr. Robertson, in favour of the more specific role which is appropriately defined by the existing functions as set out in the By-law. This means that Advisory Boards would be focussing on those matters which are specific to the operation of irrigation districts and are responsibilities of the Commission, and accordingly, are those which can be dealt with directly by the Boards and the Commission. This is a clear-cut definition which the Commission sees as eminently desirable, and such specific definition would appear to make the role of individual Board members easier to accept, and I will come back to this point.

Incidentally, the functions of the Boards on this basis would cover the first four items in the Robertson report, which for the purpose of this discussion have been arranged in the reverse order to that appearing in the report.

If it is accepted that the existing prescribed functions are appropriate, greater Advisory Board involvement in these aspects is highly desirable if districts are to function at their maximum potential. The Commission would welcome moves to increase awareness of members in such areas as capital works programmes, operating costs, water distribution procedures, maintenance and new irrigation practices.

Specifically the Commission would like to obtain more Advisory Board input in the preparation of programmes for new and replacement works as well as operation and annual maintenance. There is plenty of scope for Boards to assess general priorities of weed control programmes, access track construction, fencing, mechanical cleaning, bank reconstruction, timber clearing, and rehabilitation of outlets within their own area.

Since 1976, vote fund estimates for district maintenance programmes have been considered by Advisory Boards prior to examination and use by the Commission in framing future financial and physical operations. However there is still some evidence of Advisory Boards not having been given the maximum opportunity by District Engineers, or of Boards failing to take advantage of the opportunity when it has been offered, to thoroughly assess and make constructive comments on programmes drawn up by the District staff.

Advisory Boards, with benefit of local knowledge, should be able to make an effective contribution, not only in determining the priorities within each category of works, but also in achieving a balanced programme relating to the special needs of the area, particularly in the light of inevitable and unavoidable changes in District staff.

Most members are aware that it is impossible to divorce these issues from financial considerations with the consequent effects on rates and charges. The funding of Commission's operations is complex and it is essential for Boards to be well informed of funding arrangements, including the effects of proposed works, and not the least, the availability of funds at a State level.

The Commission believes that inputs can be assisted by disseminating information to Boards on the wide range of subjects mentioned and backing the written word with speakers skilled in the particular subject. Many of the areas listed as matters within the jurisdiction of Boards are not explored in any real detail at present. The Commission is willing to co-operate in expanding the role of the Boards, but ultimately a greater level of involvement is dependent on Advisory Boards members accepting that role, and the workload that goes with it.

Moving on to the question of appropriate structuring of Advisory Boards, the Commission believes that the existing arrangements for the pumped districts along the Murray (Merbein, Red Cliffs, Robinvale, Nyah and Tresco) appear to provide an acceptable, workable and highly effective consultative system. Due to the compactness of these districts, the nature of the distribution system and type of culture, Advisory Boards traditionally have had a high degree of involvement in the development of water distribution procedures, and this is continuing.

Similarly for the Macalister, Bacchus Marsh and Werribee Districts, the total system comprising headworks and distribution system is relatively self-contained, each administered from a single centre. In each case the full implications of policy and administrative decisions are within the knowledge and scrutiny of the particular Boards, and this provides a ready basis for effective consultation and co-operative action.

A great majority of the issues affecting the operation of the water supply system are ones that deal with local circumstances, and which can be resolved within the District, subject to those legal and statutory requirements which can only be exercised by the Commission as a corporate body.

For all of these Districts then, the Commission believes the existing functions and structure of Boards seems to be appropriate, and provides a suitable framework for examining ways of enhancing the role of Boards and Board members within that framework.

The Goulburn-Murray Irrigation District is a somewhat special case. The District is managed currently from ten administrative centres, and there is currently a total of 182 members elected to 21 Boards representing some 9,000-10,000 holdings.

The current Board electorates comprise "Irrigation Areas" each of which existed as a separately constituted District prior to their amalgamation in 1959 to form the Goulburn-Murray District. As separate Districts they were separate financial entities, differing widely in gross area and number and nature of irrigation enterprises, and in water allocations, although in some cases adjacent Districts shared in the headworks resources, and others were supplied from common main distributory works.

On amalgamation, these 21 former Districts formed a single financial entity with common scales of water right allocation and annual water availability. However, they retained their identity as separate electorates for the purposes of constitution, election and functions of Advisory Boards.

The appointment of members is governed by Section 11(i) of the By-law:-

"The number of elective offices of membership of any board shall be not less than three nor more than -

- (a) nine if the gross area of the electorate does not exceed 80,000 hectares; or
- (b) twelve if the gross area of the electorte exceeds 80,000 hectares."

The By-law does not impose any restriction of membership other than maximum or minimum within the two groups, and very small electortes of around 4,000 hectares can elect the same number of Board members as an electorate covering nearly 80,000 hectares. Eighteen of the twenty-one electorates are smaller than 80,000 hectares and most in this category have opted for the maximum membership of nine regardless of area.

The net result is that five of the centres have multiple Boards comprising a large number of members, as indicated in the first Appendix, in two cases there being four Boards with thirty and thirty-four members respectively at the centres.

The question arises as to whether this arrangement, with nearly twenty years of development since formation of the Goulburn-Murray Irrigation District, is the most effective to fulfil the role now identified for Boards.

Apart from the changes mentioned which took place on amalgamation, other improvements have occurred in communication and transport which have reduced the physical isolation which originally existed for some parts of the District. However, the major physical change has been in the improvement and development of integrated supply systems and water distribution procedures based on the ten administrative centres, and bearing in mind the major functions of Boards relate to the effective operation of those integrated systems, it would seem logical that this could be done more effectively by one body at each of the centres.

Most Boards have recognized this and have combined meetings. At the Shepparton Centre the Boards formally meet as a combined Board, while retaining the existing electorates for election of members. However, while the practice of combined meetings has enhanced the operation, the general experience has indicated that further improvements could be made. The sheer difficulty of getting thirty or more busy men to the one meeting, and for each of the thirty to be able to make effective contributions when they do attend, has prompted some Boards to examine possible improvements. The Shepparton Boards instituted a sub-committee system for some particular issues, and the Swan Hill Boards have initiated moves to form one integrated Board for the Centre with a reduced total membership.

There have been a couple of propositions put forward aimed at rationalizing numbers of members, based on amending the criteria for election on the basis of gross area and alternatively on gross water rights for the existing electorates, and these are detailed in the Appendices.

The comparative numbers which would form a single Board at each centre are shown in the table, compared with existing numbers:

Centre	Number of Members		
	Existing	Revised Area	Revised Water Right
Cobram	12	12	12
Shepparton	30	16	19
Tatura	12	12	12
Tongala	17	13	12
Rochester	9	9	8
Cohuna	9	9	8
Pyramid Hill	24	16	15
Boort	9	9	5
Kerang	27	13	15
Swan Hill	33	14	16

The Commission agrees with the general thought that effectiveness in operation of the Boards' activities would be enhanced by having a single integrated Board at each centre, and that twelve or thereabouts seems to represent the optimum number for effective group management, and suggests that the formation of a single Board be adopted as a specific objective for those Centres currently represented by multiple Boards.

It has no strong views about the particular criteria to be adopted for determining the number of members, and recognizes that the most effective arrangement is likely to be one most favoured at the particular Centre. On this basis the Commission would be prepared to amend the By-law to facilitate the most appropriate method of rationalization.

The constitution of one Board for each Centre would overcome some of the current objections to the method of dealing with voting on issues which have implications for the District as a whole. At present, the outcome of such particular issues could be determined by the voting by Boards, which of course have disproportionate representations related to the numbers within respective Board electorates. In these cases, the Commission places relative weightings on the Boards' views, but it is not always a simple matter to determine what has been the consensus view.

While the constitution of integrated Centre Boards would do much to enhance Centre operations, there are other important issues which reflect on the operational policy of the Goulburn-Murray Irrigation District system as a whole, such as policy for headworks and main distributary channel operation, policies for sharing of available resources, and the overall financial and physical implications of works and measures which might be proposed from time to time.

To consider these sorts of issues, the Commission has proposed the establishment of a Combined Board for the Goulburn-Murray Irrigation District which would comprise one elected Board member from each centre Board meeting two or three times a year for such purposes with the Commission or its senior officers. The Commission would not see this body as supplanting in any way the Centre Boards, which would remain the primary organizations. The main role of the Combined Board would be to provide a forum for joint discussion of the broader issues in management of the District, so that these could be better considered at the individual District Centres.

Now, returning to the wider scene of Advisory Board functioning across the State. You will have realized from the Chairman's address that there is a wide variety of interests which sometimes have to be reconciled in dealing with the various aspects of water resources management within this State, and in adjoining States with an interest in the River Murray and Snowy Scheme operations. You will also have gained some knowledge of the arrangements which exist aimed at ensuring co-ordination, co-operation and the resolution of these conflicts in the overall public interest.

As all irrigation districts involve the use of natural river systems and headworks outside the irrigation areas themselves, the merit of forming a "peak" Council of Irrigation Advisory Boards might be examined. Such a body might meet annually with the Commission and would have representatives nominated from Advisory Boards and Private Diverter groups, based perhaps on river systems.

Finally, a few brief observations on the role of Advisory Board members. From many discussions over the years on this role with individual Board members, the Commissioners have a real appreciation of the difficulties faced by irrigators in performing this role. The accusation of "vested interest" in Boards' resolutions by other less informed irrigators is a frequent and perhaps obvious one. I would have thought that wider publicity given to the functions of the Board as set out in the By-law would help to overcome this. Furthermore, efforts to increase irrigator access to Board members would seem to be productive, and conversely, representations by Board members on behalf of individual irrigators to the District Engineer on relevant and appropriate issues could be a further way of enhancing the effectiveness of the overall District operations.

Of course, any expanded role for individual members, will for most, simply occupy more time they cannot afford away from their own business and this is appreciated. It would not be possible to make monetary compensation to members for such time spent, nor would members seek it. However the Commission believes members should be compensated for "out of pocket" expenses incurred in travelling or in communication costs associated with Board activities, and would be prepared to arrange for this.

Summary and Discussion

This paper set out to provide a basis for discussion on what might be jointly perceived as the most desirable functions and role for Advisory Boards, and to explore the extent to which existing arrangements might be improved to better fulfil that role. The following points are some which the Conference might consider as a basis of discussion:

1. That the statement of functions of Advisory Boards as set out in By-law 5744 be confirmed.
2. That the Commission and Advisory Boards, as a specific objective, identify and adopt measures aimed at enhancing the effective functioning of the Advisory Board system.

Such matters might include:

- (a) Postal Ballots for election of members.
 - (b) Irrigator Member as Chairman of Advisory Board.
 - (c) Programmed inspections of District by Board Members.
3. That Advisory Boards examine and adopt measures directed at improving the consultative arrangements between Advisory Board Members and the main body of irrigators in their electorates, and that the Commission institute measures for the reimbursement to Members of reasonable "out of pocket" travelling and communication costs attributable to that activity.
 4. In respect of the centres within the Goulburn-Murray Irrigation District, a desirable objective be to re-constitute Boards where necessary to form an integrated Board at each administrative centre, and that Boards at the relevant centres formulate appropriate recommendations for amendment of the By-law to facilitate such re-constitution.
 5. That within the Goulburn-Murray Irrigation District, a Combined District Board be formed, comprising one member from each Centre Board nominated from the elected members.
 6. That the general functions of the Combined Goulburn-Murray Irrigation District Board be to review and advise the Commission on the broader issues in management of the District, which reflect on the operation of the district as a whole.

7. That the Conference approve in principle the concept of a "peak" Council of Advisory Boards, and the Commission be requested to prepare a draft proposal for the formation of such a Council in consultation with one Advisory Board Member representing each constituted Irrigation District, such proposal to be circulated to all Advisory Boards for comment.

ADVISORY BOARDS STRUCTURE

POSSIBLE MEMBERSHIP BASED ON REVISED AREA CRITERIA

Area (ha)	Members
0 - 10 000	3
10 000 - 50 000	5
50 000 - 100 000	8
100 000 and over	12

Note: No change to numbers where only one Board exists at the District Centre

Centre and No. of Holdings	Electorates	Area (ha)	Present		Alternative	
			Board Member-ship	Centre Ratio of Members to Holdings	Board Member-ship	Centre Ratio of Members to Holdings
Cobram 1564	Murray Vall.	129 469	12	1:130	12	1:130
Shepp. 1643	North Shepp.	49 815	9)	)	5))
	South Shepp.	16 758	7)	)	5))
	Shepp.	9 764	8) 30	) 1:55	3) 16	) 1:103
	Katandra	6 284	6)	)	3))
Tatura 1716	Rodney	109 248	12	1:143	12	1:143
Tongala 1154	Tong./Stan. Deakin	31 180	9)	)	5))
		63 542	8) 17	) 1:68	8) 13	) 1:68
Roch. 975	Rochester	75 720	9	1:108	9	1:108
Pyramid Hill 666	Dingee	4 379	7)	)	3))
	Calivil	26 591	7) 24	) 1:28	5) 16	) 1:42
	Tragowel Pl.	88 635	10)	)	8))
Kerang 666	Kerang	34 372	9)	)	5))
	Koondrook	38 148	9) 27	) 1:25	5) 13	) 1:51
	Third Lake	9 210	9)	)	3))
Cohuna 798	Cohuna	51 131	9	1:89	9	1:89
Swan Hill 831	Fish Point	7 434	7)	)	3))
	Woorinen	1 920	8)	)	3))
	Swan Hill	13 672	9) 33	) 1:25	5) 14	) 1:60
	Mystic Park	8 408	9)	)	3))
Boort 287	Boort	45 870	9	1:32	9	1:32
			182	1:57	123	1:84
Maffra 830	Cent. Gipps.	17 896	7) 17	) 1:49	5) 10	) 1:83
	Maffra-Sale	34 684	10)	)	5))
Bacchus Marsh 125	Bacchus Marsh	2 391	5	1:25	5	1:25
Werr. 274	Werribee	3 774	5	1:55	5	1:55
Campaspe 128	Campaspe	8 634	9	1:14	9	1:14

ADVISORY BOARDS STRUCTURE

POSSIBLE MEMBERSHIP BASED ON REVISED WATER RIGHT CRITERIA

<u>Water Right (1000 ML)</u>	<u>Members</u>
0 - 10	3
10 - 40	4
40 - 70	5
70 - 100	6
100 - 130	7
130 - 160	8
160 - 190	9
190 - 220	10
220 - 250	11
250 - 280	12

<u>Centre</u>	<u>Electorates</u>	<u>Water Right</u>	<u>Present Board Membership</u>	<u>Proposed Board Membership</u>
Cobram 1564	Murray Valley	254 191	12 (1:130)	12 (1:130)
Shepp. 1643	North Shepp.	101 632	9)	7) 19
	South Shepp.	24 243	7)	4) (1:86)
	Shepp.	39 071	8) (1:55)	4)
	Katandra	17 065	6)	4)
Tatura 1716	Rodney	253 915	12 (1:143)	12 (1:143)
Tongala 1154	Tong./Stan.	104 880	9)	7) 12
	Deakin	43 414	8) (1:68)	5) (1:96)
Rochester 975	Rochester	147 948	9) (1:108)	8 (1:122)
Pyramid Hill 666	Dingee	10 051	7)	4 ; 15
	Calivil	39 842	7)	4) (1:45)
	Tragowel Plains	121 479	10) (1:28)	7)
Kerang 666	Kerang	62 022	9)	5 ; 15
	Koondrook	72 660	9)	6) (1:45)
	Third Lake	13 062	9) (1:25)	4)
Cohuna 798	Cohuna	133 247	9 (1:89)	8 (1:100)
Swan Hill 831	Fish Point	9 894	7)	3) 16
	Woorinen	12 000	8)	4) (1:52)
	Swan Hill	43 891	9) (1:25)	5)
	Mystic Park	11 291	9)	4)
Boort 287	Boort	51 873	9 (1:32)	5 (1:58)
			182 (1:57)	122 (1:84)

Submission from

G. Silberbauer

Chairman, Cardinia Creek Conservation Advisory Committee

to

Dandenong Valley Authority

PART 'E'

To Chairman and Members,
Public Bodies Review Committee,

Re: Inquiry into the Dandenong Valley Authority

In the time that I have chaired the Cardinia Creek Conservation Advisory Committee of the Dandenong Valley Authority, I have been able to observe the Authority and its activities from the somewhat unusual perspective of a critical outsider who is also a privileged participant in some of its decisions and actions. This means that while I am not subject to official restraint or to professional or technical constraint, I am, nevertheless, privy to an inner view of at least part of the Authority's operations. The openness and candour with which the Authority's officers treat the Advisory Committee, make that inner view a fairly penetrating one.

My credentials as a critical outsider are as a landowner, a conservationist with a background of researching, establishing and administering conservation measures in a government, as a social scientist specialising in socio-ecology - the study of the inter-relationships with and between social groups and their environments - and as a former colonial service officer with administrative and local government experience.

I am, therefore, both personally and professionally interested in the Dandenong Valley Authority's role as an agent of society which acts indirectly by exercising a measure of control over the ways in which people regard and treat streams, and their environs and acts directly by itself carrying out various works in and around waterways.

There are two aspects of the philosophy which the Dandenong Valley Authority has adopted in the exercise of its role which I think are commendable:-

First, the attempt to maintain the widest practicable range of choice of present and future actions by not gratuitously closing off options. Done the wrong way, this can, of course, reduce action to a series of flabby compromises or collapse into directionless vacillation. But in a situation where future states of the complex system of society-and-environment cannot be precisely predicted and can only be foreseen in a probabilistic fashion, this philosophy can be creatively pursued as a positive policy in which options are seen as potential investments and in which versatility of both means and purpose enhance their economic utility.

An example of the expression of his philosophy is the concept of "green engineering" in stream management in which vegetation, structural features and the characteristics of stream behaviour are manipulated into mutually reinforcing factors to achieve the desired aim. This does not produce a monumental structure in which ratepayers can easily see their taxes at work, and much of that revenue is expended on incorporeal items like preliminary study of the relevant variables, but the result is a largely self-maintaining system which confers benefits additional to the principal intended function, e.g. recreational facility, habitats for flora and fauna and aesthetic pleasure. Furthermore, the system is susceptible to a measure of subsequent manipulation should need arise to extend, or otherwise alter its intended functions. This versatility of means and ends is seldom attainable in conventional engineering approaches to waterway management.

(I have mentioned this one example, but emphasise that it is by no means the only expression of this philosophy that I have encountered.)

Second, I see the Dandenong Valley Authority as properly carrying out the policy formulated in the legislation which provides for the establishment of our, and other advisory committees. The Authority readily accepts and discharges its responsibility by actively enlisting public contribution to, and participation in its decision-making, not only in the meetings of the committee but by using the committee as an additional channel of communication to and from the public. The membership includes people who wear other hats and their multiple roles are actively exploited and supported by using these vectors as means of contacting municipal bodies, local groups and individuals on a more personal basis than would otherwise be possible. These vectors are augmented by, and augment the work of the Authority's own publicity in informing the public of the Authority's intentions, rationale for action, and actions.

I mention earlier that the Dandenong Valley Authority functions indirectly by exercising a measure of control over the actions of the public. It is possible to build into a scheme a substitute for co-operation, but this usually adds considerably to the cost of a scheme. (A trite example is the erection of a fence around land which one does not wish people to enter - it costs money which could be saved if co-operation made the fence unnecessary.)

The policy of responsive consultation costs the Dandenong Valley Authority money in the form of time spent and work done by its officers (and costs them the exercise of a

great deal of patience and fortitude on occasions!). The cost-effectiveness of this expenditure is probably impossible to quantify as its benefits are in the form of imponderables such as errors avoided, opposition transformed into support. One cannot assess the cost of what might otherwise have gone wrong, but I believe that it could be appreciable and argue that, to be realistic, it must be taken into qualitative account. I point out that this policy is followed at all levels of the Authority, from its Chairman to field staff and that the consultation is responsive and is, in my opinion, effective.

G. Silberbauer,
Chairman,
Cardinia Creek Conservation Advisory Committee
to
Dandenong Valley Authority

Independent State of Rainbow Creek

via
Cowarr,



Victoria,
3857.

STATEMENT

COMMENT

- The Government did, however, authorise substantial expenditure (of the order of \$3/4 million) to prevent the complete capture of the Thomson River by the breakaway course.
- Since that time, significant funds have also been made available to appropriate authorities in order to reduce the rate of erosion along the Rainbow Creek. As an example, the Government recently authorized a grant of \$1 million over a three year period to the Thomson River Improvement Trust for such works.
3. The Commission rushed through legislation requiring payment for water diverted from Rainbow Creek for irrigation.
- This statement is incorrect; Legislation controlling diversions from streams has been in existence almost all this century. The status of the Rainbow Breakaway (and of a number of other rivers whose course had moved), however, was such that only diversion by annual permit, granted by the Commission, was permitted.
- In 1965 an amendment to the Water Act was made by the Water (Amendment) Bill 1965 to enable the Commission to grant rights to divert of a more secure nature than under annual permit.
4. "The next step was, that as they wanted to open up land at Nambrok and Denison for irrigation purposes, they decided to build a Weir at the head of the Rainbow Creek. Not for the benefit of the Rainbow Creek landowners, but solely to collect from the farmers at Denison and Nambrok".
- This statement is incorrect! The construction of a low-level diversion weir, to divert water from the Thomson River to supply the Nambrok and Denison Areas, had been recommended by the Parliamentary Public Works Committee in its reports of 1943 and 1951. Following adoption of those reports by the Government, the Cowwarr Weir was designed and constructed in 1957 for the dual purpose of controlling the breakaway, except in flood times, and diverting water into the Cowwarr Channel for irrigation.

<u>STATEMENT</u>	<u>COMMENT</u>
5. The Cowwarr Weir was poorly designed and/or constructed and continuously required repairs.	<p>The Cowwarr Weir was designed and constructed in 1957 at a cost of \$720,477.00. This was five years after the breakaway occurred. The design had regard to the natural instability of the breakaway course and the weir, and subsequent works, are a cost effective method of maintaining the structure and the downstream bed and banks.</p> <p>The cost of alternative works runs into millions - an expenditure of that nature cannot be justified in a naturally unstable course.</p> <p>It is an inevitable consequence of situations of this nature that there will be a continuing need for expenditure to repair flood damage.</p>
6. Legislation was rushed through to form the Thomson River Improvement Trust.	<p>This Statement is incorrect! The River Improvement Act was passed in 1948 and by 1961, eleven (11) Improvement Trusts had been formed, which did not include the Thomson. It was not until 20 June 1967, that the Thomson River Improvement Trust was constituted.</p> <p>There had been public and municipal pressure for the formation of a trust since 1953 but lack of agreement between landowners in the upper and lower reaches of the Thomson was not resolved until the mid 1960's.</p>
7. River Improvement Trusts are supposed to stop erosion.	<p>Under the Act, River Improvement Trusts are empowered to carry out and maintain river improvement works which could include minimizing erosion of the bed and banks. Thus, within the limits of available finance, River Improvement Trusts do valuable work in controlling the various effects of erosion. It</p>

STATEMENTCOMMENT

- must be remembered, though, that stream erosion and silt deposition are naturally occurring and continuous processes by which river flats are created. The nature of the soil and the gradient of the Rainbow Breakaway are such that erosion is an inevitable, natural process which cannot be economically controlled by artificial means.
- More than \$649,000 of Government funds has been expended on stream control works in the Rainbow Creek since formation of the Thomson River Improvement Trust. As well, substantial amounts will be spent in the next few years.
8. "Over the years from 1957 the State Rivers were supposed to help the farmers by keeping the Weir clear of silt and rubbish but this they did not do. The only thing they did do was form the Thomson River Improvement Trust. Once again legislation was pushed through and the farmers once again had to pay rates to them".
- The Cowwarr Weir Pool is not a flood mitigation pondage and whether or not the Pool had been desilted is irrelevant to the passage of a flood of the nature experienced. As explained in Comment 6, legislation was not pushed through to form the Trust; the Trust was formed in 1967 following the reaching of agreements between municipalities and landowners.
9. Debris from the Thomson Dam construction was a major cause of the 1978 flooding and of bridge destruction. "In April of 1978, a visit was paid to the Site of the Upper Thomson Dam ... and some of our members pointed out to the Engineer the logs which had been cleared for the site and left in and around the bed of the Thomson River. This fact was also brought to the attention of the Minister of Water Supply" (and others). "Once again nothing was done to clear this trouble spot up".
- This statement was wrong! An investigation has verified that debris carried in the Thomson River, to and below the Weir, was derived from the catchment below the Thomson River Dam site and in particular from the catchments of the Lower Thomson and Aberfeldy Rivers and the Deep Creek, as a natural result of the peak flows and consequential high velocities caused by heavy rains concentrated over these sections of the catchment.
- Flows past the Thomson River Dam site were not of sufficient magnitudes to carry any substantial volumes of timber; indeed there is no evidence that logs cleared from the site reached the river.

12. DECLARATION OF WAR

On Wednesday, 17th January, 1979, Mr. Barnes and Mr. Downing declared war with the State of Victoria on behalf of a number of the Rainbow Creek farmers. In the declaration which was handed to the Governor, Sir Henry Winneke, a number of allegations were made concerning the Commission.

The Minister responded to these claims in a letter dated 26th March, 1979, as follows:

" RAINBOW CREEK

<u>STATEMENT</u>	<u>COMMENT</u>
<p>1. The Water Commission cleared the banks of the Upper Thomson River in 1952 and left all the debris where they fell. When floods occurred later that year the debris were carried down to the Cowwarr Area where they formed a blockage resulting in the formation of the Rainbow Breakaway.</p>	<p>The Water Commission did not undertake any bank clearing in the Upper Thomson River.</p> <p>It was the choked nature of the Thomson River, below what is now the Cowwarr Weir site, combined with the very high flood flows experienced in 1952 which caused the breach of the natural levee bank and the break-out of the Thomson River along the now existing course of the Rainbow Creek.</p>
<p>2. The breakaway was now a fixture and the farmers had to put up with it. Nobody wanted to take the responsibility of diverting the water back down the Thomson River. No Council, no government body, nobody came to help the farmer although requests were made.</p>	<p>The diversion of the Thomson River was a natural event and it was clear from the nature of the soils and the relatively steep gradient of the breakaway course that no reasonable expenditure of time or money was capable of restoring the pre- flood conditions.</p>

STATEMENT

COMMENT

In the quoted statement Mr. Barnes infers the conversation with me took place before the flood - in fact the conversation took place on 14 July, 1978, after the flood had occurred. Contrary to the statement that I and named officers did nothing in respect of this matter, a Committee chaired by the Director of Water Resources with representatives of the Melbourne and Metropolitan Board of Works, the Forests Commission and the Water Commission, closely investigated the matter.

It is significant that the June 1978 flood is the highest ever recorded at Cowwarr Weir, exceeding the previous maximum recorded in 1952.

10. The Water Act, Section 284 and Section 316, makes the State Rivers and Water Supply Commission responsible for bridge replacements.

In the Commission's opinion, it is not responsible for the payment of compensation or the provision of bridges downstream of weir as a consequence of the 1978 flood. This opinion is supported by the advice of independent Counsel.

11. By constructing the Weir and illegally flooding a road, the Water Commission has deprived six families of access.

This statement is false! Prior to the 1952 flood, access across the Thomson River was by means of a low-level bridge. The flood washed away the roadway leading to the bridge and forced the landowners to use alternative access. As part of the Weir works the Commission constructed, in 1957, an "internal" road through the Weir Reserve to this bridge and allowed this road to be used for access.

To prevent vandalism the Reserve is locked at night. The Commission had never intended that the "internal" road should be a public road or that it should replace the washed-away road which (being a Shire Road) was not, and never had been the Commission's responsibility.

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COMMENT

12. The Water Commission is seeking legislation to make the farmer pay the costs of both sides in court actions, no matter who wins.

As you are aware, this access aspect was investigated by the Ombudsman who reported, on 18 August, 1978, that, "I feel a good deal of sympathy for Mr. Downing and his fellow residents in the area to the north of the Reserve but I cannot conclude that the Commission's decision to lock its gates at night is one that calls for criticism by me."

The Commission has never contemplated, and accordingly has not sought, such legislation which would be completely foreign to the generally accepted concept of natural justice.

13. The owners are still waiting after 26 years for payment for their land.

I understand that the reference is to the Crea case. The fact is that Mr. Crea brought an action against the Commission and the Commission is appealing, on a very substantial number of grounds, the decision of the County Court.

It is assumed that this refers to that part of the privately owned land now occupied by the Rainbow Creek.

There is no provision in Victorian legislation for landowners affected by natural occurrences of this sort to be compensated.

It is in fact difficult to find evidence to support the contention that they should be compensated.

14. The Premier promised that farmers on Rainbow Creek would be given grants to cover the losses experienced but "not one farmer has received one cent in cash from anybody".

After the June 1978 floods, the Premier announced that assistance would be available in overcoming flood losses. He appointed a working party to examine and report on access problems caused by the June floods. That party recommended the availability of low-interest, long-term loans to enable farmers to replace damaged bridges. Loans have been

STATEMENTCOMMENT

made available on this basis and the Premier has recently advised of further assistance by way of proportion of grant funds for bridge replacements on the basis that such bridges be designed to meet minimum standards set by the Water Commission, with a clear understanding that these are private bridges.

Comment 9 refers to the origin of debris in the Rainbow Creek and to an investigation made by a group of officers chaired by the Director of Water Resources. A copy of this report to me in this matter is attached for your information.

The Government is sympathetic for those who have suffered from the floods of last year, and has already made available a variety of measures of assistance to those affected, including grant monies towards part cost of bridge replacements and low interest loan monies for restoration of other flood damage to farms. Extensive amounts of public funds have, and will be expended on public works aimed at restoring or alleviating the effects of the flooding. You will appreciate that the Government has fully recognised the problems of Rainbow Creek, has and will continue to do everything reasonably possible towards a long term solution to these problems, but does not accept that the assertions made in your document of 17th January, 1979, are fair statements of the issues involved.

Yours sincerely,

F.J. GRANTER,
Minister of Water Supply."

Copy of Letter from the Melbourne and Metropolitan Board of Works to the Public Bodies Review Committee

27th May, 1981

Dr. K. J. Foley, M.L.C.,
Chairman,
Public Bodies Review Committee,
1-15 Little Collins Street,
MELBOURNE, Vic. 3000.

Dear Dr. Foley,

I refer to your letter of 10th April, 1981, regarding the water sewerage and drainage authorities which surround the area of responsibility of this Board. The enclosed plan shows the Board's Area of Responsibility at April 1981. The plan also shows the approximate areas of responsibility of neighbouring authorities and trusts. It is suggested that your Committee seek any precise details of those other authorities and trusts that you require from the State Rivers and Water Supply Commission.

The plan has also been marked up to show the future changes to the Board's boundaries for which the Government has given direction, but which have not yet occurred.

There have been many alterations to the Board's boundaries since the Board was first established. It has been both beneficial and logical for the Board's area of responsibility to be progressively enlarged to accommodate the development of Melbourne. For example, the Board when established was responsible for sewerage to some 346 square kilometres which then encompassed all Melbourne's developed area. As Melbourne expanded, so the Board's sewerage area has extended to now encompass more than 2000 square kilometres.

A number of fringe/outer urban areas have at times been considered sufficiently separate for independent authorities to be considered or established. Many of those areas have since been included in the Board's area. Others operate as semi-independent authorities but rely upon the Board for bulk water supply or for sewerage treatment or outfall facilities. Transferring the responsibilities from a number of small authorities, to a single broad-based authority such as the Board has had implications including:-

- * assistance in the development of regional and state priorities in water resource management;
- * elimination of inefficiency due to unnecessarily fragmented systems;

- * reduction in competition in the pursuit of limited funds and sources of water;
- * reduction in the variability in quality and reliability of services;
- * avoidance of the inequities resulting from differing rate levels and standards;
- * elimination of the tendency for parochial interests to dominate to the detriment of regional or state considerations such as downstream water quality and environmental conditions;
- * better use of available administrative and technical expertise from within the water industry.

One example of an independent sewerage authority being formed and subsequently included in the Board's area is the Croydon Sewerage Authority. This Authority was formed in 1952 but difficulties were encountered by the Authority in finding suitable treatment plant sites and the costs involved in a scheme for this area proved to be beyond its resources.

Croydon formed part of the catchments of the Dandenong and Brushy Creeks which in the early 1960s were developing rapidly but were totally unsewered. It was recognised that these areas formed a large part of the natural catchment capable of, and in part being served by the Board. Hence in 1970, it was recommended that responsibility for these areas be assumed by the Board.

The Board was able to provide initial services to many of these areas by Regional Purification Plants and temporary extension of its Ringwood system. The area is now being permanently connected to the Board's Dandenong Valley Trunk Sewer System and therefore to the Board's South Eastern Purification Plant.

The Minister has directed that the Hurstbridge Sewerage Authority's area be transferred to the Board on 1st October, 1982. The Board also became responsible for sewerage for all of the Shire of Whittlesea in October 1980.

Effluent from the Mornington and Rosebud-Dromana Sewerage Authorities is discharged to the Board's South Eastern Effluent Outfall to avoid discharging effluent from local treatment plants into the nearest suitable watercourse. Excess sewage from the Frankston Sewerage Authority is discharged to the Board's South Eastern Purification Plant, and as Cranbourne Sewerage Authority discharges flow to Frankston, part of its flow is also discharged to the South Eastern Purification Plant. The Frankston Sewerage Authority Treatment Works is located immediately opposite the South Eastern Purification Plant in Thompson Road, Carrum, therefore it could be fully connected into the Board's system.

The Dandenong and Springvale-Noble Park Sewerage Authorities could also be connected into the Board's sewerage system by way of the Dandenong Valley Trunk Sewer. At the Government's direction this sewer has been constructed of a suitable size to accommodate flows from these areas.

The boundaries of the Lilydale, Sunbury and Melton Sewerage Authorities are also shown on the accompanying plan. These Authorities operate independently of the Board's system.

Progressive extension of the Board's area of responsibility for main drainage has also taken place. In addition to the important economic and management advantages, and the avoidance of inequities resulting from differing charges and standards, a major factor has been the need to protect urban development from inundation. The community has become increasingly aware of the problems imposed on urban communities which are unable to control development which may exacerbate upstream stormwater runoff. The effects of land use on drainage flows and on the management of downstream waterways make it essential that catchments be regarded as integral units for drainage and flood control purposes. Hence, the Board's recent extension of responsibility for the Shire of Whittlesea will enable the Board to better protect Melbourne.

As you are aware, the Dandenong Valley Authority is responsible for drainage in the Dandenong Creek Valley and operates under separate statute from the Melbourne and Metropolitan Board of Works.

The Board's area of responsibility as a water supply authority has similarly grown with Melbourne's development. The Board harvests the bulk of its water from the upper reaches of the Yarra Valley and from the Thomson River. This water is transferred to seasonal storages around the metropolis by large pipelines traversing the Yarra Valley.

The Plenty-Yarrambut Waterworks Trust currently draws all its water from the Board's system. By direction of the Government, the responsibility for water supply in the Trust area is to be transferred to the Board on 1st October, 1982.

The Hurstbridge Waterworks Trust has supplemented its independent supplies by connection to the Board's system in recent dry years. The Minister has directed that further augmentation of the Trust supply should be taken from the Board's system and responsibility for water supply in the Trust area is to be transferred to the Board on 1st October, 1982 in conjunction with the transfer of sewerage responsibilities to the Board.

A private water scheme at Yellingbo has been transferred de facto to the Board and steps are being taken to have this area gazetted as part of the metropolis from 1st July, 1981.

The Government is providing grants for the construction of a water main to serve Silvan Township and steps are being taken to gazette an extension of the Board's metropolis in this area from 1st July, 1981.

The Township of Yarra Glen is a part of the Healesville Waterworks Trust area and draws all its water from the Board's system. Water for the remainder of the Healesville Waterworks Trust is drawn from the Board's Maroondah and Coranderk Catchments.

The other Trusts in the Yarra Valley area which could be supplied from the Board's system are Warburton, Yarra Junction, Woori Yallock and Launching Place. These Trusts abut large Board installations and could be supplied from the Board's system. All these Trusts have independent sources of supply but it is understood that each has experienced supply difficulties in recent dry summers.

Little River Waterworks Trust is responsible for a small area in the Shires of Corio and Werribee. The Trust draws all of its water from a main supplying the Board's sewerage farm at Werribee. The Trust area is approximately 8 km beyond the boundary of the

Board's metropolis, supply to the area is very limited and amplification of the supply system would be very expensive.

A large pipeline has been constructed to transfer water from the Board's system to the State Rivers and Water Supply Commission's Mornington Peninsula supply system. This pipeline from the Board's system is designed to supply more than 60% of the Peninsula's requirements.

The area of Gembrook, Emerald and Cockatoo Waterworks Trust lies partly in the Yarra Valley Drainage Catchment and partly in catchments draining to Westernport Bay. It draws all supplies from independent sources.

Other waterworks trusts which lie within catchments draining through the metropolitan area are located to the west and north-west of the metropolitan area, the principal areas being controlled by the Sunbury Waterworks Trust and the Melton Waterworks Trust. Consideration of transferring the areas of Trusts in this group to the Board for water supply purposes would have to be on the basis of maintaining current sources of supply.

The 'Fringe Areas Committee' investigating the provision of water supply to the outer areas of Melbourne has concluded that all the urban areas east of the Maribyrnong River Catchment should be part of and supplied from the Board's water supply system.

In recognition of the interdependence of water supply, sewerage, drainage and flood plain management, it is considered that the long-term objective should be the integration of total water management within drainage basins and that any interim development should be compatible with this objective.

Yours faithfully,

(Alan H. Croxford)
C h a i r m a n.

Enc.



MINISTRY OF WATER RESOURCES AND
WATER SUPPLY

176 WELLINGTON PARADE
EAST MELBOURNE, VICTORIA, 3002
AUSTRALIA

5th August, 1981.

The Hon. Dr. K. J. Foley, M.L.C.,
Chairman,
Public Bodies Review Committee,
2nd Floor,
Treasury Gate,
1-15 Little Collins Street,
MELBOURNE, Vic. 3000.

Dear Dr. Foley,

Water Resources Council -
Fringe Area Committee

I acknowledge your letter of July 17th with requests for further information concerning matters being addressed by the Fringe Area Committee. I must make it clear, of course, that the Fringe Area Committee is a working group of the Water Resources Council and as such, has no standing in its own right apart from that Council.

In the terms of the Water Resources Act 1975 the Water Resources Council provides advice to me, and any matters considered by the Fringe Area Committee have no standing in respect to such advice until considered by the Water Resources Council.

It is therefore not appropriate for the Fringe Area Committee to attend a hearing of your Committee in its own right. However, I do not wish to be unco-operative, and am therefore prepared to make available the Chairman of the Water Resources Council (who also convenes the Fringe Area Committee) for the purpose of providing the further information indicated by you as desired in your letter of July 17th.

I have received from the Water Resources Council suggested Guidelines for Incorporation of Fringe Areas in the Yarra River Catchment into the Melbourne and Metropolitan Board of Works Service Areas. I am forwarding a copy of these Guidelines

at the same time indicating that I have not yet determined the actions which may flow from their submission to me.

I note that you have received advice from the M.M.B.W. concerning provision of water supply to the outer areas of Melbourne, with the statement that the Fringe Area Committee has concluded that all the urban areas east of the Maribyrnong River catchment should be part of and supplied from the Board's water supply system. I am not aware of the context in which this advice was conveyed to your Committee, but I must indicate that it is incorrect at this point in time. What is occurring is that basic information concerning the physical methods of supply of water to the urban communities in the Yarra catchment outside the Board of Works' area is being established, together with property valuations, rate levels and augmentation plans, such that further consideration can be given by the Water Resources Council as to how these water supply provisions might relate in future to the Board of Works' water supply system.

Yours sincerely,



GLYN JENKINS,
Minister of Water Supply.

GUIDELINES FOR INCORPORATION OF FRINGE AREAS
IN THE YARRA RIVER CATCHMENT INTO THE
MELBOURNE AND METROPOLITAN BOARD OF WORKS SERVICE AREAS

For the purposes of these Guidelines, the Yarra River catchment is defined as the entire drainage basin of the Yarra River upstream of its junction with the Maribyrnong River (and therefore excludes the catchment of the Maribyrnong River).

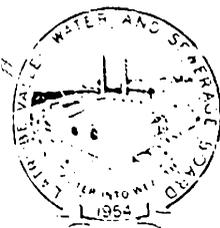
1. As a general guide, recognising the interdependence of water supply, sewerage, drainage and flood plain management, the long-term objective should be the integration of total water management within the drainage basin. Any interim development should be compatible with this objective.
2. Where water supply for a local authority is obtained from a catchment within the Yarra basin and augmentation of supply is required and should, in the interests of good management of the State's resources, be supplied from the Board's system, then transfer of the area to the Board's control should be effected.
3. Where the appropriate outlet for disposal of sewage is into the Board's system, either initially or in the future, the area should be incorporated as part of the Board's sewerage area.
4. Recognising the effects of land use within the catchment on drainage flows and the influences of stream flow and waterway management on downstream areas, the whole of the catchment should be managed as an integral unit for drainage and flood plain management purposes.
5. Where the water and sewerage services to existing development require to be upgraded to standards consistent with those for similar services to developments within the metropolis, additional capital funds for the augmentation

at the same time indicating that I have not yet determined the actions which may flow from their submission to me.

I note that you have received advice from the M.M.B.W. concerning provision of water supply to the outer areas of Melbourne, with the statement that the Fringe Area Committee has concluded that all the urban areas east of the Maribyrnong River catchment should be part of and supplied from the Board's water supply system. I am not aware of the context in which this advice was conveyed to your Committee, but I must indicate that it is incorrect at this point in time. What is occurring is that basic information concerning the physical methods of supply of water to the urban communities in the Yarra catchment outside the Board of Works' area is being established, together with property valuations, rate levels and augmentation plans, such that further consideration can be given by the Water Resources Council as to how these water supply provisions might relate in future to the Board of Works' water supply system.

Yours sincerely,

GLYN JENKINS,
Minister of Water Supply.



LATROBE VALLEY WATER & SEWERAGE BOARD

7-9 SEYMOUR STREET, TRARALGON

A.9.109 CLH:JC

Secretary,
Public Bodies Review Committee,
1-15 Little Collings Street,
MELBOURNE. 3000

Dear Sir,

RIVER IMPROVEMENT AND DRAINAGE TRUSTS

We refer to the comment (May 1982) submitted to your Committee by the State Rivers and Water Supply Commission (SRWSC) and would wish to draw to the attention of your Committee some errors of fact and what we consider to be a major error of judgement contained within these comments. The errors of fact are:

Page 31 "The LVWSB has earlier advanced the proposal that it be constituted as the principal water agency for Gippsland".

The proposal by the Board, which is incorporated into Appendix 2 of the Committee's Fourth Report to Parliament, proposes establishment of an R4 type authority, with urban services handled by local water authorities, for Sub Area 2A i.e. the Lake Wellington Catchment not for the Gippsland District. The Board's submission does outline how possible future needs in the Gippsland District could be incorporated into a rational district structure.

Also how the proposed LaTrobe Regional Water Board could continue the servicing now provided by the Latrobe Valley Water and Sewerage Board (LVWSB) to the other areas of Gippsland as a delegated agency of the Environment Protection Authority, in contracted water quality and ecological studies, and, provide also convening facilities for regional consultative forums for the water industry.

Fig. 2 The National Parks Service and Land Conservation Council are two of the group of Government Agencies within the Ministry of Conservation not as shown by the SRWSC as accountable to the Minister of Lands.

The perceived major error of judgement is contained in conclusion No.2 - "At the present time it is not seen as necessary or desirable to assign any additional functions to the LVWSB, nor should it be assumed that the future development of water management for the Latrobe Valley necessitates the establishment of a multi purpose regional water authority".

This is at variance with numerous findings and recommendations as follows:

PBRC - SECOND REPORT TO PARLIAMENT

Page 9. "Adequate industrial water supplies will be an essential requirement for key parts of Victoria's needed economic development, e.g. in the LaTrobe Valley".

Page 22. "In the Committee's view, the criterion of effective water management requires a structure which is geographically and functionally coherent, and in which the management roles of each administrative tier are well defined".

PBRC - FOURTH REPORT TO PARLIAMENT

Page 2. "The extent to which the structure is consistent with the efficient management of water as a resource, throughout the water cycle".

Page 8. "The Committee's position.....has been guided by the view that Victoria's overall choice of devolved, local management, rather than centralised or State management, is the appropriate overall model to pursue".

PBRC - SIXTH REPORT TO PARLIAMENT

page 147. "that the LaTrobe Valley Water & Sewerage Board should cease to exist, and that it should be replaced by a LaTrobe Regional Water Board, with the following responsibilities".

Pages

106, 178, the Shires of Buln Buln, Warragul and Narracan, the
179, 183, City of Sale and the Water Boards of Avon, Mirboo, Moe,
211, 214, Morwell, Rosedale and Traralgon to operate within a regional
228, 238, water resources planning framework developed by the LaTrobe
240. Regional Water Board.

In attachment A are set out the comments of the Standing Consultative Committee on River Improvement, a committee convened and chaired by the State Rivers and Water Supply Commission, and a comparison is made of the proposals of the SRWSC and the LVWSB against these comments.

It readily can be seen that the proposals of the SRWSC fall far short of the needs as identified by the Consultative Committee.

The SRWSC now supports the need for a multi purpose water agency for the Yarra Valley and considers the MMBW is the appropriate body for the function. It supports also a catchment based drainage authority for catchments draining to Western Port Bay. But it is not convinced that in the area of the State, i.e: The LaTrobe Valley, where development and interdependencies already are high and could accelerate rapidly there is a need to integrally manage the water resource throughout the water cycle on a catchment approach. If the structure for this integral management with clear definition of responsibilities is not established in the near future the opportunity for development of associated land and water functions in harmony with the preservation of natural characteristics will be lost.

The SRWSC states (p.32) that the LVWSB currently has no experience or responsibility of any significance in regional drainage, stream management or flood plain management. This argument of the SRWSC smacks of the old "chicken and the egg" problem - you cannot gain experience because you do not have the statutory responsibility, and, you cannot gain the statutory responsibility because you do not have the experience.

Unless preventing pollution and maintaining the flow of the Latrobe River is considered an insignificant responsibility, the Board would have to concede it has no significant statutory responsibility in these activities. However the Board in 1978 submitted a proposal to the Minister for Water Supply that in view of the emerging needs it should be granted responsibility for flood plain management in the Latrobe River Catchment. The Board would concede also that it has little hard engineering experience in river control works but it does have considerable experience in all other aspects of regional drainage, stream management and flood plain management. It has been a major initiator in the treatment of the "cause" rather than the "symptoms" approach in the Latrobe Valley.

Set out in Attachment B are the range of related functions as identified by the SRWSC (p.13) that need to be managed either directly or by co-ordination in watercourse (catchment) management and an indication of LVWSB involvement and expertise. In its previous submission (15 April 1982) to the Committee, the Board outlined how it would establish consultative committees to provide the essential input to watercourse management from both officers of involved governmental bodies and the regional community. It also illustrated how the Minister could exercise policy direction and determine resource allocation on watercourse management proposals developed by the proposed LaTrobe Regional Water Board through a consultative process.

RECOMMENDATIONS AND PROPOSALS

The Board recommends to the Committee that it should add to the recommendations of its Sixth Report as follows:

1. The Avon River Improvement Trust, the Latrobe River Improvement Trust, the Macalister River Improvement Trust and the Thomson River Improvement Trust cease to exist and that the successor body be the LaTrobe Regional Water Board.
2. The LaTrobe Regional Water Board be made responsible for Watercourse Management for the catchment of Lake Wellington as defined on Map WRCl and in the areas of the Shires of Avon, Buln Buln, Mirboo, Morwell, Maffra, Narracan, Rosedale, Traralgon and the Cities of Moe, Traralgon and Sale, and the catchment of Merriman's Creek.

ATTACHMENT A.

Comparison of Responses submitted by:

1. Standing Consultative Committee on River Improvement (SCC)
2. State Rivers and Water Supply Commission (SRWSC)
3. Latrobe Valley Water and Sewerage Board (LVWSB)

In this comparison the comments of the Standing Consultative Committee on River Improvement as contained in Appendix I of the response of the SRWSC are listed first to provide the discussion points.

The comments and proposals of both the SRWSC and the LVWSB as submitted to the PBRC, in general and as they relate to the Catchment of Lake Wellington in particular are then summarised and explored.

The SCC is convened and chaired by the SRWSC and comprises representatives from the SRWSC, Forests Commission, Ministry for Conservation, Department of Crown Lands & Survey, Association of Victorian River Improvement Trusts, Conservation Council of Victoria, Soil Conservation Authority, and Fisheries & Wildlife Division.

	SCC	SRWSC	LVWSB	ASSESSMENT
1.	Expertise of SCC at general level in the State.	Continue involvement in development of State Strategies.	As for SRWSC submission and also advisor to Minister on water course management plans submitted by regional and local bodies.	General agreement
2.	Failure to actuate and combine expertise and implement programmes on a sufficiently large scale.	Retention of existing River Improvement and Drainage Trust Structures with objective of enhancing their performance (p.35) <i>A non specific remedy for a situation acknowledged by the Trusts themselves to be ineffective.</i>	Progressive evolution of a regional (catchment based) approach to water resources management with watercourse management included as a responsibility of multi purpose water authorities.	Agreement SCC and LVWSB
3.	Need to co-ordinate management at field level.	Development of effective local consultation processes by existing River Improvement and Drainage Trust Structures.(p.35) <i>Existing Trusts have jurisdiction only over the bed and banks of 4% of the total river system of Victoria.</i>	Establishment of regional consultative catchment committees by regional multi purpose water authority.	Agreement SCC and LVWSB
4,5, & 6.	<ul style="list-style-type: none"> . Acute lack of financial and technical resources. . Progressive amalgamation of adjacent Trusts. . Retention of best features of Trust system comprising local involvement, responsibility and understanding of the river's particular characteristics. 	<p>Proposed State wide assessment of funding needs and possible establishment of regional offices in the North East, North West and South East of the State.</p> <p><i>Establishment of the regional offices would leave a vacuum at regional (catchment) level for the LaTrobe River Catchment and the Barwon Catchment unless the responsibilities are assigned to the Regional Water Authorities or</i></p> <p style="text-align: center;"><i>Contd.</i></p>	Proposed detailed assessment of water course needs of Lake Wellington Catchment through regional consultative committees. Preparation and implementation of approved strategy including master plan and forward look program. Local involvement through consultative committees and membership of Board of the regional multi purpose water authority.	<p>General Agreement SCC, SRWSC, LVWSB.</p> <p>Particular agreement SCC, LVWSB.</p>

	SCC	SRWSC	LVWSB	ASSESSMENT
7.	<p>Shortcomings of the existing Trust system.</p> <ul style="list-style-type: none"> . Inadequate financial, technical and administrative resources. . No power to control adjacent land use. . Fragmented control within a particular river system. . Treatment of symptoms rather than basic causes. . Lack of effective local liaison with other concerned agencies. 	<p><i>regional offices are established in these areas and the LVWSB and Geelong become regional offices of the SRWSC. The Board would support the proposal to establish regional offices of the SRWSC where regional water authorities do not exist to provide the staff core for future regional water authorities.</i></p> <p>Retention of existing River Improvement and Drainage Trust Structures. (p.35)</p> <p><i>No firm proposal to rectify identified shortcomings.</i></p> <p>In view of the specific purpose roles of the Thomson and LaTrobe Trusts it is likely that there will be a need for some years to retain the Trust structure for stream management rather than delegate it to the LVWSB. Both the Thomson and Latrobe Trusts have taken steps to co-ordinate technical and administrative arrangements to share plant and equipment. (p.32).</p> <p><i>These steps involve the sharing of secretaires and engineers on a part time basis with other organisations.</i></p> <p>The SRWSC has requested these Trusts to develop master plans with costs and benefits identified</p> <p style="text-align: center;">Contd.</p>	<p>Proposes that watercourse management responsibilities be vested in the successor body to the LVWSB i.e. the LaTrobe Regional Water Board. The resources of the LVWSB comprise a full time establishment of 139 including 37 professionally qualified staff in administration, engineering, water chemistry, biology, bacteriology, hydrology, survey and pollution control. The LVWSB operates sophisticated laboratory, administrative and technical data processing systems and a specialist library. The book value of plant is over one million dollars.</p> <p>Essential building blocks for watercourse management include water quality monitoring, flow recording, biological studies and study of land use interactions. These are activities which have been undertaken continuously by the LVWSB since its formation in 1954 and now involves expenditure</p> <p style="text-align: center;">Contd.</p>	<p>Agreement SCC & LVWSB.</p>

	SCC	SRWSC	LVWSB	ASSESSMENT
8.	Orientation of activities towards effective whole management catchment.	<p>for a total catchment area of 8000 square kilometers and then to adopt the future strategies arising from the master plans.</p> <p><i>It is clear that without adequate managerial and technical expertise that the development of useful master plans will be most difficult.</i></p> <p>Opposed to immediate introduction of comprehensive catchment authorities in Victoria.</p> <p><i>No suggested practical alternatives to achieve management objectives.</i></p>	<p>of over \$200,000 per annum. Watercourse management could be professionally and competently undertaken by the proposed LaTrobe Regional Water Board for the Lake Wellington Catchment as a modest increment to its other responsibilities. Four existing local bodies could be disbanded.</p> <p>Proposal of LVWSB embodies this philosophy and represents continuation of past practices of LVWSB.</p>	Agreement SCC & LVWSB.
9.	<p>The SRWSC could propose some or all of the following:</p> <ul style="list-style-type: none"> . Establishment of consultative committees for defined catchments. . Assessment of priorities for funding. . Encourage evolution of watercourse management bodies based on whole catchment concept. . Requirement of all bodies to adopt an active role in catchment management within their own spheres. 	<p>Proposed for districts of individual Trusts.</p> <p>Central Agency should resolve all priorities.</p> <p>Basically supports status quo for MMBW and DVA and opposes, except by long term evolution, elsewhere in State.</p> <p><i>Not facilitated by SRWSC proposal to retain regional (catchment) responsibilities at central State level. Local Trusts do not have adequate status and resources to initiate.</i></p>	<p>Proposed by LVWSB for the catchments and/or river basins of Gippsland.</p> <p>Regional Authorities should assess needs of catchment.</p> <p>Proposed by LVWSB for the 3 area groupings of river basins in Gippsland.</p> <p>Would be initiated and encouraged in the field on a catchment basis by proposal of LVWSB.</p>	Agreement in principle SCC & LVWSB

Contd.

	SCC	SRWSC	LVWSB	ASSESSMENT
9. Contd.	. Preparation by relevant resource management agencies, of forward look strategy plans which combine relevant land use and water management aspects.	<i>Land use planning is a responsibility of local government except for major State interests. Could not be encouraged and promoted at central State level.</i>	Already partially co-ordinated in Latrobe Valley by LVWSB under its statutory responsibilities and as a delegated agency of the EPA. LVWSB is involved in the State Environment Protection Policies for the waters of the LaTrobe River, East Gippsland Rivers and the Gippsland Lakes.	
10.	Achievement of effective regionalised multi disciplinary stream and land management.	<i>Not assisted by SRWSC proposal to concentrate control at State level and parcel out in future by piecemeal delegation.</i>	Devolution to regional (catchment) level of responsibility would provide framework for effective stream and land management.	Agreement SCC & LVWSB.
11.	SRWSC should retain and expand their water and stream management role.	Incorporated in SRWSC proposal <i>SRWSC also should foster involvement and development of expertise in other organisations throughout the State.</i>	LVWSB proposal supports Central Agency building up expertise so as to properly perform central agency functions and provide specialist advise and assistance to regional and local levels.	Agreement in principle SCC, SRWSC & LVWSB.
12.	Approaches to whole catchment management need to be made cautiously and with the underlying aim of using all available resources effectively.	<i>Hindered by SRWSC proposal not to advance further for many years.</i>	Embodied in LVWSB approach. Two further areas of State, additional to MMBW and DVA, i.e. the Latrobe Valley and Barwon Catchment have need and base resources to move to regional watercourse management.	Agreement SCC & LVWSB

	SCC	SRWSC	LVWSB	ASSESSMENT
13.	Community recognition (education) and political awareness of the need for stream management requires continuing effort.	<p>Incorporated in SRWSC proposal for State level.</p> <p><i>Regional interest without regional ability to achieve will soon wither.</i></p> <p>NOTE: <i>Italics LVWSB comments.</i></p>	Requires involvement at catchment level through devolved responsibility to the regional authority and local consultation.	Agreement SCC & LVWSB

ATTACHMENT B.

WATER COURSE MANAGEMENT

RANGE OF RELATED FUNCTIONS : AS SET OUT
BY SRWSC PAGE 13.

Generally the functions that need to be managed, whether directly or by co-ordination, include:

WATER RELATED:

- . Provision of an adequate urban *industrial* and rural water supply. Statutory responsibility and major function of LVWSB since 1954.
- . Drainage of private and public lands.
- . Protection against flooding and minimising flood damage. River flow gaugings, flood mapping, flood warnings and statutory advice to local government on flood prone lands.
- . Maintenance and enhancement of fish and wildlife and their habitats. By-law control under L.V. Act. Involvement in State Environment Protection Policies for waters of LaTrobe River, Gippsland Lakes and rivers of East Gippsland. Ecological studies of Gippsland Rivers.
- . Protection of water quality. Statutory responsibility and major function of LVWSB since 1954 under L.V. Act and in addition since 1973 as delegated Agent of EPA. Monitoring of water quality since 1960.
- . Wastewater *collection, treatment, reuse and disposal.* Statutory responsibility and major function of LVWSB since 1954.

LAND RELATED:

- . Maintenance and enhancement of rivers and riverain conditions for public use and enjoyment consistent with adjacent private use of freehold lands. Involvement in preparation and implementation of State Environment Protection Policies for LaTrobe River, Gippsland Lakes and rivers of East Gippsland.
- . Mitigation of soil erosion and sedimentation. Major co-ordination and co-operation with Soils Conservation Authority. Environment protection licence control of major land disturbance activities by others.

- . Land use planning to minimise adverse effects on land and water resources. Advice to and involvement with local government, developers and co-operation with Department of Agriculture. Consultation with Ministry of Planning.
- . Protection and enhancement of forests. Co-ordination with Forests Commission on fire protection and logging in catchments.
- . Effective management of public lands including protection of community rights of access and enjoyment. Management of Board lands for multi purpose use where practicable. Provision of a major recreational facility at Moondarra for public use. Assistance and co-ordination with Land Conservation Council on provision of data and implementation of recommendations in co-operation with the National Parks Service.

NOTE: *Italics are LVWSB additions.*

PUBLIC BODIES REVIEW COMMITTEE

LVWSB RESPONSE TO DISCUSSION PAPER

RIVER IMPROVEMENT AND DRAINAGE TRUSTS

In the discussion paper attention is drawn to the numerous official inquiries and expert advices which over many years have recommended the establishment of Catchment Authorities for Victoria's major river systems. Comments are also included on the inadequacies of the present arrangements for river management and nine examples of structural options are outlined for consideration.

In previous submissions to the Committee this Board has advocated a regional (catchment-based) approach to water resources management by multi-purpose water authorities. Watercourse management, i.e. river works, drainage and flood mitigation would be a statutory responsibility of these multi-purpose water authorities.

This recommended approach falls short of the catchment management (Option W7) proposal which includes comprehensive land use and conservation responsibilities over the whole catchment. Mechanisms would need to be instituted to provide the essential liaisons and co-ordination with the land use, conservation and development bodies and also special and general community interests referred to later in this response. The multi-purpose water authority approach with watercourse responsibilities could fit within the recommendations of the Committee (Sixth Report) either adapting statutory organizations in some situations or by evolution of suitable organization in others. A central agency would need to operate in lieu of regional multi-purpose water authorities in several regions of the State for some considerable time whilst a structural framework is established for regional participation throughout the State.

The Board already has set out in Appendix XIII of the Discussion Paper its thoughts on the guidelines for a regional authority with watercourse management responsibilities. Many of the present activities of the Board such as stream flow and water quality monitoring, flood mapping and flood warnings, management of river flows, assessment of catchment uses and development impacts upon water quality, and pollution discharge licensing are the tasks of watercourse management. It is doubtful that such resources involving technical and financial expertise exist within the State to allow parallel regional water resource and regional watercourse management bodies to co-exist.

Early preparation of a watercourse management strategy is becoming vital for the Latrobe River system. Some of the building blocks, i.e. long term information on flows and water quality, water resource development plans, land use capability mapping, environment conservation studies and operational objectives are in place.

Welding these into a management strategy in accordance with State policies and objectives whilst involving special and general community interests is a task of considerable magnitude which has yet to be addressed.

Faced with this responsibility the Board's approach would be to form two committees. The first of these would comprise a committee representative of landowner and community interests whilst the second would be a committee of officers of the State and regional authorities involved in land use, conservation and development. This latter committee would include representatives from the Soil Conservation Authority, Forests Commission, Department of Crown Lands & Survey, Ministry for Conservation, Fisheries & Wildlife Division and Ministry for Planning together with officers from local government. Representatives from the existing River Improvement Trusts and also other persons with special interest and acquired local knowledge would be invited to join both committees.

The initial task of the "community" committee would be to define the objectives and broad principles for watercourse management of the Latrobe River within the framework of State policies. The second "authorities" committee would be used to formulate the alternative strategies by which the objectives could be pursued and these would be submitted to the "community" committee for comment and review. Working with these committees, the Board would prepare a master plan and a ten year forward-look program for the adopted strategy. Following endorsement by the committees, this master plan and forward-look program would be submitted to the Minister for endorsement and funding approvals. The master plan would establish a unified conceptual approach for the guidance of all bodies involved in land use throughout the catchment, identifying the commitments of each involved authority to its implementation.

The Board would retain the two committees as standing advisory committees for consultation and advice concerning on-going review of both the master plan and the detailed implementation plans prepared and executed by the Board. The Minister could use the Standing Consultative Committee on River Improvement to advise him concerning the above master plan submitted for endorsement.

8th April, 1982.

WATERWAY MANAGEMENT - THE WAY TO GO

Comments submitted by the Dandenong Valley Authority
in response to the discussion paper prepared by the
Public Bodies Review Committee and entitled -

"Future Structures for Water Management, River
Improvement and Drainage Trusts"

Prepared by the Chief Engineer-Manager

Mr. D.G. Thompson.



Dandenong Valley Authority

208 PRINCES HIGHWAY
DANDENONG 3175
TELEPHONE
792 9792, 791 2744

All communications to
P.O. BOX 550
DANDENONG 3175

23rd April, 1982.

IN REPLY PLEASE QUOTE:

Reference No. A87 (DT)

Your Reference

Enquiries to Mr. D. Thompson,

The Secretary,
Public Bodies Review Committee,
2nd Floor,
Treasury Gate,
1-15 Little Collins Street,
MELBOURNE 3000.

Dear Sir,

Please find enclosed 2 copies of a response prepared by the Dandenong Valley Authority to the discussion paper on Future Structures for Water Management - River Improvement and Drainage Trusts, and is now forwarded to the Committee for its several purposes.

In preparing this response in the interests of brevity much detailed reasoning or description of the concepts and endeavours have been omitted. However, should you desire elaboration or examples from the experience of the D.V.A. that warrant the conclusions or comments drawn, we would be pleased to meet with your Committee with the intention of clarifying their understanding of these matters or assisting them in coming to a conclusion on issues relating to Waterway Management in Victoria.

The response has been worded on the basis that readers will have read the original discussion paper, and will have a reasonable understanding of range and complexity of issues which are encompassed within the documentation of a regional strategy plan for waterway management. What may not be realised, as it is not covered by either document, is the legal complexities of drainage law, the almost hopeless situation created by decisions arising from the adversary processes of hearings before the Higher Courts in this country, the impossibility of fairly and reasonably obtaining legal redress through legal process, the time and effort that has been spent in seeking statewide solutions and the fact that in 17 years of existence the Dandenong Valley Authority has solved every significant drainage problem within its jurisdiction by basically conciliatory means without ever having recourse to the courts for decision. This is only one aspect of the Dandenong Valley Authority model of administration that emphasises its superiority over any alternate form of endeavour in the waterway management field.

Yours faithfully,

L.W. Allen

L.W. Allen,
Chairman.

Enc.

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A P P E N D I C E S

Appendix 1	Summary of the Ontario (Canada) Conservation Authorities Model.
Appendix 2	Publications presented to the Public Bodies Review Committee by the D.V.A.

PUBLIC BODIES REVIEW COMMITTEEDISCUSSION PAPERFUTURE STRUCTURES FOR WATER MANAGEMENTRIVER IMPROVEMENT AND DRAINAGE TRUSTS1. INTRODUCTION

The above discussion paper has been circulated by the Public Bodies Review Committee and the following report makes comment on behalf of the Dandenong Valley Authority on the issues raised by the report. These issues are fundamentally encompassed in:-

- Chapter 7 - Future Structures in Watercourse Management
- Chapter 8 - Financial Provisions
- Chapter 9 - Information Needs and Conclusions

The paper has been summarised by an earlier report to the Dandenong Valley Authority and this report should be read in conjunction with that document or the full discussion paper itself. Also the resolutions of the Dandenong Valley Authority and information set out in Exhibit 4 presented to the Public Bodies Review Committee clearly establishes the satisfaction of the Dandenong Valley Authority Commissioners with the Dandenong Valley Authority regional model of administrative endeavour in the field of waterway management.

The discussion paper whilst involving references to the Dandenong Valley Authority and its undertakings, does not evaluate the Dandenong Valley Authority as a body under review by the Public Bodies Review Committee. Such an evaluation will presumably be undertaken at a later date by way of a further publication of the Public Bodies Review Committee. The paper however, suggests a number of optional administrative structures as being worthy of consideration and the Dandenong Valley Authority model is covered by one or more of those options.

This commentary relates to the presentation of the material in Chapters 7, 8 and 9 as the balance of the document covers a record of historical and existing conditions.

2. OBJECTIVES OR CONCEPTUAL DIRECTIONS

Much has been made about the lack of clear objectives being set out in the legislation relating to Waterway Management. It is considered the word "Objective" used in this context is inappropriate. Fundamentally an objective is something that can be identified in terms of being achieved in a reasonably short period of time and the process of achievement can be objectively and confidently analysed. Thus, an objective can be to complete a task or a works program, and on completion, the achievement can be compared with the original intention as a quantitative evaluation of effectiveness, efficiency and economy.

If the intention cannot be objectively related to achievement then the intention is a conceptual aim or direction rather than an objective. Many of the undertakings in the field of waterway management are in this sense aims or conceptual intentions rather than objectives. Certainly, state policies, central guidelines and the regional or local level endeavour that is non structurally based is not amenable to objective assessment.

Indeed, the "objectives" set out in Section 7.2 are not capable of objective assessment yet may be accepted as the direction that the waterway management industry should be heading.

The Dandenong Valley Authority Act sets out clearly the purposes for which the Authority was formed and leaves it to the Authority itself to define its conceptual goals and intentions as well as its more definitive works program to be undertaken as finance becomes available (or according to any other chosen economic strategy).

The emphasis of this and other publications of the Public Bodies Review Committee on the needs to establish objectives, a listing of priorities for achievement derived from cost-benefit analyses and a concept of accountability in business management terms does not apply to:-

- (a) fields of uncertainty in knowledge such as applied natural science and applied sociology,
- (b) systems of endeavour which are in the course of development such as the waterway management,
- (c) processes that can only be guided towards beneficial or desirable achievements over a longer time span rather than directed or controlled over a short time span,
- (d) include the significant exercise of value judgements in the process of reaching a decision, and
- (e) necessitate a high degree of creative freedom being used to direct endeavour rather than the rigidity of an orderly system of constrained action.

The development and implementation of flood prevention strategies, the conservation of a stream environment, the frequency which grassed waterways should be mown are just a few of the undertakings of the Dandenong Valley Authority that are not amenable to cost benefit analyses or other form of objective assessment. With experience and the build up of knowledge that comes with experience, it is possible to determine a set of criteria for the purposes of evaluating the value of such undertakings, and for such a set to become generally acceptable to the industry. A clear example of this process is the acceptance of the 1% probability flood as the basis for desirable protection of urban homes and buildings against inundation. To treat this as an objective, initially requires a monetary value to be placed on the loss to the community of the citizens washed from a bridge in Canberra that was over-topped during a 1% probability flood event.

Hence, it is contended that Section 7.2 of the paper sets out conceptual directions that the waterway industry should endeavour to attain by way of the processes for action it has available to it, rather than "objectives".

In this context we have listed for comparative purposes, the directions that we consider should be adopted for the waterway management industry in the State of Victoria. (The differences may be seen to be difference between watercourse management and waterway management but it does not embrace the "Legal" aspects.)

But, firstly, we should identify the purpose of such an industry.

3. WATERWAY MANAGEMENT - ITS PURPOSE

The purpose of an endeavour is the reason for its being undertaken. It is considered the purpose of the Waterway Management Industry can be expressed as follows:-

The proper and orderly conveyance of waters along the rivers, watercourses and tributary channels within the State of Victoria; the better use of land within the catchment therein; the prevention or mitigation of flooding, pollution or unnecessary disturbance of waterways and environs; and the protection, preservation and furthering of the beneficial uses of such waterways and their environs in the interests of the State and Community of Victoria.

4. WATERWAY MANAGEMENT - CONCEPTUAL DIRECTIONS

Conceptual Directions of an endeavour are the means, broadly expressed whereby the purpose ought to be achieved.

The stated Direction of the S.R. & W.S.C.

D.V.A. Comparable Directions would be:-

1. To develop river management strategies to achieve a reasonable balance between the stable carrying capacity of a stream and the protection or enhancement of its associated wetlands and frontages.

To develop and implement river management strategies encompassing the waterway (includes flood plains and significant areas where water continuously or occasionally flows) to achieve such a balanced ecosystem thereover that optimises the beneficial uses of these areas and resources in the interests of the community living in harmony with its environment.

2. To encourage the amalgamation of existing River Improvement or Drainage Trusts where appropriate on the basis of whole river systems.

To encourage competent decision making as close as practical to the action based on an adequate awareness and understanding of knowledge and the development of purposeful decision making packages (it is impossible for this aim to be achieved at a reasonable cost in the foreseeable future with jurisdiction of the decision making body being less than a regional/catchment scale).

3. To provide a basis for the recognition and avoidance of future problems in terms of hazards to life, health and property in areas where flooding has and will occur and of unreasonable and recurring costs to the whole community.
- To provide procedures for the collecting recording and analysis of background data and the degree of confidence within which it is known. To use this information and other knowledge for the continued well being and interests of community living with its environment. To give preference to preventative approaches rather than reactive solutions following the occurrence of detrimental events.
- To examine both structural as well as non structural solutions as options for future undertakings.
4. To encourage community involvement in the development and implementation of strategies to overcome existing problems in regional drainage and flood plain management.
- To provide continuously as well as appropriately intermittent public participation and involvement in the decision making process in the interests of attaining:-
- (a) wider background data of a local nature.
 - (b) constructive criticism of decision making packages.
 - (c) better communications and public relations between public body and people (especially those expressing a real interest in the waterway field or being affected thereby).
 - (d) Part of the methodology of the accountability system between Public Body and Parliament.
 - (e) An agreed rational approach to be effectively taking into account the social aspects of knowledge.
 - (f) The seeking of solutions to drainage and allied problems by way of discussion and concensus agreement rather than adversary approaches.
5. To keep under review the concept of Regional Catchment Drainage Authorities as an institutional arrangement for the achievement of river management strategies.
- To promote and publicise, research and review and provide a library of knowledge relating to the concept of Regional Catchment Drainage Authorities as an institutional arrangement for the achievement of waterway management strategies with or without an integrated role in the wider field of natural resources.

5. WATERWAY MANAGEMENT - STATE POLICY

A State policy ought to be a document that identifies factors that should be complied with in decision making in order to ensure the interests of the State as a whole are protected. Furthermore, the document may provide some emphasis or preference to certain aspects of endeavour because, from the State viewpoint, the benefits so derived have a higher priority than others. Such a document needs to be reviewed from time to time but not to the extent that frequency of modification causes instability or confusion in the lower levels of industry administration and management.

The purpose for which we have a waterway management endeavour in Victoria, the broad directions it should follow and the system of emphasis and preference introduced by adoption of a State Policy, are matters for which Parliament and the central agency should be responsible.

It is within this control package or set of guidelines that lower level organisations can be created and be required to produce:-

- (a) strategy plans for the guidance of local or regional activity towards desirable goals or away from undesirable goals, and
- (b) works programs for the structural improvement of the present situation in terms of flood protection, etc. These latter programs are clearly objectives, with their attainment being capable of analysis in terms of efficiency, effectiveness and economy. However, such programs do not happen over night but rather as the result of detailed investigation and analysis over a 5 year period prior to construction or implementation.

6. ADMINISTRATIVE STRUCTURES AND MANAGEMENT UNITS

It is agreed that administrative structures should have the flexibility to be the result of the best means of putting objectives (conceptual or functional) into practice and be modified accordingly as objectives change and develop.

However, whilst there could be general agreement on the need for a change, there is a considerable difficulty in adapting the existing structure to meet future needs.

There is an unfunctionalism associated with the state departmental system that is solidly entrenched.

This unfunctionalism is not only created to reflect disciplinary practice associated with that function i.e. Agricultural Science and Veterinary Science with Agriculture Department, medicine with Health Department and Civil Engineering with Water Supply Department but is further reinforced by a budgetary system that can only allocate funds to a Departmental Budget and not to a grouping of Departments and/or Public Bodies for the funding of truly multi-functional operations. (One way that may be practical under the present system is to provide such funding through a budget allocation to the State Co-ordination Council, especially for investigation and analysis phases of projects leading to the identification of objectives that can be carried out by unfunctional bodies. The problem here is lack of jurisdiction for integrating the whole action.)

Hence, it cannot be expected that change will be more than a slow evolutionary trend towards the development of a new administrative structure which can cope with complex (multi-functional) technical problems as well as the environmental problems at a social or political level. Indeed, it can be argued that the best interest of the state is served by a continuance of the unifunctionalism of state departments.

Therefore, this need for a changed administrative structure in order to cope with modern complexities in the decision making process is more effectively attainable at the statutory Authority level, and, in the field of waterway management, at the regional/catchment area level of jurisdiction.

It is more effectively attainable because:-

- (a) it would be one step back from the turmoil of the political scene and hence, could develop within a stable environment.
- (b) being a new form of administrative structure it would not have strong traditional practice as an undesirable constraint on its procedure and decision making but rather be adaptable to realistically meet situational circumstances.
- (c) it would be closer to and more directly associated with the action and the people than any higher order organisation. It would accordingly, be motivated to deal with problems as a whole (multi-functionally) and to seek optimum solutions which may involve a number of departments.

On the other hand the nature of function of the local government role, limited financial resources and lack of an appropriate expertise makes Local Government unsuited to experiment with the new administrative structures necessary to achieve effective progress in these fields.

Finally, the nature of multi-functional decision making is fundamentally a maximisation of objective awareness and a minimisation of subjectivity. This conflicts with concepts that politics are a question of will providing a freedom of action that the present arrangements, whatever their shortcomings, are what Federal and State politicians want and will continue to want given what they perceive to be their political interests.

Accordingly, to achieve such goals they not only necessitate a regional administration as a body corporate with significant autonomy but also that the decision making Authority itself should comprise nominated rather than elected representatives. This would ensure the stability needed to establish and perfect any new administrative structure and its means of achieving results.

7. CENTRAL MANAGEMENT ARRANGEMENTS

It is a fundamental fact that the option we have most confidence about predicting the future is a continuance of status quo.

Furthermore, whilst politicians may agree that there are better possible ways to arrange things, and possibly regard them as an ideal to be pursued, they are unlikely

to agree to radical changes to a departmental system that suits their political purpose and does not excite more than intermittent groans from voters.

Thirdly, what matters ultimately is not so much the formal structures within which political activity takes place but the use to which the structures are put by the political practitioners and senior management who operate them.

Finally, in spite of the criticisms which have been made of the S.R. & W.S.C. its methodology and its strong engineering bias, it is a highly competent organisation with knowledge of the water industry accumulated over 75 years and many senior officers with over 30 years service. This cannot be lightly discarded for some theoretically better alternative central management arrangement which of necessity, would have to be initiated with a massive staff and public re-education program at a level that is politically sensitive.

It would be far better from many viewpoints to maintain the status quo at central government level, with some significant changes. These appear to be:-

1. An overall governmental policy in the renewable natural resources field (See Appendix 1) to delegate responsibilities with transfer or secondment of staff to competent regionally based decision making organisations.
2. An overall government policy to ensure that such regional organisations are to develop a multi-disciplinary approach to decision making with the intention of not only using current technical knowledge but also putting it together into purposeful decision packages.
3. The departmental level be instructed to support policy by providing state policies relating to each of their prime functions as a set of guidelines within which the regional organisation can effectively operate.
4. The departmental role relative to the regional organisation be defined as clearly as practicable and it include:-
 - (a) provision of state financial assistance via each department involved.
 - (b) provision of research and development facilities of a nature beyond that suited to a regional organisation.
 - (c) an administrative function between regional organisation and a special cabinet grouping of Ministers being responsible for renewable natural resources including land use planning conservation, agriculture and finance.
5. Because of the importance of water to society's continued existence and because waterways are the receptacle of the results of mismanagement of the rest of the land environment, the Minister for Water Resources being advised by the State Rivers and Water Supply Commission, would be the appropriate major policy Minister responsible for establishing the regional organisations. This may change in the future. However, the initial steps to create the

regional organisation would be motivated by the need for waterway management within the larger catchment jurisdiction in selecting regions in Victoria.

6. The regional organisations should be represented on the State Water Resources Council which in turn should create a waterway management sub-committee to monitor, evaluate and publicise the waterway management industry in Victoria. This sub-committee would also have an advisory capability to the Minister for Water Resources.

Thus having evaluated the numerous reports prepared by or under the direction of the Public Bodies Review Committee, together with our undoubted expertise of the regional situation of a multi-disciplinary decision making, we conclude that in effect the State Rivers and Water Supply Commission is a department subject to significant Ministerial direction and financial constraints.

As such, it cannot be called upon to be accountable for a degree of autonomy that it has not been permitted to exercise, nor be judged according to a set of criteria recently established that no one was aware of in the past. So the S.R. & W.S.C. cannot be called upon to be accountable in the same terms that the Dandenong Valley Authority say can be called upon to account for its actions to a Public Bodies Review Committee acting on behalf of the Legislature. For instance, the call for a greater level of autonomy and financial independence regularly made by Sir Ronald East when Chairman of the S.R. & W.S.C. in order to more effectively undertake the tasks of the Commission, was clearly ignored by Government. Hence, it is wrong to suggest that the S.R. & W.S.C. lacked foresight nor the capability for recognising the need for modified administrative systems, when their advice and recommendations are ignored or overruled.

Thus, we consider, that the track record of the S.R. & W.S.C. warrants a "license" to continue to exist into the future but there is a real need to assess the "terms and conditions" of that license so that they may effectively and efficiently operate in that future.

Accordingly, the future central management arrangements should be built around the concept of the State Rivers and Water Supply Commission being a department with a number of statutory bodies implementing action and providing services in the field.

Hence, the only option that makes sense in accepting the need for a new way is to allow same to develop in newly organised regional level bodies and in the meanwhile, maintain "status quo" at the central level. Thus the State Rivers and Water Supply Commission would become responsible for establishing and servicing regional catchment management authorities in appropriate parts of Victoria.

8. LOCAL MANAGEMENT ARRANGEMENTS

It has been stated heretofore that it is the right order of things for higher level organisation to delegate responsibility to competent lower levels and that higher level organisation should not refrain from freely delegating in this way because of its inherent sense that being bigger and having vast resources at its command, it therefore must be better decision makers and action implementors than smaller organisations. The logic of this "bigger and better" approach has to be founded on an appropriate scale relationship i.e. the approach is right when dealing with matters that

relate to say State issues but is unfounded when assumed to apply to the local or regional levels.

Hence, in presenting this report which proposes a significant devolution of power from central to regional level organisation, we are also saying there is a need for regional level organisation to in turn delegate responsibilities to the local level of administration as soon as the master strategies and works programs have been effectively implemented.

Indeed, we see no need for change in the provisions for local urban drainage strategies continuing to be effected under the current provisions of the Water-Drainage Act, only that such local strategies should form part of or be compatible with the strategy and program for the whole catchment. Also, we should recognise a continual need for education and training in the field of strategy implementation for officers and decision makers required to administer the guidelines of the strategy.

Secondly, the provision of Committees of Management to undertake specific tasks within water orientated areas of jurisdiction has merit and in fact could be the method of re-directing the River Improvement Trusts and Drainage Trusts activity within the confines of a catchment strategy prepared by a Regional Body.

Finally, until the regional or catchment strategy plans have been prepared, there ought not be any change in status quo except in emergency situations. The existing bodies have a wealth of local knowledge and experience that should be taken into account by the Regional and Central organisations in their task of formulating a new administrative structure for the overall area.

9. STRUCTURAL PROPOSALS FOR CONSIDERATION

As to the key variables mentioned in part 7.4 of the report as being involved in possible institutional arrangements for watercourse management, we make the following comments:-

- (a) Scale of Operation - From the discussion heretofore, the scale necessary for an effective multi-disciplinary capability is the regional river catchment or groupings of smaller catchments scale. In areas outside of the Metropolis of Melbourne the size would be of the order of 2,000 square miles or an area with its remotest parts capable of being visited, investigated and return to base by vehicle in one day.
- (b) Type of Authority - Clear jurisdiction over the control and management of the waterways is an essential responsibility not only for effective action but also for clearness of accountability to Minister and Parliament. Fragmentation of jurisdiction makes a mockery of a sense of responsibility, hence the organisation has to be a body corporate and a statutory authority.

This does not mean that there should not be a regional co-ordinating Council with which the regional waterway authority should co-operate, as such a Council will carry out functions, such as regional promotion activities which would not be the role of a statutory body. They should work closely in harmony and probably each have representatives on the other decision making groups.

The catchment management authority could create appropriate advisory committees to suit its needs, management committees for special reasons and have delegatory powers to local Councils for activities appropriate to the expertise of those bodies within an instrument of delegation.

- (c) Range of Functions - Waterway Management is the basic function. Any others within the field of renewable natural resources are optional and may be achieved by the making of an instrument of delegation between Department and Regional Body. This instrument would be appropriately framed to accord with the regional circumstances.

It would be envisaged that before the formation of any regional body there would be a master plan for creation of the body prepared.

This comprehensive document would of necessity, identify and evaluate the range of function appropriate to regional administration in each region and incorporate an implementation plan as well as an economic impact assessment. This document would then form the basis for approvals, legislation and creation of the regional body.

It is essential to its proper function that the regional body have a works role as well as a planning role, as the direct benefits to people arising from its works role is essential to its public relations image.

10. TIME SCALE FOR DEVELOPMENT AND IMPLEMENTATION

It is considered that three regions warrant this type of investigation and study in the near future.

Westernport Catchment
Latrobe/Thompson River Catchment
Barwon Catchment

Each have a significantly large statutory authority covering part of the water industry within or adjacent to these catchments, and preference would be given to building onto existing administrations even though the decision making body itself needed alteration. Both the L.V.W.S.B. and G.W.S.T. have expressed a desire to have a catchment management capability, hence it is expected that they would be able to play a significant part in the preparation of the abovementioned master plan. If this is so, the master plan could be prepared and implemented within two years. If a new regional authority was formed, time to implement could be three years or more.

Other regional bodies could follow. Some possibilities are:-

Western District (i.e. areas draining to Bass Strait west of the Barwon)
North Eastern Catchments
Maribyrnong/Werribee Catchments
The Upper Goulburn and Central Highlands
The Upper Yarra Catchment

It is considered that the areas wherein rivers are used to transport, irrigation water presents a special case. At least in the foreseeable future the controllers of irrigation in the Goulburn/Murray irrigation districts and the Wimmera Mallee stock and domestic district ought to have a waterway management function at the regional level of administration. In this instance, the regional organisation may be a branch of the S.R. & W.S.C. with an advisory Committee containing representatives of Municipalities and other appropriate organisations.

The balance of the State, where a waterway management function may be warranted, i.e. Catchments east of the Macalister/Thompson Rivers, detail consideration could be 10 years away, if at all. An East Gippsland Regional Co-ordinating Committee could look at the situation in conjunction with the existing River Improvement Trusts. The Ministry for Conservation should continue its studies of the Gippsland Lakes and environs to build up our knowledge of this ecosystem.

The preparation of a Regional strategy planning document should be the basis of determining the most appropriate forms of implementation, administration and monitoring endeavours associated with establishment of the new statutory Authority.

11. FINANCIAL

The decline over the years in funding existing River Improvement Trusts and Drainage Trusts in real money terms, as mentioned in Section 8.8, could be reflective of:-

- (a) A general completion of works of this nature.
- (b) A shift downwards in assessing the value to the community in general of this type of work relative to other projects being funded from the same source i.e. Works and Services Fund or Water Resources Budget.
- (c) A general lack of the provision of funding in real money terms.
- (d) The basis of evaluation of value being modified both upwards as regards cost and downwards as regards achieved benefits because of:-
 - (i) a more effective consideration of environmental aspects of the problems,
 - (ii) the problems of maintenance and preservation of the benefits derived from the capital expenditure, and
 - (iii) a shift towards the USER PAYS ONGOING COSTS PRINCIPLE.
- (e) The development of an alternative comprehensive means of watercourse management that provides greater value for the dollar spent to the community and may be the individual landowner.
- (f) A shift in the value of the flood plains for viable agricultural purposes (neglecting the augmentation of land values arising from flood protection works).

To some extent all these factors have had an influence but it is considered that the most important have been the:-

- (a) Shift in attitude to evaluation of environmental criteria.
- (b) A reassessment of the value for dollar spent on this type of work, having regard to improvements in dry land farming technology and elsewhere.
- (c) The emergence of the alternative forms of catchment administration that competently solve a whole range of drainage and allied problems.

It is inherent in the acceptance of regional catchment management concepts that a new approach to financing will be needed.

It is also inherently necessary for every landowner within the region to pay something in the form of a precept and for the community to also contribute from taxes on behalf of those citizens who are not landowners but derive benefit from the services provided. There are other reasons that justify assistance from community sources of funding but these should not influence the fundamental concept that:-

a regional catchment management unit should be viewed as an investment by the citizens of Victoria that ought to be seen to providing both short and long term benefits that together warrant not only the investment but also the creation.

To ensure this concept continues to be viable, the continuance of the creation (i.e. the license to continue to exist) ought to be reviewed, renewed and as necessary modified at intervals not exceeding 10 years. However, in order to permit continued viability in these terms, the range of endeavour within the fields of renewable natural resource management, (including water resource supply and preservation,) should be flexible throughout the State.

Such a systematic approach necessitates the adoption of realistic evaluation criteria in economic terms with money values appropriate to the services provided and usage thereof. Devising such criteria will be difficult but without it the true value of governmental endeavour as a service industry not only cannot be properly assessed and appreciated, but the decisions that are otherwise made are unfounded to the extent that such services have not been adequately taken into account. The requirement presupposes the existence of economists who can evaluate in terms of optional economic strategies rather than the simple economic assessment of a definite proposal.

Furthermore, if these services are capable of proper assessment, then the case for direct government support, both from State and Federal sources including other statutory bodies, becomes clearer. Hence, whatever the decision of these higher level bodies the merits of the case for assistance or otherwise is known and is capable of promotion.

In such a context the justification for existence of regional catchment administration units in the renewable natural resources field can be assessed in business-like terms and indeed their continued existence should be reviewed on such an evaluation basis. This is fundamentally because they are intimately concerned about resources and the management of resources of all forms, using a multi-functional or multi-disciplinary framework of understanding for decision making. And the proof of the philosophical or conceptual arguments that justify the multi-functional approach should be derived from the putting into practice of such an administrative unit.

Thus, from an economic viewpoint there needs to be established a set of criteria that should be met to cover each step in the process of conception, investigation, analysis, propositions, acceptance, implementation, monitoring and review of a catchment management proposal at the regional level in Victoria.

Compliance with the appropriate set of criteria enables proceeding to the next step. Thus the cost of initial investigation can be controlled towards purposeful goals and failure to meet the standard set results in suspension of the project investigation. Under these conditions, it would be fair and reasonable for the State of Victoria to provide initial funding for investigations of the application of the concept into Victoria. This funding of course, may be assisted by the Federal Government and can be under existing National Water Resources programs.

In summary, what we are saying is:-

That provided the evaluation criteria is acceptable to all parties, a system of waterway management practice or renewable natural resources practice can be devised to operate and satisfactorily meet that criteria in a "business" sense. The criteria has to relate to the multi-disciplinary framework encompassing the endeavour, and the seeking of optimum solutions relates to the marshalling of all resources (physical, social, technical, economic and time) towards achieving desirable goals (long term) and objectives (short term). Furthermore, the opportunity window for success which the present circumstances make possible is the only purposeful alternative to the current fragmented and inadequate system. IT IS THE WAY TO GO!

12. SUMMARY AND CONCLUSIONS

We draw the following conclusions from our analysis of the situation and the information in the discussion paper.

- (a) There is a need that will escalate in the future for the proper and orderly mangement of:-
 - (i) the waterways and their surrounds throughout the State,
 - (ii) the wider environment that may detrimentally affect those waterways,
 - (iii) the renewable natural resources within the State.
- (b) To undertake such a task efficiently and effectively using modern methodologies of assessment, the multi-functional approach based on a purposeful reference to all aspects of background knowledge is an essential factor, leading to optimum decision making and implementation.
- (c) Because of the inherent unifunctionalism of established central administrative units and the difficulty in obtaining change by other than a slow evolutionary process together with the inherent disabilities of local government, it is apparent that a new regional form of administration with adequate assessment criteria and proper training of personnel therein, can provide the necessary service to the State of Victoria in these fields.

- (d) The establishment of regional management units needs to be based on a business type approach, that identifies the benefits and beneficiaries of service provided and fairly evaluates these benefits in monetary terms. This necessitates the predetermination of evaluation criteria followed by investigatory procedures being established as a basis for examining the form of jurisdiction of such establishments throughout the State.
- (e) The evaluation criteria must of necessity, include the questions of economics and returns to the State for the dollar spent by way of an investment. If such criteria is established adequately and reviewed periodically along with the permission for the regional unit to continue in existence, the sound financial basis of the whole endeavour from a state and regional viewpoint should be safeguarded. Furthermore, on this basis it ought to receive a high priority for funding of the preliminary steps from governmental sources (i.e. Federal, State and Local).
- (f) The alternative is to maintain the present complex, fragmented system of endeavour based on a many varied approach to the solution of drainage, flooding and allied problems. The lack of any real means of evaluating the value of State and other expenditure in this field must result in an inadequate basis for appropriation of funds into the industry, with a high level of frustration by those involved because of this inadequate funding and procedural complexity.
- (g) The D.V.A. model clearly shows the way to go and provides the experience necessary for interpretation into other regions in Victoria.
- (h) The implementation role is clearly that of a central management unit, backed by appropriate advisory committees to establish evaluation criteria, investigatory procedures, appropriate fields for investigation and other allied matters. The central unit should also provide an administrative and monitoring capability as well as the basic centralized informational sources. Finally and probably most importantly, it has to seek and obtain the co-operation of other departments and bodies with a view of properly co-ordinating the whole towards the achievement of the desired goals.

13. THE NEXT STEPS

The next steps are:-

1. Recommendations by the Public Bodies Review Committee and adoption by the Government of a policy to:-
 - (a) recognise the importance of a regional/catchment based waterway management industry for Victoria, and
 - (b) desire to proceed with its establishment in a very purposeful manner.
2. Establish an action Committee serviced by the S.R. & W.S.C., reporting to the Water Resources Council and hence to the Minister for Water Resources to prepare:-

- (a) a draft state policy document on Waterway Management in Victoria for adoption by the Government (in a similar manner to the procedures for adoption of the Flood Plain Management Guidelines),
 - (b) identification and clarification of the role of the central management and administrative units in the State in respect of:-
 - (i) Water Resources
 - (ii) Renewable natural resources.
 - (c) a detailed implementation document setting out the means of implementing the State Policy and establishing appropriate statutory bodies to administer and carry out works and undertakings.
 - (d) prepare the basis for new legislation to be submitted to Parliament.
3. It is envisaged that the new legislation would:-
- (a) enable the establishment of regional/catchment management Authorities as statutory bodies in Victoria.
 - (b) establish the S.R. & W.S.C. as a statutory body for waterway management in those parts of Victoria not covered by 3(a) above.
 - (c) use the Dandenong Valley Authority model as the conceptual basis for the regional management unit - its powers, formation and organisational character.
 - (d) provide for delegation of allied responsibilities by way of instruments of delegation to be made with other departments covering the renewable natural resources fields.
 - (e) include a "Sunset" type provision operative about 10 years after the formation of any regional statutory body so that its continued existence can be questioned, its actions can be evaluated and its jurisdiction can be modified to suit future circumstances if it is permitted to continue to exist.
 - (f) provide for delegation of responsibilities from Regional level of administration to the local level either Local Government or Committees of Management as part of an orderly implementation of a Catchment Strategy Plan or "Sunset" review.
4. Instruct the Water Resources Council (which body should have proper representation encompassing waterway management) to prepare discussion papers and action documents on:-
- (a) the identification of evaluation and accountability criteria in the waterway management industry (probably all of the water

industry but this document relates only to the waterway management industry).

- (b) the rationalisation of the decision making process encompassing multi-functional or multi-disciplinary frameworks of knowledge in the resources management field. (This is because it is the process of decision making in all fields linked with resource management that needs to be consistent, not necessarily the resultant decisions. Decisions should be permitted to vary according to specific circumstances relating to the situation.)
 - (c) development and clarification of the implementation and monitoring (including accountability needs) practice in the Waterway Management Industry in Victoria. (This is a necessary adjunct to decision making and to a purposeful Sunset form of review say once every decade.)
 - (d) the rationalisation of terminology, the development of a systematic basic information store and the various communicative needs both internally and externally of the Waterway Management Industry in Victoria.
5. The preparation of Regional/Catchment Management documents, including strategy planning, works programs and developmental guidelines in accordance with new Legislation and guidelines prepared by the Water Resources Council for the creation of a regional level of administration in the Waterway Management Industry in Victoria. The processing of such documents and the undertaking of recommended implementation procedures to result in the formation of regional/catchment management Authorities.

APPENDIX 1

9.3 ONTARIO (CANADA) CONSERVATION AUTHORITIES MODEL

The relevant part of the governmental system of the province of Ontario is shown in Figure 3.

9.3.1 POWERS

GOAL OF THE MINISTRY OF NATURAL RESOURCES

To provide for crown lands and waters, and to encourage on private lands and waters, a continuing combination of resource development, outdoor recreation and quality environment most consistent with the social and economic well being of the people of Ontario.

OBJECTS OF CONSERVATION AUTHORITIES

The objects of an Authority are to establish and undertake in the area over which it has jurisdiction, a program designed to the further conservation, restoration, development and management of natural resources other than gas, oil, coal and minerals.

POWERS OF THE CONSERVATION AUTHORITY

Includes the power:-

- (a) to study and investigate the watershed and to determine a program whereby the natural resources of the watershed can be conserved, restored, developed and managed.
- (b) to control the flow of surface waters in order to prevent floods or pollution or reduce the adverse effects thereof.
- (c) to alter or divert the course of any waterway.

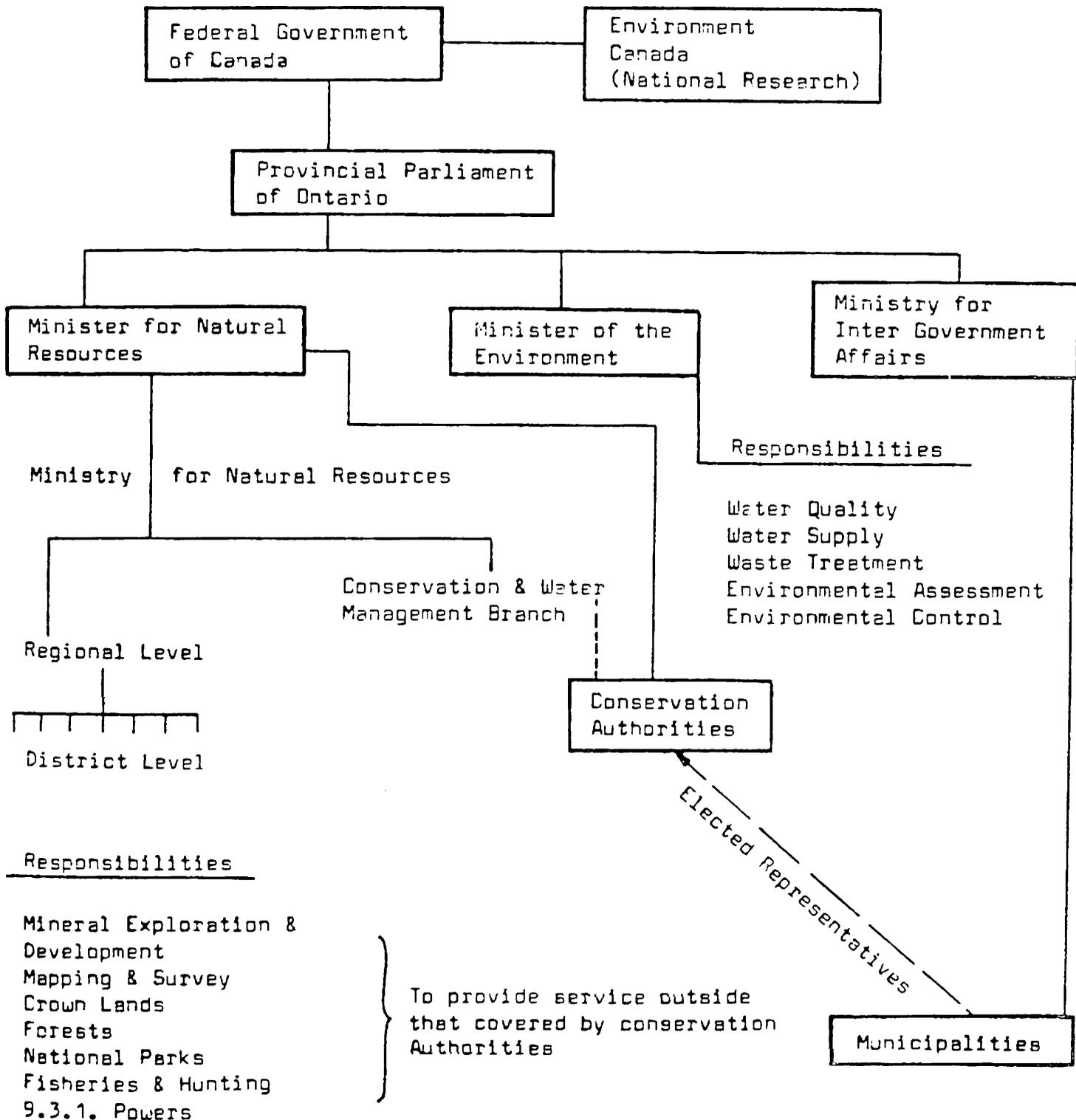
9.3.2 EXISTING CONDITIONS

Thirty eight (38) conservation authorities cover most of Ontario south of the Precambian Shield, as well as sections of northern Ontario. They undertake a wide variety of programs to further the conservation, restoration, development and management of the renewable natural resources of their watersheds.

A conservation authority is formed as a result of a resolution from two or more municipal councils that petition the Minister for Natural Resources to convene a meeting for that purpose. If the vote of the municipal representatives is favourable, the authority is established by Order in Council. In general the boundaries of authorities are defined on a watershed basis.

Conservation authorities place particular emphasis on water and related land management. They are also involved with auxiliary programs orientated to land use, forestry, fish and wildlife, outdoor recreation and conservation education. Authorities

FIGURE 3.



raise a share of the funding by levying their member municipalities and by receiving aid from other sources including Federal Government.

The grants to conservation authorities totalled \$32,330,000 Canadian during the fiscal year ending 31/3/79.

Whilst the conservation authorities are not involved in water supply or sewerage facilities and do not appear to want such jurisdiction, the Grand River Conservation Authority is seeking a stronger control over water quality in streams as part of their overall watershed management plans. (Ontario is very well situated for a plentiful supply of water from Lake Ontario. This water body is also not in jeopardy from domestic waste disposal. Only in the Grand River catchment is stream flow used for water supply and urban waste disposal into the waterway is significant.)

Figure 3 sets out the governmental framework relating to the conservation authorities with other related agencies in the Province of Ontario. It will be noted that policy determined at Ministry of Natural Resources level, is monitored by its Conservation Authorities Branch Management and implementation of policy is processed by the regional level of the Ministry for operation at district level, or, alternatively achieved by the conservation authorities.

9.3.3 HISTORY

The conservation movement in Ontario began among interested groups in the early thirties. Whilst almost everyone agreed that conservation was a deserving endeavour, it took the ravaging calamity of Hurrican Hazel to shock governments, municipalities and citizens into action. (For a tropical cyclone to travel from the Gulf of Mexico across the U.S.A. and arrive with undiminished ferocity at Toronto was impossible. It just could not happen. It DID on 15th and 16th October, 1954. The resulting flood was a national disaster.) The Conservation Authorities Act was initially passed in 1946, and there are now some 38 authorities. The success has resulted from sound, basic thinking and shrewd planning in the formative years. The initial concepts were simple but so fundamentally right that only minor adjustments have been necessary. The three basic ideas are:-

- (a) Local Initiative. A conservation authority in any area can only be formed when the desires of the residents resulted in them requesting the formation of an authority. In making such a request they faced up to the responsibility of contributing financially to the works and running of the authority. Thus people living close to the problems were required to recognise and solve them. It also meant that solutions would not be imposed from above but those which could be justified economically, culturally and democratically.
- (b) Cost Sharing. Costs of projects are shared by the Municipalities in the authority and by the Provincial Government. This 50-50 split has meant that the authority, whilst operating on an assured financial basis, has done so with a high degree of business acumen and local knowledge.
- (c) Watershed Jurisdiction. The stewardship covers all aspects of conservation in the area. Thus an authority can handle problems such as flood control in a complete and rational basis. Conservation authorities have proved to be flexible agencies in their ability to promote and develop conservation works consistent with local

topography and development patterns. In these respects, no two authorities are exactly alike. In metropolitan regions, authorities have to concentrate on flood control, flood-plain planning, erosion control and provision of conservation areas for large populations; more rural authorities have enjoyed the challenge of reasonably priced reforestation lands, wildlife and source area developments.

Since 1950, a group comprising the chairmen of the authorities has made a great contribution by co-ordinating the efforts of all authorities and interpreting their viewpoint. It has also given strong leadership by speaking with a unified voice to governments and the public in all matters of concern to the authorities.

The conservation authority movement has been one of, by, for and with the people; so it began and so it continued. People contribute directly to an authority's work, whether in taxes or in freely given donation of time and service, they take a personal - and often, a proprietary - interest in the projects. The dam becomes 'my dam', the plantation becomes 'my plantation'. This order of involvement can only be achieved when meaningful decision making relates closely to the people benefiting.

APPENDIX 2PUBLICATIONS PRESENTED TO THE PUBLIC BODIESREVIEW COMMITTEE BY THE D.V.A.Exhibit
No.

- | | | |
|----|--|--------------------|
| 1. | Submission by Dandenong Valley Authority | - August, 1980. |
| 2. | Comments on Terms of Reference | - September, 1980. |
| 3. | The Sunset Concept - Technical Report No. 14 | - October, 1980. |
| 4. | Response to Specific Questions | - October, 1981. |
| 5. | Waterway Management - The Way to Go | - April, 1982. |



Shire of Cranbourne

Shire Offices: Sladen St., Cranbourne, Victoria.

Address Correspondence to:

Shire Secretary
PO Box 4, Cranbourne, 3977
Telephone Cranbourne 96 1000
STD Area Code 059

In reply please quote:

250/20/0
GWC/LJD

February 26, 1982.

The Secretary,
Public Bodies Review Committee,
2nd Floor "Treasury Gate",
1-15 Little Collins Street,
MELBOURNE, 3000.

Dear Sir,

Discussion Paper on Waterway Management

The Discussion Paper entitled "Future Structures for Water Management: River Improvement and Drainage Trusts" was considered by Council at its last meeting.

Whilst there are no constituted River Improvement Trusts or Drainage Trusts within the Shire of Cranbourne, the State Rivers & Water Supply Commission has provided considerable funds from the "Rivers and Streams Fund" and from other sources for extensive erosion control works in the Lang Lang river over the past 20 years.

The Commission's responsibility for these works relates back to works carried out by the Commission and its predecessor in the early 1920's in straightening the meandering course of the Lang Lang River, enlarging the "straight cut" and placing an embankment on the northern side of the cut to divert flood flows from the Koo-Wee-Rup swamp area.

The Council considers that it is important that any structural arrangements for the future control of the Lang Lang River Flood Plain, do not remove the responsibility for funding the solutions to the continuing erosion problem in the Lang Lang River, from the State Government.

The Discussion Paper makes reference to the State Rivers & Water Supply Commission's management of irrigation districts which play a significant role in rural drainage, however, the drainage works carried out by the Commission in the constituted Flood Protection Districts rates only a passing reference and no specific details of the Koo-Wee-Rup Flood Protection District (area, length of drains, etc.) are contained in the Discussion Paper.

It is considered that the responsibility at the State level should be confined to an overview and overall planning of watercourse management throughout the State. This could best be achieved by the concentration of all watercourse management functions including soil conservation, irrigation and fisheries and wildlife, in a State water agency which, however, would not be involved in the construction and maintenance of actual works.

The Council supports the creation of further Waterway Management Bodies on a catchment basis in other areas of the State and the extension of the boundaries of the Dandenong Valley Authority to more truly conform with catchment boundaries - e.g. the Westernport Catchment.

The retention of existing local and Shire based River Improvement and Drainage Trusts with the significant constraints on their activities, is not supported by the Council.

The involvement proposed for municipalities deriving from the Water Drainage Act 1958 and enabling investigations of Drainage Schemes by Regional Catchment Authorities, but with the actual construction and maintenance of an approved scheme by Councils, is considered an appropriate role for municipalities.

The Council's views of future structures for Watercourse Management at State, Regional and Municipal levels may be summarised as follows -

At the State level, the Council favours the concentration of all Watercourse Management functions within a State Water Agency to perform an overview and overall planning role by removal of the powers of the other bodies involved. Option W8 in the Discussion Paper appears to cover this recommendation, providing the Committee's suggestion recognises operations also at Regional and Municipal levels.

At the Regional level, the Council favours the creation of Regional Watercourse Boards related to catchment boundaries and including drainage, flood mitigation functions with river management (Option W6).

At the Municipal level Council does not favour the retention of the existing Trusts as fragmentary management units, but considers that Municipalities could perform a role in the construction and maintenance of schemes approved at Regional level and should assume responsibility for drainage works within the smaller sub-catchments by agreement with the Regional Watercourse Board.

Yours faithfully,



T. Vickerman,
SHIRE SECRETARY.

APPENDIX 12.
R. Curling,
Sub Committee Secretary,
Flowerdale Progress Association,
"Hazeldene",
Via Broadford, Vic. 3658.
Phone: (057) 80-1271.

18th March, 1982.

Public Bodies Review Committee,
MELBOURNE, 3000.

Attention: Ms. S.E. Fitts.

Dear Ms. Fitts,

Re: King Parrot Creek River Improvement Trust.

You are aware that we represent a body of Trust rate payers currently in disputation with the above Trust. For that reason we are particularly interested in the results of your activities and appreciate copies sent to us of the Discussion Paper.

We support the concept that control, maintenance and improvement to all forms of water supply must be made the concern of all citizens as a State wide and National necessity. Our local experience indicates a pressing need for a complete change of management control.

Since inception the above Trust has accumulated a history of protests, dissatisfaction, criticism, and hostility; never more than at present with heavy pressure being applied to prune its field of operation by local dissidents. We have provided you with some evidence of this including results of a recently conducted plebiscite. We have to state some disappointment that you have not considered any further enquiries into our problems necessary. The enclosed copies of correspondence clearly illustrates the problems of communication.

In the original we see this Trust being formed by farmers for farmers, who quite rightly claimed advantages River Trusts provided. The quality of the various Commissioners throughout its existence has been as good as one should expect as far as honesty and integrity is concerned, but poor communications, irresponsible disregard for the disadvantaged, and non farming rate payers, has tended to cause confusion and doubt regarding their other somewhat disguised qualities. We suggest this could well occur elsewhere. There has always been some antipathy between farmers and the purchasers of so called weekend and retirement blocks to a degree that pressure was put upon Shires to limit or restrict such subdivisions. Extensive subdivision already approved, changed the complex of the Trust. It took years for this new breed of settler to understand anything of the Trust - they received an annual rate notice and paid without question.

Over the last few years Trust rates, structured on Shire valuations, rose sharply. Rate payers reacted strongly in closer settlement areas where in the main no benefits could be supplied by the Trust. To add to their concern, Trust territory is situated within two Shires with different rating systems. Identical type properties would be rated considerably more or less depending upon which Shire they were in.

Originally the Trust was quite definitely a rural concept; in this area the reverse is now the case. Throughout the years Trust Commissioners have been predominately farmers operating within a Water Act with procedures too inflexible to cope simply and adequately with the increasing close settlement problem. The small block landowner is charged more and receives less and, in the main, cannot claim Trust charges against income tax. In a number of cases these land holders are pensioners from a lower income bracket living out their lives in retirement. It is iniquitous that such people are expected to contribute from their pension an amount of money that is used to better farming properties many miles away. Pensioners are afforded consideration with normal Shire rates. Not so the Trust. Although the amount of monies involved is small, it is a burden to the pensioner. In this area, at this time, some of these pensioners are threatened with Court action due to non payment of Trust rates.

This King Parrot Creek River Improvement Trust was formed in 1966. The Chairman, by repute, the wealthiest farmer in the district, has presided ever since. His influence over fellow Commissioners appears to be considerable. Trust Meetings for many years have been held within the confines of his own home. When a position on the Trust becomes vacant, replacements are difficult to find. Advertising in newspapers is usually unsuccessful and the position is finally filled as a result of cajoling a half-hearted farmer into the position. This kind of recruitment is most unsatisfactory and cannot be expected to attract good quality Commissioners. The authority of the Trust is considerable and when a Trust (which we maintain our Trust does) becomes remote from the community and "digs in" within the protective framework of the Water Act, it is difficult to remove or influence them. Over the years many scores of Trust rate payers have failed or refused to pay Trust rates. A large number are threatened with Court action at this time. The community has a Trust it does not want. The Trust has a community it does not want but is in need of their money to attract further Government subsidies. Reasonable protests to the State Rivers and Water Supply are invariably referred back to the Trust and problems remain unresolved.

There are approximately 513 voters within the Trust boundaries comprising single, joint and multiple owners of properties. About 432 of these voters, mainly small block land owners, reside in the upstream Flowerdale area of the Trust. A recent plebiscite of this number resulted in only four voters approving the Trust in its present form from 278 replies. Eightyone voters would approve continuance of the Trust provided boundaries were altered and rates reduced to a level consistant with the cost of Trust work in the area.

Despite these overwhelming results, the Trust has as yet failed to come to terms with the situation. Results of the plebiscite were known to the Trust last December. The issue was finally discussed at a Trust Meeting on 10th March. A State Rivers and Water Supply Commission directive to discuss the issue in detail with a sub-Committee representative of local dissidents was ignored. Within ten minutes the Trust concluded its findings. Severance was unacceptable and enquiries would be made to institute a differential rating system. The sub-Committee representative, despite a written application to speak, was not called on and after protesting his desire to do so, the Chairman granted him permission but warned only one question would be allowed. This intolerable incident highlights a profound need to replace Trusts with a management procedure capable and flexible enough to communicate with ratepayers and to deal with any common sense need of changes when they occur.

This report and enclosures are provided for comparisons made known to your Committee of Trusts operating elsewhere.

As each river or stream must differ such as size, locality, terrain and degree of importance; coping with changing conditions as they occur must be considered in the structure of management. Land development and close settlement, with ever increasing pumping of river water, has occurred and changed the nature and quality of the King Parrot Creek. In 1949 its water was rated the second purest in the State. Recent pollution tests taken over various points prove it to be unfit for human consumption. De-snagging, with resultant extensive damage to banks, has occurred. Consensus of local opinion is that apart from ad hoc attention such as the removal of fallen trees and debris, a considerable portion of the river would be best left alone. This sub-Committee fully endorses the proposals of Mr. Hearn, Solicitor, who has a considerable knowledge of the King Parrot Creek and the inadequacies of the Trust.

I am,

Yours truly,

A handwritten signature in cursive script, appearing to read "Ray Curling". The signature is written in dark ink and is positioned to the right of the typed name "Ray Curling".

Ray Curling

Encl.

R. Curling
Hazeldene
Via Broadford. 3658

20th March 1982

Attention of Ms Fitts

Dear Ms Fitts,

Re King Parrot Creek River Improvement Trust

A letter received from the Trust on the 18th Inst. confirms the Trust continues to pursue a negative reaction to instituting change and we will contest at least four Commissioners at the July elections and seek to remove the Commissioner (the Chairman Mr. Tehan) appointed by the Governor in Council.

Close study of the copies of correspondence reveals how insular a Trust can become. We trust that our contribution will be of some use to you.

I am,

Yours truly,

A handwritten signature in cursive script, appearing to read 'R. Curling', with a long horizontal flourish at the end.

INFORMAL VOTE - KING PARROT CREEK RIVER IMPROVEMENT TRUST

<u>Votes received and verified from rolls :-</u>	<u>Broadford Shire</u>	<u>Yea Shire</u>	<u>Total</u>
In favour of retaining the King Parrot Creek River Improvement Trust in its present form.	1	3	4
In favour of complete severance of River Trust Territory upstream from Moore's Bridge.	69	124	193
In favour of retaining the River Trust provided: Trust boundaries upstream from Moore's Bridge are adjusted to remove areas not benefitted by Trust works and provided also: Rates in the remainder of the Territory are reduced to a level consistent with general maintenance expenditure. -If such boundary and rate adjustments are not acceptable to the Trust then favour severance of Trust control upstream from Moore's Bridge.	28	32	60
In favour of adjustment of boundaries upstream from Moore's Bridge to remove areas that do not benefit from Trust works and the reduction of rates consistent with general maintenance expenditure. If the River Trust find these amendments are not acceptable, in favour of retaining River Trust control in its present form.	10	11	21
Totals	108	170	278

Checked, counted and verified :

E. J. Henderson

Please note

<u>Total Territory votes approx'</u>	513
Upstream from Moores Bridge	Date : 2nd December, 1981.
(Area under dispute)	432
Votes counted	278
" " rejected	25
Dead letter returns	20.

5th December, 1981.

The Secretary,
King Parrot Creek
River Improvement Trust,
~~P.O. Box 70,~~
KILMORE, VIC. 3601.

Dear Madam,

In accordance with the approval given by the King Parrot Creek River Improvement Trust on 21st September, the Flowerdale Progress Association have conducted a plebiscite to determine the wishes of Trust ratepayers upstream from Moore's Bridge. The results as determined by the Yea Shire Office are enclosed.

As the voting results are clearly in favour of severance of Trust Territory we look forward to the Trust Commissioners accepting in good grace the decision of the ratepayers. Early notification of his acceptance and information of subsequent procedures would be appreciated in the interests of the voters and other parties who have shown interest and given support to the issue.

We thank the Trust for supplying the voters roles and material relative to Trust activities. We also thank those Trust Commissioners whose vote and support made the plebiscite possible.

Some of our members would like to attend the next meeting of the Trust. Our Solicitor has indicated that he would also attend. I suggest that because of the importance of issue some time be made available for questions and replies between the Trust and our Association.

Yours sincerely,

Acting Secretary
Flowerdale Progress Association Sub Committee.

cc: ✓ State Rivers & Water Supply Commission.
Dr. Kevin Foley, M.L.C.
Mr. S.J. Prowman, M.P.
Mr. T. Reynolds, M.P.
Yea Shire
Broadford Shire
Aitken Walker & Strachan, Solicitors.

KING PARROT CREEK RIVER IMPROVEMENT TRUST

~~XXXXXXXXXXXXXXXXXXXX~~
 'Willowbank' via Broadford. 3658.

~~XXXXXXXXXXXXXXXXXXXX~~
 telephone 057 801221

8th January, 1982.

Mr. R. Curling,
 Acting Secretary,
 Flowerdale Progress Assoc. Sub Comm.,
 Hazeldene,
 via BROADFORD. 3658.

Dear Sir,

Re: Flowerdale Progress Association Plebiscite.

We acknowledge receipt of your letter dated 5/12/81, (although it was not received until much later) enclosing informal voting paper.

It is noted that some members of your organisation wish to attend the next Trust meeting to be held Wednesday 3rd February, 1982.

Permission for three members to attend has been granted but only one member of the Progress Association can address the meeting.

The Commissioners of the Trust request a written submission supporting the points of interest that will be raised at that meeting, and a copy of that submission is to be in the hands of the Secretary of the Trust prior to the 26th January, 1982.

If any member or members of the Trust wishes to ask questions or reply to questions that is his right and privilege to do so.

The Trust would be interested to know also if the Solicitor attending is a River Improvement Trust Ratepayer and if so, his name would be appreciated.

Thanking you in anticipation,

Yours faithfully,

S. A. Hodge

-S.A.Hodge.
Secretary.

R. Curling, APPENDIX 12 - contd.
Flowerdale Progress Association,
Sub Committee Secretary.

"Hazeldene",
Via Broadford, Vic. 3658.
Phone: (057) 80-1271.

23rd February, 1982.

The Secretary,
King Parrot Creek River Improvement Trust,
"Willow Bank",
VIA BROADFORD, VIC. 3658.

Dear Madam,

Thank you for your letter of 8th February. We note with some disappointment the maximum usage of regulations and procedure apparently deemed necessary to receive a small delegation earnestly involved in representing a considerable majority of River Trust rate payers. We think it would be more reasonable to encourage communications rather than apply restrictive terms when dealing with a situation where only four complete supporters of the Trust could be found from hundreds of rate payers.

Questions we are interested in could only be replied to after a Trust meeting has dealt with the issues of the plebiscite. The wording of your letter suggests the probability that a Special Meeting of the Trust has been held; on that premise, I submit the following questions.

- (1) IN PARTICULAR! What action does the Trust intend to undertake as the result of the overwhelming vote favouring severance of Trust territory?
- (2) With regard to the severance of Trust territory; what liabilities, obligations, or contingencies may affect our rate payers?

We request that a written reply to the first prime question be given us as soon as possible. We appreciate that the second question may take some time to answer.

In the event that a Special Meeting has not taken place; I re-submit my application that at some appropriate time during the meeting, a reasonable period be set aside to reply specifically to the above questions. Additionally, we request that permission to address the meeting be extended from one to two of our members.

In answer to your query, our Solicitor, Mr. H.M. Hearn, is a Trust rate payer and member of the Flowerdale Progress Association. He, with other interested rate payers will be travelling from Melbourne to attend the meeting.

Acceptance of the requests we make - if applicable - would avoid what could be seen to be a too stringent attitude of the Trust considering all the circumstances.

I am,

Yours truly,

R. Curling.

KING PARROT CREEK RIVER IMPROVEMENT TRUST

~~Telephone 057 831365~~~~057 801221~~~~XXXXXXXXXXXXXXXXXXXX~~
'Willowbank' via Broadford. 3658.

057 801221

27th January, 1982.

Mr. R. Curling,
 Acting Secretary,
 Flowerdale Progress Assoc.
 Sub Committee,
 Hazeldene P.O.
 via BROADFORD. 3658.

Dear Sir,

Re: Flowerdale Progress Association Plebiscite.

We acknowledge receipt of your letter dated
 25th January, 1982.

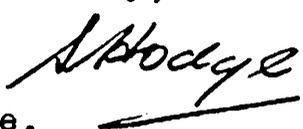
In view of the fact that no Special Meeting
 has taken place, the Trust is prepared to listen to one
 ratepayer put forward the views of a number of ratepayers, on
 the subject matter indicated in your letter.

It would be advisable for the Spokesman to have
 a list of signatures of the ratepayers that he is representing,
 and present this list to the meeting, prior to the views being
 put forward.

The Trust is not in possession of enough
 information re the plebiscite, to make decisions at this stage
 prior to the meeting on 3rd February.

Thanking you,

Yours faithfully,


S.A. Hodge,
Secretary.

APPENDIX 12 - contd.
R. Curling,
Flowerdale Progress Association
Sub Committee Secretary

"Hazeldene",
Via Broadford, Vic. 3658.

18th February, 1982.

The Chairman & Commissioners,
King Parrot Creek River Improvement Trust.

Dear Sirs,

It is considered we must emphasize that because of growing dissatisfaction among River Trust property holders, there is a pressing need for the Trust to minimize further delay in not only replying to reasonable questions put by us in writing prior to and at the Trust meeting on 3rd February, but in accordance with responsible action expected of you, to accept the reality that an overwhelming majority of voters have clearly stated they are dissatisfied with the Trust by recording their vote for a severance of Trust Territory. Be reminded, this disputation has been known to you for almost eight months and since that time the Trust has not shown one shread of willingness to come to terms with the issue.

At your meeting on 3rd February, held in the Strath Creek Hall, as requested or directed by the State Rivers & Water Supply Commission you experienced an example of emotional disputation when a shouting match took place with some Commissioners heatedly threatening legal action and disputers vehemently abusing the Trust. Since that time, there have been reports of a need for Police intervention. Surely the obvious solution to this growing problem is to face up and resolve it - quickly! Your clear duty and obligation is to debate the issue as soon as possible and forward your recommendation in accordance with your endorsement of accepting the plebiscite. Failure to do so will without doubt escalate the problem to a degree that may well put the Trust in jeopardy.

For some time now we have received enquiries from dissatisfied rate payers downstream of Moore's Bridge. However, our policy for the time being remains the same; not to be involved in Trust disputation in that area. If at some future date a plebiscite was held to test rate payers' reaction to Trust acceptance, results could put the Trust in an untenable position. In this area, suggestions have been made that should the Trust fail to honour the plebiscite, all future vacancies on the Trust should be contested by rate payers upstream from Moore's Bridge.

This Committee is well aware of the time and effort that becomes the lot of Trust Commissioners. Acceptance of their appointment includes responsibility to all rate payers. This dispute has reached a stage that we think it fair to say that never since inception has there been such a need, in the interests of the Trust - and its concept - for Commissioners to excercise urgent responsibility than at this time. Credibility in the Trust has already been seriously impaired; justifying the formation of this Committee.

Cont'd. 2..

- Page 2 -

King Parrot Creek River Improvement Trust.

18/2/1982.

We have endeavoured to present the problems and interests of the rate payers these many months. On the other hand we see the Trust as being unco-operative and unresponsive in the extreme. You have been afforded a contact you have failed to appreciate. Your correspondence shows without any doubt the imposition of unreasonable communicative restrictions to a degree that any furtherance would justify our seeking solutions to problems elsewhere. With respect, nothing less than a prompt reply would indicate a resolve and preference to settle the issue within the framework of the Trust.

I am,

Yours truly,

A handwritten signature in cursive script, appearing to read "C. C. C. C.", is written over a faint, illegible typed name. The signature is written in dark ink and is positioned to the right of the typed name.



State Rivers and Water Supply
Commission of Victoria

590 Orrong Road Armadale 3143 Australia

Our Reference: 77/1163

Telex:
WATERCO
AA 30739
Telephone: 509 9511
Extension:

10 MAR 1982

Mr. R. Curling,
C/- "Hazeldene,"
Via BROADFORD VIC. 3658.

Dear Mr. Curling,

I acknowledge receipt of your letter dated 12th February, 1982 on behalf of the Flowerdale Progress Association. The contents of your letter have been noted.

I would advise that the King Parrot Creek River Improvement Trust is a statutory authority constituted under the provisions of the River Improvement Act and as such any proposal to vary the Trust District or alter the rating divisions would need to be initiated by the Trust. In this context I would refer you to my previous letter of 29th January, 1982 wherein I outlined that the above proposals involve complex issues which could only be resolved satisfactorily by discussions between the Trust and the ratepayers and in this regard the Commission will assist in whatever way possible.

I understand that the Plebiscite conducted by your Association has, to-date, not been formally discussed at a Trust meeting. A letter just received from the Secretary of the Trust states that the Flowerdale Progress Association Plebiscite will be discussed in detail at the next Trust meeting to be held in the Strath Creek Hall on Wednesday, 10th March, at 8pm. A Commission Engineer will attend this meeting.

The Commission will await a report from the Trust before proceeding to take any action.

Yours faithfully,

R. BIRD,
Secretary.

YOUR REF:
 ENQUIRIES: JFD:LM
 IN REPLY PLEASE QUOTE: 82/46.02



MEMORIAL MUNICIPAL CHAMBERS
 (P.O. BOX 20) KERANG. 3579.
 TELEPHONE: (054) 52 2266

23rd February, 1982.

The Chairman,
 Public Bodies Review Committee,
 2nd Floor, Treasury Gate,
 1-15 Lt. Collins Street,
MELBOURNE. 3000.

Dear Sir,

Discussion Paper - "Future Structures for Water Management:
 River Improvement and Drainage Trusts"

Following consideration of the abovementioned Discussion Paper, Council has directed that a submission be made to the Public Bodies Review Committee on past and present moves by the Shire of Kerang to establish a Catchment Co-ordinating Group for the Loddon, Avoca and Campaspe Rivers. This Council has been to the forefront in endeavours to establish a Catchment Group for the area, and is currently involved in arranging a meeting of affected municipalities to discuss this issue once again.

(a) Attempt to form Catchment Co-ordinating Body for the Loddon-Campaspe-Avoca Catchment, 1980/81.

- 22/2/80: Meeting of municipalities, etc., to discuss forming of Catchment Co-ordinating Body within the Loddon-Campaspe-Avoca Catchment area. (Appendix 1: Notices and Report of Meeting).
- 11/3/80: Council directed the Shire Secretary and Shire Engineer to supply the Council with a report on the proposal for a Catchment Co-ordinating Group.
- 9/4/80: Council adopted the recommendation of the Shire Secretary and Shire Engineer, as per this report, to initiate the establishment of a Loddon-Campaspe/Avoca Co-ordinating Group; based on catchment areas and centred on Bendigo. (Appendix 2: Officer's Report).
- 13/6/80: Meeting of municipalities, etc., to discuss forming of Loddon/Campaspe/Avoca Co-ordinating Group. Representatives of (12) municipalities out of (36) in the proposed area were present, and a motion was passed that an application should be made to the Premier to establish a Co-ordinating Group in the area after all the Councils had been approached. (Appendix 3: Minutes of Meeting).
- 24/11/80: Council wrote to municipalities concerned advising that of the (36) municipalities in the proposed area, only (8) had advised of their support for the idea of a Co-ordinating group.

Dec. '80- (6) of the (8) municipalities still interested advised
 Feb. '81: that because of lack of support from other municipalities,
 they did not wish to proceed at this point of time.
 (3) of the municipalities mentioned the Lower Loddon
 Flood and Drainage Study as reason for not proceeding.

(b) Proposal to form Catchment Co-ordinating Group for the Loddon and
 Avoca River Systems, 1982.

5/2/82: Special Meeting of the Council resolved

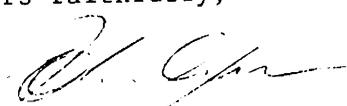
- (i) "that this Council is in favour of the formation of a Catchment Co-ordinating Group to be a forum for discussion papers now current, and the many associated problems of the area".
- (2) "that Council direct the Shire Secretary to convene a meeting of all Councils in the Loddon/Avoca Catchment Region to discuss the reasons for and against the formation of a Catchment Co-ordinating Group (C.C.G.) as outlined in Cr. Kenny's Motion (above), and that all interested Members of Parliament and others be invited".
 (Appendix 4: Map of Catchment Area).

12/2/82: Issued invitation to municipalities, etc., to attend meeting in Kerang on 22nd March, 1982, to consider and discuss the advantages of establishing a Catchment Co-ordinating Group for the Loddon-Avoca Catchment area; such body to deal with matters pertaining to drainage, flooding and salinity. (Appendix 5: Copy of letter sent to municipalities).

Dependant upon the outcome of the meeting to be held on 22nd March, 1982, the structural details of any Catchment Co-ordinating Group would need to be worked out, however, Council sees the representation of the majority of municipalities within the Catchment area and Government Department/Authority representation as integral ingredients of any successful body.

Hoping this information is of assistance to the Committee.

Yours faithfully,


 JOHN F. DYER
Shire Secretary

Enclos.

Ovens and King River Trust

APPENDIX 14.

Address all correspondence to:
Secretary,
P.O. Box 269, Wangaratta

25 ELY STREET,
WANGARATTA, 3677,
TELEPHONE: 21-6161.

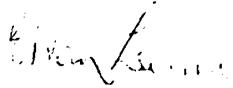
10th March, 1982.

Secretary,
Public Bodies Review Committee,
2nd Floor,
"Treasury Gate"
1-15 Little Collins Street,
MELBOURNE 3000

Dear Sir,

I am enclosing herewith my Trust's submission in
reply to the discussion paper of November, 1981.

Yours faithfully,



E.F. VAN LEEUWEN
SECRETARY

Encl.

Ovens and King River Trust

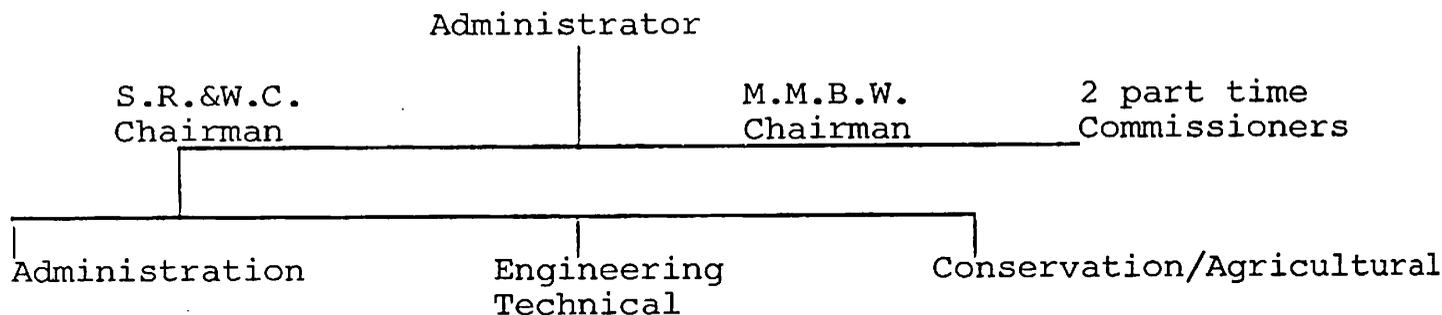
Address all correspondence to:
Secretary,
P.O. Box 269, Wangaratta

25 ELY STREET,
WANGARATTA, 3677,
TELEPHONE: 21-6161.

SUBMISSION BY OVENS AND KING RIVER TRUST IN REPLY TO THE NOVEMBER, 1981 DISCUSSION PAPER ISSUED BY THE PUBLIC BODIES REVIEW COMMITTEE

Water Commission:

It is recommended that a reorganization of the Commissioner system be provided as follows -



In the event of the Commission losing some of its responsibilities, it is understandable that there could be some overlapping or duplication of works (e.g. Laboratory) between the Board of Works and the Commission. The above chart indicates an administrator, 2 chairman and 2 part time commissioners making up the Board of the Commission. It is the opinion of the Trust that an input by two part time independent commissioners, expertly experienced in finance and legal matters respectively, would be able to contribute significantly to the conduct of the Board. It should be noted that a third arm to absorb the Soil Conservation Authority is also suggested. The Soil Conservation Authority would benefit technically from much of the S.R. & W.C. expertise just as the S.R. & W.S.C. would benefit from the agricultural and conservation skills of the S.C.A.

If urban water retailing is to be taken from the Commission, there should be adequate capacity within its structure to absorb the S.C.A. It is acknowledged that with major flooding of land, catchment run offs and normal erosion, that a contribution from the Departments of Agriculture and Soil Conservation would be essential. At this level it is felt that a multi discipline approach would result in a more beneficial works contribution. Unfortunately, with the enormous floods experienced in the Ovens and King River district last year, it was noticeable that the Soil Conservation Authority was not interested and, therefore, not involved in remedial works.

Ovens and King River Trust

Address all correspondence to:
Secretary,
P.O. Box 269, Wangaratta

25 ELY STREET,
WANGARATTA, 3677,
TELEPHONE: 21-6161.

Finance:

It is recognized that major consultations will be required before Councils within the catchment area would agree to contribute substantial funding toward the Catchment Authority. The Government must realize that its commitment to River Trusts does not cease with the establishment of an Authority. The areas adjacent to streams is river frontage in the majority of cases and revenue from the leasing of these areas is returned to the Government. Large areas within most catchments are made up of crown land and state forests and contribute largely to river erosion problems. As it is anticipated that all ratepayers within a catchment are to be rated, it is logical and necessary that the Government continue to contribute substantially. The limits of the ratepayer capacity to meet the costs demanded for a Catchment Authority are lower in a country environment due to the lack of numbers of population. It would be grossly unfair to expect the inhabitants of the district to try and contribute to meet the finances expended in a year's operation without the assistance of the Government. Higher interest rates and less ratios for Government grants is an embarrassment for country Authorities simply because of the low numbers contributing. It is in the interests of the State of Victoria that the Public Bodies Review Committee approach this problem sensibly and, in its deliberation recognize the fact that the numbers game, to raise funds within the metropolis, is different to the facts which present themselves within a rural community.

Catchment Authority:

The following headings indicate the areas for which the Trust believes the Authority should be responsible -

1. River Improvement works.
2. Drainage works.
3. Streamside beautification - tree planting, provision of passive recreation reserves.
4. Development of crown land sites.
5. Control of levee banks.
6. Soil conservation control - preventative works.
7. Water control - storages and canal system.
8. Flood control, flood plain planning - including land use.

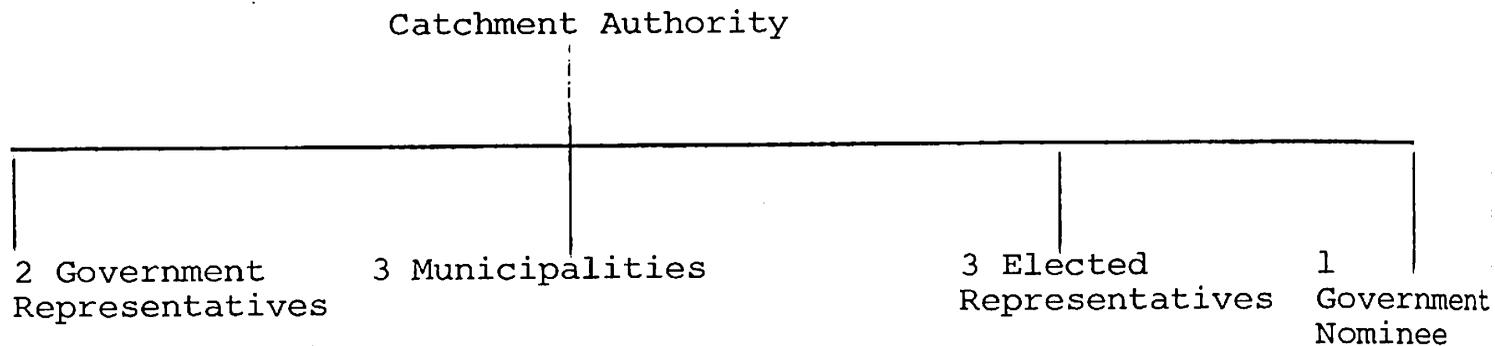
Ovens and King River Trust

Address all correspondence to:
Secretary,
P.O. Box 269, Wangaratta

25 ELY STREET,
WANGARATTA, 3677,
TELEPHONE: 21-6161.

Catchment Authority (contd)

The organizational chart for the Catchment Authority is provided as follows -



The 9 Commissioners would make up the Authority. It is proposed that the two Government representatives would be nominated by the Standing Consultative Committee. Matters relating to the Standing Consultative Committee would be introduced to that Committee by the appointed representatives. The three municipal representatives would be appointed probably on the basis of the highest contributors through the precept rating. It would be a provision of the Constitution that all participating Councils meet at least three times a year so that progressive reports could be put forward by the Authority's council representatives. The three elected members would probably represent the vested interests within the catchment district, e.g. tobacco and hop growers, graziers, fly fishermen, etc. It would be a requirement that the three elected meet at least three times a year with the public organizations. Finally, a Government nominee would be appointed as an independent representative.

Conclusions:

1. The Trust agrees and accepts that a Catchment Authority is desirable except where amalgamations would make the Authority unmanageable because of its size.
2. Total resource management and consultation is essential through the present departmental system.
3. Implementation of Catchment Authorities should be introduced progressively.
4. The Department of Agriculture should be represented on the Standing Consultative Committee.

Ovens and King River Trust

Address all correspondence to:
Secretary,
P.O. Box 269, Wangaratta

25 ELY STREET,
WANGARATTA, 3677,
TELEPHONE: 21-6161.

Conclusions (contd)

5. The Soil Conservation Authority to remain only in a consultative capacity.
6. The Trust totally rebuts the recommendation by the Department of Crown Lands and Survey for Trusts to be taken over and come under its control. The Department neither has the capacity or expertise to fulfil this role.
7. That river management requires a multi discipline approach as opposed to a multi departmental method.
8. Irrigation advisory matters to be retained by the Water Commission.
9. That the most beneficial scheme for the Ovens and King district would be the introduction of a Catchment Authority.

Copy of Submission from Mrs. H. Turner, Secretary, Wannon Conservation Society.

Mr. M. Tricarico
Secretary
Public Bodies Review Committee
1-15 Little Collins Street
MELBOURNE, Vic. 3000

Dear Mr. Tricarico,

On behalf of the Wannon Conservation Society I forward comments re:

Discussion Paper
Future Structures for Water Management:
River Improvement and Drainage Trusts

The Society recommends that:-

1. Each catchment be considered in the its entirety.
2. River Improvement Trusts be disbanded.
3. The Soil Conservation Authority control all rivers and streams - with an Advisory Committee of other involved Government Departments, Economists, Farmers and other concerned groups represented.
4. Money obtained from River Frontage Licence Fees be redirected to the Soil Conservation Authority.
5. The Soil Conservation Authority be enlarged. It be provided with sufficient money and manpower to carry out catchment works to significantly reduce silt recharge to the lower drainage system.

6. No new Authority be formed.
7. One Minister be responsible.

Comments regarding "Discussion Paper":-

3.1 Constitution of River Improvement Trusts - Page 15

The Discussion Paper fails to mention that under the River Improvement Act 1958 a River Improvement Trust's boundary may be extended (Section 17 B) and that there is no provision in the Act for anyone to appeal against the extension of a River Improvement District.

Under this section of the Act, in our district the State Rivers and Water Supply Commission Engineer with the support of the local Consulting engineer pushed a scheme to extend the boundary of the Glenelg River Improvement Trust.

Under the Act, engineers may enlarge schemes for their own financial gain without considering the wishes of the people.

3.4.3 "Engineering Dominance" -

We are still receiving costly booklets from the S.R. & W.S.C. C.G. - "Glenelg River Basin", "Management Strategy for the Wannon River" September 1981. Engineers still pushing theories (Mannings N) and their estimates of "PROBABLE" flow regimes etc. - we have had all this in our area - the theorys do not work - the eroded channel of the "improved" Wannon and Glenelg clearly demonstrates the capabilities of engineers. Engineers should have nothing further to do with our rivers.

In the Proposed Scheme for the 91 km. of the Wannon River - at two places the river flows through hills. We were never informed as to what Mr. Turnbull intended doing with the water at these spots! No doubt there would be some engineering solution - blasting away a gorge at taxpayers expense!

Mr. Ron Page, Consulting Engineer for the Glenelg River Improvement Trust, admitted at a Public Meeting he had not inspected the effects of his desnagging works on the Wannon River. He was paid a percentage of monies spent on these works.

3.5.1 Page 23

The Standing Consultative Committee - or any Advisory Committee - should have its membership broadened and strengthened. Department of Agriculture, Farmers and local concerned people should be represented. Economists must be included on any committee.

3.5.2 As far as we know, NO Advisory Committee has been set up for the Glenelg River Improvement Trust.

3.5.3 Planning - Page 25

The Wannon Conservation Society has to write to local Members of Parliament to find out what works are planned by the Glenelg River Improvement Trust.

Re - "Master Plan" - it will be interesting to read the "principal aims" of the Glenelg River Improvement Trust.

Presumably works have been done for flood mitigation for Casterton.

Mr. Turnbull has stated that works will only lessen minor flooding - NO effect on major flooding.

Very few homes are effected by flooding in Casterton - far cheaper to have moved homes to higher ground or to compensate owners following floods than to have "improved" the river.

The Glenelg and Wannon works have been no benefit to farmers - the erosion caused has resulted in a permanent loss of prime grazing land.

5.2.2 Objectives - Page 39

Paragraph 1

"the higher order objectives of river management are not identified."

The Commission is obviously unable to identify objectives of its River Improvement or Management Schemes.

Regarding the objectives mentioned by your Committee - the complete opposite objectives were achieved by the Commission in our area.

On the Glenelg and Wannon Rivers miles of river frontage lands have washed away.

This is not protection of private property and lands, protection of agricultural productivity, protection and enhancement of the environment!

An objective that the State Rivers and Water Supply Commission should have stated:-
To halt and recitify the damage it is causing and has caused to our rivers.

6.2 Page 56

Re - Siltation of Glenelg River in the Lower Glenelg National Park.

On the frontages of the "improved" river we have measured sections where 50 feet of land is falling into the river. This is happening right along the improved river - particularly where large old trees are now falling into the river. All washing downstream.

7.2 Page 59

Regarding "flooding" and "carrying capacity" of a stream.

The following points should be considered.

Flooding depends on the amount and timing of rain.

State Rivers and Water Supply Commission engineers, as yet, cannot control rainfall.

Flood plains have been formed by flooding and should be used for flooding.

The capacity of the bed of a stream is insignificant compared to the capacity of the flood plain.

On the Wannon River at Henty the flood plain is 7 miles wide. This section of river was to be desnagged - no amount of river works would have any effect on major flooding. Minor flooding is valued by farmers to provide natural irrigation of flats - desnagging the river would stop the latter.

River Improvement or Management works just transfers water from one place to another more quickly, creating more problems and all at great expense to the community.

Under natural conditions the movement of water was slow. This is what the Soil Conservation Authority is attempting to achieve - and its works are beneficial to the community.

7.2 Community Involvement - Page 59

None encouraged or wanted in our district.

7.3.1 Fragmentary Management Units - Page 60

"Lack of co-ordination" -

In the Wannon and Glenelg catchments we have the Soil Conservation Authority working to retain water in the catchment - planting trees, building groynes, etc. to slow down water flow and prevent erosion and thus silt getting into the rivers.

On the rivers we have River Improvement works - removing snag logs (groynes), removing trees to speed up the flow, resulting in erosion, siltation and flooding downstream.

The works of the Soil Conservation Authority are the exact opposite to the works of the River Improvement Trust.

Only one body is needed to effectively control the entire catchment.

8.2.2 Financial - Page 66

Natural Disaster Funding:-

"Most of the allocations to River Improvement Trusts have been for restoration of river protection works"!

The river improvement works speed up the flow of water causing the damage - we pay for the useless initial works and then go on paying. C.G. - rebuilding bridges in Gippsland, and finance for flood mitigation.

8.3.2 Page 68

Members agree with Paragraph 2.

River works must be able to be economically justified. The public pays - what benefits do we receive?

8.4 Rating - Page 69

Those who are rated "should receive benefit from works undertaken by Trusts". If this was the case in our area - the engineers involved in the Trust's works should have been rated!

Members support disbanding of Trusts so no finances are needed.

Members are certainly against farmers having to contribute financially to Trusts - either individually or through Shire contribution.

Department of Crown Lands and Survey

The Wannon Conservation Society supports the suggestion of placing catchments under a co-ordinated agency. BUT

Members are against the State Rivers and Water Supply Commission having any major role in this agency. We note that the same engineers responsible for destroying our rivers are still employed by the Commission. By their works these men have shown their incompetence and dishonesty. They have wasted taxpayers' money. We do not want these same people controlling our rivers and streams.

General Comments:-

1. Many books, booklets, etc. have been brought out by the State Rivers and Water Supply Commission pertaining to the Glenelg and Wannon Rivers. You quote from these, and letters from Commission engineer, throughout your "Discussion Paper". We have found many statements in these books, etc., to be dishonest. The true facts are not given. Your Committee should check and obtain the true facts.

One other aspect regarding the Commissions publications regarding the Wannon and Glenelg is the cost. They are prepared and published at great expense to the taxpayer and as well as being dishonest documents, they are not required or wanted by the people of our area.

2. You must consider the fact that Members of groups such as ours are not paid for any expenses or time involved in attending public hearings, writing submissions etc. - in contrast to the paid Public Servants, who we actually pay, to give evidence, produce glossy magazines, etc.

Too much has been written and said about River Improvement Works. The results of these works may be clearly seen throughout our State.

River Improvement Trusts should be disbanded as soon as possible -

Drainage Trusts:-

The Wannon Conservation Society is against any further drainage of wet lands in this State. Too much drainage of land has already taken place -

It is now time for reclaiming swamps.

Financing of Drainage Trusts must be considered. Amount spent must be compared with what is gained.

Economically, Drainage Trusts cannot justify their existence.

No public money should be available at all for drainage trusts.

If people owning swamps wish to drain them, they must do so at their own expense.

Hilary Turner
Secretary
Wannon Conservation Society

MITCHELL RIVER IMPROVEMENT TRUST
RESPONSE TO PUBLIC BODIES REVIEW COMMITTEE
DISCUSSION PAPER
FUTURE STRUCTURES FOR WATER MANAGEMENT
RIVER IMPROVEMENT & DRAINAGE TRUSTS

The response from the Trust takes the form of indicating the preference for some of the options for stream management at central and local level and also takes the opportunity to re-state previously expressed opinions on these issues.

Central Management

While the discussion paper on River Improvement and Drainage Trusts is not particularly critical of the central management performance of the State Rivers and Water Supply Commission, some other papers released by the Committee have been.

The relationship of this Trust and the Commission has been excellent, however, this relationship is at grass roots level only, and the Trust does not consider itself to be in a position to offer too much constructive comment on the wider issues.

Despite the foregoing comment the Trust supports the retention of the State Rivers and Water Supply Commission as the central management body for the water industry. If the administration of the Commission is lacking in some way it would surely be a more logical solution to amend or add to the existing structure of the Commission than to dismantle that that already exists.

The main reason influencing this comment is the belief that the engineering expertise built up by the Commission over many years must be retained for the benefit of the industry as a whole. The Committee would be well aware that the Commission's engineering skills have been recognized by the Committee's consultants in other discussion papers issued.

Retention of this engineering expertise is also a reason for opposing the Soil Conservation Authority proposal to absorb the Rivers and Streams section of the Commission. The officers of the Rivers and Streams section while specialising in stream management, have the back up of the overall water management and engineering skills available within the Commission. Perhaps the Committee should consider the absorption of the Soil Conservation Authority within the Commission to complement the existing expertise particularly in regard to land use in catchment areas.

Regional Management

The Trust is opposed to the creation of a regional authority as another tier of control between the local management body and the central management body as it believes no useful purpose would be served by such a body.

The Trust is likewise opposed to the replacement of the local management body by a regional structure, because it sees that this type of structure would lose the local input at grass roots level.

Should regional consultative forums as outlined in earlier reports of the Committee for water and sewerage bodies be expanded to include other elements of the water industry, the Trust could see benefit in participating in such a forum.

Local Management

Although the Trust does not have a formal statement of objectives, it was formed in 1957 to arrest the excessive erosion along some sections of the river, to relieve excessive flooding of the river flats adjacent to Bairnsdale and to prevent possible breakaway courses as a result of these problems.

Skull Creek, a tributary to the Mitchell River was included in the Trust district to reduce the sediment load which had covered the Lindenow Road and made its reconstruction impractical.

Clifton Creek, another tributary, was included in the district in 1961 to deal with waterlogging and the complete lack of definition in the stream in the lower reaches due to excessive siltation from upstream and also the problem of erosion in the upper reaches.

The Trust, within its limitations, has gone some way to achieving its objective and overcoming the problems associated with the tributaries although much more has to be done.

Because of present limitations which confine works to the bed and banks of the stream(s) the Trust believe they would be more effective if re-constituted along the lines of option W5, which would add drainage and flood mitigation functions to river management on a catchment basis. This would allow the Trust to treat the cause and not the effect in more cases and would also slightly enlarge the rating base of the Trust.

The re-constituted Trust should retain the present structure of democratically elected ratepayers (presently seven) with one nominee from the Shire of Bairnsdale and one nominee from the Minister. This structure would retain the local knowledge and input from interested ratepayers and, as at present, ensure that the wider interests of tourism, recreation, water supply and other utility protection is maintained.

Consultation with other interested departments and groups as practised at present, would ensure all interested parties have an opportunity for input in the planning stages. It must be pointed out that the nature of the works required on the Mitchell River are not of a controversial nature and no trouble has been experienced with these other departments and groups.

The Trust also believe that the present administrative arrangements whereby the office and officers of other local authorities (Bairnsdale Waterworks Trust and Bairnsdale Sewerage Authority) are utilized by the Trust are satisfactory and economical.

Should it become economically viable the Trust can see some merit in the amalgamation of adjoining catchment type authorities, as long as the local representation can be maintained, and so achieving some economies of scale in so far as administration and plant purchase and use is concerned.

Standing Consultative Committee

The present role of the Standing Consultative Committee to improve liaison between the various departments and the trusts, to prepare guidelines for river works, evaluate proposals for new trusts, evaluate major projects and identifying the need for studies is seen by the Trust as appropriate. The Trust does not consider strengthening the role of Committee to be necessary.

The Trust can see that some advantage may be achieved by adding a representative from the Department of Agriculture to the Consultative Committee to advise on agricultural methods and land use within the Trust's area of responsibility.

Conclusion

The Trust believe that while a great deal has been accomplished in the way of works to control erosion and relieve excessive flooding of the river flat there is still much to be done in this regard. The Trust also believe that widening of its powers and rating base will assist in achieving its objectives.

The Trust is concerned that few remember what the river was like prior to the Trust commencing works and afraid that it would quickly revert to an unstable state if the organization controlling it became excessively bureaucratic or remote.

The Trust re-state the comment contained in the first submission that it is ready to improve its structure, composition or procedures in the interests of improved stream management but do not wish to see change for the sake of change.

For and on behalf of the
Mitchell River Improvement Trust

D. J. ROBERTS
SECRETARY

EXTRACTS FROM THE PROCEEDINGS

The minutes of the Proceedings of the Committee show Divisions which took place during the consideration of the draft report. A summary of those proceedings follows:

WEDNESDAY, 2 FEBRUARY 1983

The Committee divided on the question, That Recommendation 1, as amended, stand part of the Report.

The result of the Division was:

Ayes, 6

Noes, 1

The Hon. M.J. Arnold
The Hon B.A. Chamberlain
The Hon D.M. Evans
Mr. N.A. Pope
Mr. K.H. Remington
The Hon. M.J. Sandon

Mr. B.J. Evans

And so it was resolved in the affirmative.

* * *

WEDNESDAY, 9 MARCH 1983

The Committee divided on the question, That Recommendation 9(i) stand part of the Report.

The result of the Division was:

Ayes, 7

Noes, 1

The Hon B.A. Chamberlain
Mr. J.E. Delzoppo
The Hon. D.M. Evans
Mr. R.H. Miller
Mr. N.A. Pope
The Hon. M.J. Sandon
Mr. T. Sidiropoulos

Mr. B.J. Evans

And so it was resolved in the affirmative.

* * *

WEDNESDAY, 16 MARCH 1983

The Committee divided on the question, That Recommendation 2 stand part of the Report.

The result of the Division was:

Ayes, 7

Noes, 1

The Hon. M.J. Arnold
The Hon. B.A. Chamberlain
Mr. J.E. Delzoppo
The Hon. D.M. Evans
Mr. R.H. Miller
Mr. K.H. Remington
Mr. T. Sidiropoulos

Mr. B.J. Evans

And so it was resolved in the affirmative.

* * *

WEDNESDAY, 23 MARCH 1983

Recommendation 10

The Committee recommends that:

- (i) the Latrobe River Improvement Trust, the Avon River Improvement Trust, the Thomson River Improvement Trust and the Macalister River Improvement Trust cease to exist and that the successor body be the Latrobe Regional Water Board;

(Mr. Pope)

Mr Chamberlain moved, as an amendment, That the words "Latrobe Regional Water Board" be omitted with the view of inserting in place thereof "Central Gippsland Catchment Board."

Question - That the words proposed to be omitted stand part of the Recommendation-put.

The Committee divided.

Ayes, 3

Noes, 4

Mr. R.H. Miller
Mr. N.A. Pope
Mr. K.H. Remington

The Hon. M.J. Arnold
The Hon. B.A. Chamberlain
Mr. B.J. Evans
The Hon. D.M. Evans

And so it passed in the negative.

Question - That the words proposed to be inserted be so inserted- put and agreed to.

* * *

The Committee divided on the respective questions -

That Recommendation 13(i), 13(ii), 14(i), and 21 stand part of the Report.

In each case, the result of the Division was:

Ayes, 5

Noes, 2

The Hon. M.J. Arnold
The Hon. B.A. Chamberlain
Mr. R.H. Miller
Mr. N.A. Pope
Mr. K.H. Remington

Mr. B.J. Evans
The Hon. D.M. Evans

Severally resolved in the affirmative.

* * *

The Committee divided on the respective questions -

That Recommendation 16, 24 and 25 stand part of the Report.

In each case, the result of the Division was:

Ayes, 6

Noes, 1

The Hon. M.J. Arnold
The Hon. B.A. Chamberlain
The Hon. D.M. Evans
Mr. R.H. Miller
Mr. N.A. Pope
Mr. K.H. Remington

Mr. B.J. Evans

Severally resolved in the affirmative.

* * *

The Committee divided on the question, That Recommendation 22, as amended, stand part of the Report.

The result of the Division was:

Ayes, 6

Noes, 1

The Hon. M.J. Arnold
The Hon. B.A. Chamberlain
The Hon. D.M. Evans
Mr. R.H. Miller
Mr. N.A. Pope
Mr. K.H. Remington

Mr. B.J. Evans

And so it was resolved in the affirmative.

* * *

WEDNESDAY, 30 MARCH 1983

The Committee divided on the question, That Recommendation 10(i) be recommitted.

The result of the Division was:

Ayes, 7

Noes, 3

The Hon. M.J. Arnold
The Hon. C. Bubb
Mr. J.E. Delzoppo
Mr. R.H. Miller
Mr. N.A. Pope
The Hon. M.J. Sandon
Mr. T. Sidiropoulos

The Hon B.A. Chamberlain
Mr. B.J. Evans
The Hon. D.M. Evans

And so it was resolved in the affirmative.

* * *

The Committee divided on the question, That the Resolutions of the Committee to omit "Latrobe Regional Water Board" from Recommendation 10(i) and insert "Central Gippsland Catchment Board" in its stead be rescinded.

The result of the Division was:

Ayes, 7

Noes, 3

The Hon. M.J. Arnold
The Hon C. Bubb
Mr. J.E. Delzoppo
Mr. R.H. Miller
Mr. N.A. Pope
The Hon. M.J. Sandon
Mr. T. Sidiropoulos

The Hon .B.A. Chamberlain
Mr. B.J. Evans
The Hon. D.M. Evans

And so it was resolved in the affirmative.

* * *

The Committee divided on the question, That Recommendations 10(i) stand part of the Report.

The result of the Division was:

Ayes, 7

Noes, 3

The Hon. M.J. Arnold
The Hon. C. Bubb
Mr. J.E. Delzoppo
Mr. R.H. Miller
Mr. N.A. Pope
The Hon. M.J. Sandon
Mr. T. Sidiropoulos

The Hon .B.A. Chamberlain
Mr. B.J. Evans
The Hon. D.M. Evans

And so it was resolved in the affirmative.

* * *

WEDNESDAY, 20 APRIL 1983

The Committee divided on the question, That Recommendation 27, as amended, stand part of the Report.

The result of the Division was:

Ayes, 7

Noes, 2

The Hon. M.J. Arnold
The Hon. C. Bubb
The Hon. B.A. Chamberlain
Mr. R.H. Miller
Mr. N.A. Pope
Mr. K.H. Remington
Mr. T. Sidiropoulos

Mr. B.J. Evans
The Hon. D.M. Evans

And so it was resolved in the affirmative

* * *

The Committee divided on the question, That the Draft Report, as amended, together with the Introduction and Appendices, be the Report of the Committee.

The result of the Division was:

Ayes, 8

Noes, 1

The Hon. M.J. Arnold
The Hon. C. Bubb
The Hon. B.A. Chamberlain
The Hon. D.M. Evans
Mr. R.H. Miller
Mr. N.A. Pope
Mr. K.H. Remington
Mr. T. Sidiropoulos

Mr B.J. Evans

And so it was resolved in the affirmative

* * *

MINORITY REPORT

by

Mr. B. J. Evans, M.L.A.

Pursuant to S. 4N(4) of the
Parliamentary Committees Act 1968

1. INTRODUCTION

- 1.1 When the Committee is considering a draft report, a Member who may disagree with any part, can either move amendments or submit a Minority Report to register an alternative point of view.
- 1.2 Because the extent of disagreement could not be sensibly conveyed by moving amendments, the second option has been adopted.
- 1.3 The use of terms, such as those underlined on page 3 of the main report, which are open to wide interpretation adds considerably to the difficulty in stating an alternative opinion. "Community needs", for example, are the basis of political opinion and it is naive to suggest that a public body can be divorced from such influences. Similarly, "equitable funding arrangements" is a term which has a very differing meaning to various people.
- 1.4 The interpretation of the terms will depend on the degree of acceptance of the recommendation by the Institute of Applied Economic and Social Research, University of Melbourne that guidelines for government business undertakings should include a requirement for a real rate of return on capital invested.

2. STATUS OF THE EIGHTH REPORT

- 2.1 This is the third consecutive report which has been designated as a "Final Report".
- 2.2 There is conflicting opinion on whether either the Sixth or Seventh Reports comply with the requirements of a Final Report.
- 2.3 The Eighth Report clearly cannot comply with such a designation because it contains a recommendation that the State Rivers and Water Supply Commission should go out of existence although the Committee's enquiries into irrigation functions are continuing. The lack of clarity and certainty regarding the status of the reports indicates a need for more precise definition of a Final Report in the Parliamentary Committees Act.

- 2.4 Apart from the legal status of the report, it should be noted that in the Sixth Report, the Committee recommended that a very large number of public bodies cease to exist and that a smaller number of public bodies should be created to take over their functions. The Eighth Report recommends additional responsibilities for some of those proposed new bodies and there is every possibility that further functions will be recommended for some of the new bodies in succeeding reports. For example, in a future report the Committee may well recommend that Regional Water Boards should take over responsibility for irrigation districts.
- 2.5 Because of the special status given to the Final Report of the Public Bodies Review Committee under Section 4P(4) of the Act it is vital that the final form of any successor body, its functions, its structure and its financing should be clearly established before a final recommendation is made to abolish an existing body.

3. THE SIGNIFICANCE OF OBJECTIVES

- 3.1 On page 6 of the report, the Committee deals with the question of objectives of public bodies and confirms its view that such objects should be explicit.
- 3.2 It states, "Without such objectives, no review of a public body could proceed, since achievement could not be assessed." Despite this assertion, the Committee clearly has proceeded in the absence of objectives on the part of the great majority of bodies under review and has assessed them and found them wanting.
- 3.3 This comment by the Committee raises the question of whether Parliament inserted the provisions relating to the objects of public bodies ignorant of the fact that very few, if any, public bodies had such statements or whether Parliament considered such objects as implicit in the legislation governing each public body.
- 3.4 Pages 7 to 11 of the Eighth Report give an account of the efforts of the State Rivers and Water Supply Commission to prepare such a statement. It clearly demonstrates that the process of a public body preparing its own statement of objectives is likely to be time consuming and uncertain.

- 3.5 Section 4P(2)(b) gives the Committee, where it recommends that a public body should continue to exist, the opportunity to include in its report a statement of objects which that public body ought to pursue. It is inconsistent therefore for the Committee not to state objectives for new bodies it may recommend should be created. This adds weight to the view expressed in a Minority Report accompanying the Seventh Report that the Act does not envisage the Committee recommending the establishment of new bodies to replace any that the Committee may recommend should cease to exist.
- 3.6 It is the lack of objectives, either stated or implied, for these new bodies which has, in part, led to widespread disquiet in the water industry. Despite the fact that the Sixth Report was designated a final report, the Eighth Report makes recommendations which add to the objects of bodies it recommended should be established in that report.
- 3.7 If Parliament accepts the principle that the objects of a public body should be expressed, the logical procedure would be first to establish those objectives and then to structure the body in the form best suited to achieve those objectives. This is what occurred over the years. Public bodies ranging from those having nothing more than advisory management functions to those having taxing powers were established to carry out a great variety of functions. In the case of water and sewerage services, statutory authorities were established to provide these services to specified communities and were given power to levy rates and charges. There is no evidence to show that this method was either inefficient or ineffective and no evidence to show that any change will result in cheaper water and sewerage services to the consumer. Neither is there any doubt that the Commissioners knew what their objective was even if no one had bothered to write it down.
- 3.8 The Eighth Report, while recommending further responsibilities to new bodies proposed in the Sixth Report, does not address the question of how these bodies could be financed, except to say that no matter what the source, the Minister should have power to direct and control them.

4. River Improvement Trusts.

4.1 The Discussion Paper, Future Structures for Water Management: River Improvement and Drainage Trusts gives an account of the very unsatisfactory state of the level of stream management in Victoria. While it points out that there is an unnecessarily large number of River Improvement Trusts, the more important aspect to which it draws attention is the deplorable lack of finance from which Trusts have suffered. It is the decline in funds granted to River Improvement Trusts which has led to apparent inefficiency.

4.2 Chapter 8 of the Discussion Paper points out that in recent years close to 60% of funds for Trusts came from Natural Disaster Funds - an exact parallel to the expenditure on fighting bushfires instead of maintaining a high level of spending on forest maintenance. Referring to Works and Services Funds the paper states (8.3.1.) "The real value of this appropriation has thus fallen sharply."

4.3 Page 75 et seq of the Paper states:-

"River management appears to be one of the most contentious areas that the Public Bodies Review Committee has addressed because it embraces questions of conservation, recreation (both passive and active) and planning as well as the technical and engineering considerations.

"With respect to the engineering function, it is also clear that river management is something of a specialised sub-discipline in itself, which has not been widely developed in Australia. There appears to be no mechanisms available to develop and share this knowledge.*

The lack of information as to the needs within Victoria is recognised as a significant management handicap. Trusts operate on only 4% of the total length of named water courses in Victoria.** Outside these districts it depends on the initiative and financial capabilities of individual Councils and the State Rivers and Water Supply Commission. Currently priority setting and fund allocations appear to be largely based on historical precedent and on expressed rather than relative needs assessment with respect to the whole of Victoria.

A further information requirement concerns the objectives and principal beneficiaries of various watercourses and related environmental management activities.

- * "The major problem with river management at present is the lack of knowledge as much as the lack of funds. Initially there should be a major effort to spread the knowledge we have and critically review the practices we use.. The river management industry in Victoria is unlikely to ever be of sufficient size to warrant major courses at universities as in other countries.

I.N. Drummond and Associates Pty. Ltd. Correspondence to Public Bodies Review Committee August 1981. See also Appendix X111.

- ** Note. This is not to suggest, however, that Trusts have an insignificant impact on rivers in Victoria."...it should be noted that 4% of total stream length subject to Trust activities represents a substantial proportion of the State's significant habitat, in terms of physical dimensions, water flow, and accessibility to the community for recreation. More importantly from the Division's viewpoint, Trusts operate in the most biologically productive segments of many of our major river basins. The potential impact of Trust activities on the State's streams resources is therefore far greater than that implied by the often-quoted 4% figure."

Director, Fisheries and Wildlife Division, Ministry for Conservation correspondence to Public Bodies Review Committee 1981.

While it has been suggested by some, that the failure to develop multi-purpose catchment authorities in the past, reflects a community unwillingness to pay, others consider it to be a case of the general community being more unsure than unwilling when the needs, purposes and benefits are not clearly articulated.

Present methods of financing watercourse management are inadequate. River improvement is naturally unlikely to attract added financial support given this lack of information.

CONCLUSIONS

There are significant variations at the catchment level with respect to the characteristics of natural resources and levels of urban development. There is a concomitant need to be flexible about structure, whilst avoiding further fragmentation in the management of natural resources.

In some cases pressing arguments have been advanced for the consolidation of water and other natural resource management functions with one agency. In other cases, improved co-ordination between existing agencies is proposed as the major requirement.

The key issue is how to develop adaptive organisation at a scale appropriate to the function, which ensures both an inter-disciplinary approach and adequate agency co-ordination, and yet which retains the valuable local knowledge, participation and responsiveness which are characteristic of many of the small local bodies.

The paper suggests some structural options for consideration."

- 4.4 The paper also gives a brief account of a number of enquiries and studies which have suggested how these problems may be resolved.
- 4.5 In view of the historical difficulties in resolving the problem of stream management, it is naive in the extreme to believe that the solution lies in simply handing over River Improvement Trust functions to Water Boards or Local Government.
- 4.6 The needs, purposes and benefits have still not been clearly articulated. The recommendations seem to be based on the premise that only those people who own land in a catchment have liability to pay for stream management.
- 4.7 If that is so, it ignores such facts as
- : water is diverted from one catchment for the benefit of people living in another eg. Thomson, Snowy.
 - : water is used for power generation thereby changing stream characteristics - Kiewa.
 - : substantial proportions of many catchments are public land providing no revenue to stream management.
 - : many people from outside catchment boundaries enjoy boating, fishing, swimming and other activities and benefit from good stream management.
- 4.8 Prior to the establishment of River Improvement Trusts, responsibility for stream management rested with the Government. Because of competition for available funds, little attention was given to this work until legislation setting up the Trusts provided an acceptable means of carrying out the most urgent work. Perhaps more importantly, it created bodies having specialised knowledge of the behavior and changes occurring in particular streams.

4.9 Historically, it has been demonstrated that funding for stream management fares badly in competition for available finance. There is no reason to believe that it will do any better in competition with water and sewerage services in adjoining towns.

4.10 It has not been demonstrated that Water Boards or municipalities would necessarily have the experience and local knowledge currently available through River Improvement Trusts. If this aspect is resolved by appointing a specialist committee and river improvement rates are accounted for separately by Boards or Councils, any increase in efficiency is likely to be marginal and effectiveness may well be reduced.

CONCLUSION.

The recommendations contained in the Minority Report to the Seventh Report remain relevant to the public bodies dealt with in this report.

5. RECOMMENDATIONS

1. That the public bodies under review by the Committee should continue to exist.
2. That the various Acts under which they operate together with the Local Government Act should be amended to provide such uniformity in administration as is necessary to facilitate amalgamation.
3. That amalgamation of bodies under review should occur when a resolution of that effect by the bodies concerned has been carried by a simple majority in each case or as a result of a poll in the affirmative conducted in a manner similar to the provisions of the Local Government Act.
4. That it should be an objective for the functions of the public bodies under review to become the responsibility of catchment authorities. This objective should be achieved by encouragement, not by compulsion.
5. That the public bodies should be reviewed 5 years hence.

LIST OF MAJOR RECOMMENDATIONS

<u>NO.</u>	<u>ABOLITIONS</u>	<u>SUCCESSOR BODY</u>	<u>PAGE NO.</u>
9	State Rivers & Water Supply Commission	Department of Water Resources	61
10	Latrobe River Improvement Trust Avon River Improvement Trust Thomson River Improvement Trust Macalister River Improvement Trust	Latrobe Regional Water Board	71
11	Dandenong Valley Authority Longwarry Drainage Trust Shire of Korumburra River Improvement Trust	Westernport Catchment Board	79
13	Yarra River Improvement Trust	Yarra Valley & Dandenong Ranges Water Board	86
14	West Moorabool Water Board	Geelong Regional Water Board Ballarat Water Board	91
15	Bendigo Creek Improvement Trust	Bendigo Water Board	93
16	Shire of Alberton River Improvement Trust	Shire of Alberton	95
17	Shire of Alexandra River Improvement Trust King Parrot Creek Improvement Trust Seymour Shire River Improvement Trust Shire of Yea River Improvement Trust	Mid-Goulburn Catchment Board	99
18	Avoca River Improvement Trust Bullock Creek Improvement Trust Pental Island River Improvement Trust	Avoca Loddon Catchment Board	102

LIST OF MAJOR RECOMMENDATIONS

<u>NO.</u>	<u>ABOLITIONS</u>	<u>SUCCESSOR BODY</u>	<u>PAGE NO.</u>
19	Fifteen Mile Creek Improvement Trust Ovens and King River Trust	Wangaratta Catchment Board	107
(The Black Dog Creek Improvement Trust will continue to exist as a separate entity, but will be renamed the Black Dog Creek Catchment Board)			
20	Broken River Improvement Trust	Broken River Catchment Board	108
21	Cann River Improvement Trust	Cann Valley Water Board	110
22	Glenelg River Improvement Trust Strathdownie Drainage Trust	Shire of Glenelg	112
23	Kiewa River Improvement Trust	Kiewa River Catchment Board	113
24	Mitchell River Improvement Trust	Shire of Bairnsdale	114
25	Mitta Mitta River Improvement Trust	Shire of Tallangatta	116
26	Snowy River Improvement Trust	Snowy River Catchment Board	118
27	Tambo River Improvement Trust	Tambo Water Board	119
28	Tarwin River Improvement Trust	Leongatha Water Board	120
29	Shire of Upper Murray River Improvement Trust	Shire of Upper Murray	121
30	Lough Calvert Drainage Trust	Colac Water Board	123

LIST OF MAJOR RECOMMENDATIONS

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31	(The Yatchaw Drainage Trust will continue to exist as a separate entity, but will be renamed the Yatchaw Catchboard Board).	126

PARLIAMENT OF VICTORIA

PUBLIC BODIES REVIEW COMMITTEE

Ninth Report to the Parliament

REPORT ON THE

ALBURY-WODONGA (VICTORIA) CORPORATION

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PUBLIC BODIES REVIEW COMMITTEE

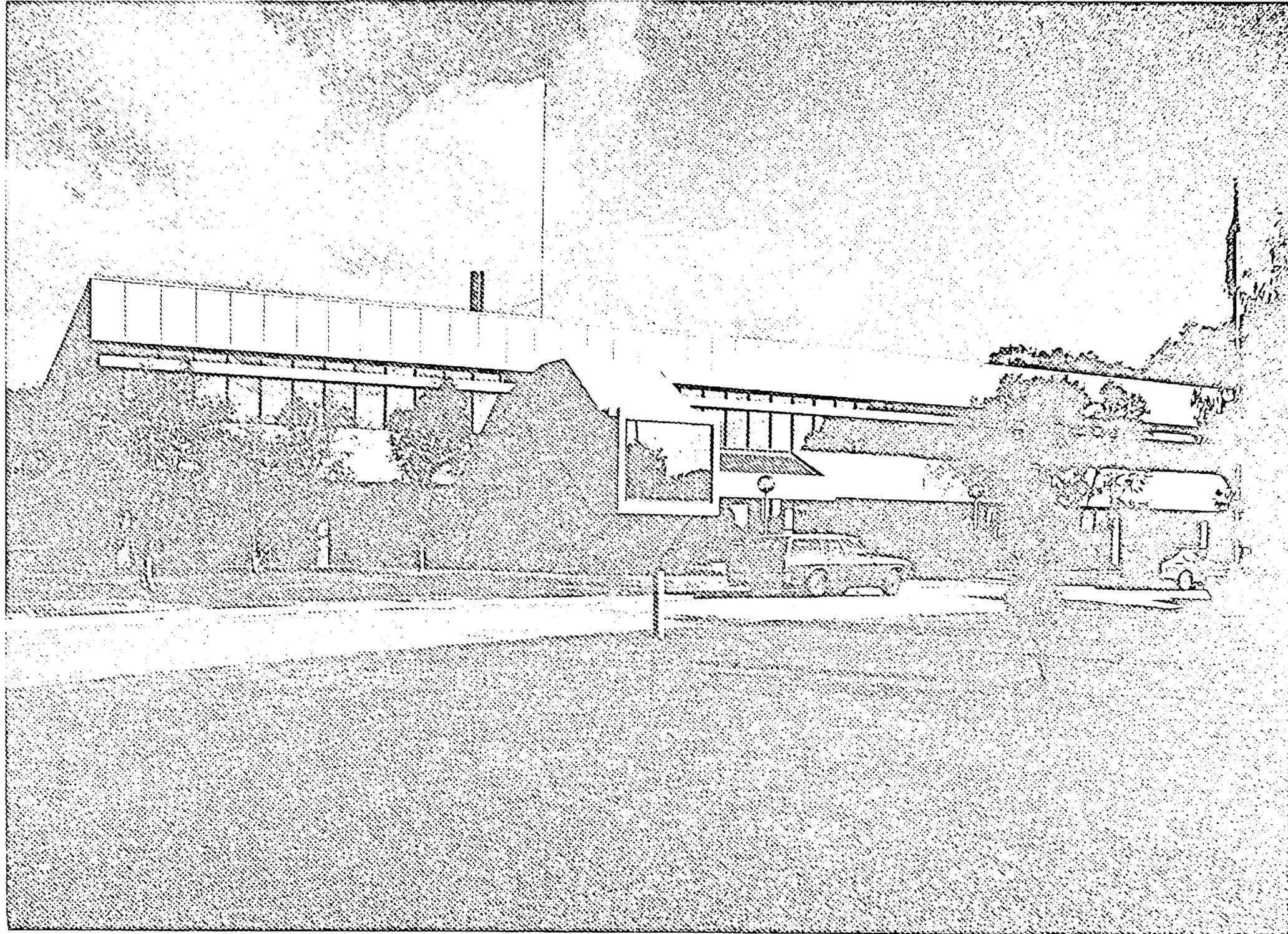
of the Parliament of Victoria

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ALBURY-WODONGA DEVELOPMENT CORPORATION AND THE ALBURY-WODONGA
(NEW SOUTH WALES) CORPORATION AT WEST WODONGA.

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EXTRACTED FROM THE MINUTES OF THE PROCEEDINGS OF THE
LEGISLATIVE COUNCIL

FRIDAY, 2 JULY 1982

14. JOINT INVESTIGATORY COMMITTEES - The Honourable W. A. Landeryou moved, by leave, That, contingent upon the enactment and coming into operation, this Session, of legislation to establish Joint Investigatory Committees:

* * *

(d) The Honourables M. J. Arnold, B. A. Chamberlain, D. M. Evans, J. V. C. Guest and M. J. Sandon be members of the Public Bodies Review Committee.

Question - put and resolved in the affirmative.

WEDNESDAY, 20 OCTOBER 1982

9. PUBLIC BODIES REVIEW COMMITTEE - The Honourable A. J. Hunt moved, by leave, That the Honourable J. V. C. Guest be discharged from attendance upon the Public Bodies Review Committee and that the Honourable C. Bubb be added to such Committee.

Question - put and resolved in the affirmative.

EXTRACTED FROM THE VOTES AND PROCEEDINGS OF THE
LEGISLATIVE ASSEMBLY

THURSDAY, 1 JULY 1982

36. COMMITTEE APPOINTMENTS - Motion made, by leave, and question - That, contingent upon the coming into operation of the Parliamentary Committees (Joint Investigatory Committees) Act 1982 -

* * *

(d) Mr Delzoppo, Mr Evans (Gippsland East), Mr Miller, Mr Pope Mr Remington, Mrs Sibree and Mr Sidiropoulos be appointed members of the Public Bodies Review Committee. (Mr Fordham) - put and agreed to.

REPORT ON THE ALBURY-WODONGA (VICTORIA) CORPORATION

1. INTRODUCTION

In December 1982 the Albury-Wodonga (Victoria) Corporation was referred to the Public Bodies Review Committee by the Governor in Council for review. At the same time the Small Business Development Corporation was also referred to the Committee, these two Corporations thus being the first public bodies not in the water industry to be referred to the Committee.

Under the terms of the Parliamentary Committees Act 1968, as amended by the Parliamentary Committees (Joint Investigatory Committees) Act 1982, which altered the structure of the Committee, the Committee is obliged to review any public body nominated for review and to report to the Parliament on whether or not the body should cease to exist. When reviewing a body the Committee may inquire into any matter that it considers relevant, and it shall inquire into the following matters in particular:

- . Whether or not the objects of the body are worth pursuing in contemporary society;
- . Whether or not the body pursues its objects efficiently, effectively and economically;
- . Whether or not the structure of the body is suited to the activities it performs;
- . Whether or not the body duplicates the work of another person or body;
- . The financial and other liabilities and obligations of the body;
- . The staff of the body (including officers or employees of the public service whose services are being made use of by the body);
- . The extent to which the body seeks information as to the effect of its activities and acts on the information it receives;
- . The extent to which the body considers the public interest when performing its activities;
- . The extent to which the body encourages public participation in its activities;

- The manner in which the body handles complaints about its activities; and
- The extent to which the body is prepared to improve its structure, composition or procedures.

Each of these matters has been considered by the Committee in its review of the Albury-Wodonga (Victoria) Corporation.

Scope of the Inquiry

From its first deliberations on this reference, it was clear to the Committee that this body was quite different from those in the water industry with which the Committee has previously dealt. The major difference is that the Albury-Wodonga (Victoria) Corporation, although a distinct legal entity, is an integrated part of a complex inter-governmental scheme. The other governments involved are those of the Commonwealth, which has established the Albury-Wodonga Development Corporation, and of New South Wales, which has established the Albury-Wodonga (New South Wales) Corporation.

Each of these three Corporations exists for two closely related reasons: first, to exercise certain powers and functions in the Albury-Wodonga area in accordance with statutes or inter-governmental agreements, and second, as the vehicle for the relevant government's commitment to and involvement in the concept and implementation of a national, inter-governmental growth centre based on Albury and Wodonga.

The inter-governmental nature of the growth centre scheme immediately posed two important questions for the Committee. The first of these concerned the scope of the Committee's inquiry: should it inquire into the objectives, structure and operations of only the Albury-Wodonga (Victoria) Corporation, or should the inquiry look more broadly at the growth centre as a whole? The latter course of action would require investigation into many aspects of the Albury-Wodonga Development Corporation and perhaps some of the Albury-Wodonga (New South Wales) Corporation, even though both are established under different jurisdictions and neither is subject to the Public Bodies Review Committee.

The Committee was in no doubt that in order to investigate properly the Albury-Wodonga (Victoria) Corporation, it had to take a broad view in its inquiry. It

might have been possible to have reviewed the powers and functions of the Albury-Wodonga (Victoria) Corporation more-or-less in isolation from the other corporations: but this approach would have been quite inadequate for the Committee to determine whether or not the objectives of the Victoria Corporation were worth pursuing in contemporary society, or whether this Corporation pursued its objectives effectively. So close is the integration of operations and basic purpose of the three Corporations that the relevance or effectiveness of one cannot be considered in isolation. As the purpose of the Victoria Corporation is to be the vehicle for the commitment of the Government of Victoria to the growth centre, any review of the relevance and effectiveness of that Corporation must involve review of the relevance and effectiveness of the growth centre as a whole.

Although the Committee was in no doubt that its review needed to cover the activities of the growth centre as a whole, the second important problem was that the inter-governmental nature of the scheme posed complex legal and administrative problems of a kind the Committee has not previously encountered. For this reason it commissioned a study of some of the legal aspects of the arrangement from Dr C A Saunders of the Law School at the University of Melbourne. This study is published separately as Some Legal Aspects of the Albury-Wodonga (Victoria) Corporation, and the Committee regards it as an extremely valuable contribution to its work. The study describes and analyses a number of significant legal matters, and highlights a number of important and contentious issues. A number of references to Dr Saunders' report are made in the body of this report, in particular in section 4.3.

The Committee's review of the growth centre is the first review of that project to be initiated by a State Government rather than by that of the Commonwealth. The states are partners in the project with the Commonwealth, and are entitled to conduct their own reviews of such inter-governmental projects.

Major Themes

In order to carry out its review in the time available, the Committee has had to concentrate on some of its terms of reference and put less emphasis on others. Thus in applying the principles outlined above to the Albury-Wodonga (Victoria)

Corporation, the Committee has given particular emphasis to four themes:

- accountability to the Victorian Parliament for actions taken in its name or under its authority;
- the contemporary relevance of the basic concept of a "growth centre";
- the effectiveness of the three Corporations in promoting the growth centre; and
- the Corporations' concern for consultation with and participation in its decision making by the community, including processes for external review of the Corporations' actions.

This Report, therefore, does not purport to be a full review of all of the activities of the Albury-Wodonga (Victoria) Corporation. The internal structure of the Corporations has not been considered. Questions relating to the finances of the three Corporations and the financial inter-relations between them have been considered only very briefly. Past activities and operations have not been dealt with in detail, and generally are discussed on a descriptive basis only, so as to illustrate important present concerns.

The Committee is confident that its investigations into the four themes listed above have been thorough. It is confident that its conclusions and recommendations would not be altered in substance by any more detailed probing or analysis of the Albury-Wodonga (Victoria) Corporation and of the growth centre.

Conduct of Inquiry

In its First Report to the Parliament in December 1980, the Public Bodies Review Committee as then constituted outlined the basic philosophy that guided it in its reviews. That Committee adopted the following six basic principles:

1. Open: Each review should as far as possible be by an open process
2. Parliamentary: The Committee should operate in the first instance as an instrument of the Parliament rather than of Government or Party

3. Consultative: The Committee should seek to enter into genuine discussion and dialogue with all relevant groups
4. Research-based: The Committee's hearings should be augmented by independent high quality research
5. Working Committee: The Committee itself should be the working, reviewing agency, not simply endorsing the work of others
6. Constructive: The Committee's work should be the constructive review of policy, not merely a negative audit.

The present Committee (as reconstituted by the Parliamentary Committees Act 1982) feels that these principles contributed substantially to the effectiveness of the work of the earlier Committee, and has accepted them as the basis for its own operations.

The referral of the Albury-Wodonga (Victoria) Corporation to the Committee was announced in the Government Gazette on 22 December 1982. The Committee commenced work on the review on 3 February 1983 when it wrote to the Chairman of that Corporation advising him of the review and requesting background information. The Committee placed notices in The Age on 16 March and the Border Morning Mail on 18 March, publicly announcing the review, advising of a Public Hearing on 25 March, and inviting submissions from the public relating to the Albury-Wodonga (Victoria) Corporation and its activities.

At the first Public Hearing on 25 March, the Minister for Economic Development, The Hon I R Cathie, M P (now titled the Minister for Industry, Commerce and Technology), gave evidence to the Committee: he was supported by Mr M K Read, Chairman of the Albury-Wodonga (Victoria) Corporation.

Early in May the Committee wrote to a number of organisations inviting comment from them on the Albury-Wodonga (Victoria) Corporation. On 30 May 1983 the Committee visited the growth centre and was shown around by Mr Read and by Mr G Craig, Deputy Chairman of the Albury-Wodonga (Victoria) Corporation and Chairman of the Albury-Wodonga Development Corporation. A Public Hearing was held in Wodonga and 10 witnesses gave evidence.

Dr Saunders was engaged on 3 June to prepare her study for the Committee and her final report was accepted by the Committee on 9 November. On 13-15 July and 4-5 August the Committee's Director of Research visited the Wodonga area,

and conducted a large number of interviews with business proprietors, members and staff of several local councils and of the Corporations, and with representatives of a selection of community groups: in total, 36 people were interviewed.

The Committee has also collected a quantity of printed material relating to the growth centre and the Corporations.

This report of the Committee draws upon all the sources listed above for its information and its ideas. The Committee wishes to record its gratitude to the many individuals and organisations who have assisted it in this part of its work.

Throughout this report the Albury-Wodonga (Victoria) Corporation is referred to as the Victoria Corporation. The expression "the Corporations" or "the Corporation" refers to all three Corporations collectively. The Albury-Wodonga Development Corporation and the Albury-Wodonga (New South Wales) Corporation are referred to as the Development Corporation and the New South Wales Corporation respectively.

* * * * *

2. THE ALBURY-WODONGA GROWTH CENTRE 1973-1983

Preliminaries

Decentralisation has been an important consideration for governments throughout Australia for perhaps one hundred years. Varied forms of assistance to agricultural development of unpopulated or sparsely populated lands, or to industrial development outside the major metropolitan centres, have been part of the policies of state and Commonwealth governments for a long time.*

In Victoria, the construction of railway lines in the last third of the nineteenth century was described as a way of developing the underused land of the State. From early this century irrigation schemes were also constructed specifically to extend rural settlement, and closer settlement schemes and post-war soldier settlement schemes were further moves to promote development outside the major cities.

As Melbourne grew, attempts to develop industry in other centres also strengthened. Measures such as freight concessions on railways, housing assistance and rebates of various taxes, are offered to assist and encourage industries to establish themselves outside Melbourne. Most medium sized cities in Victoria were designated as favored areas for decentralised industry, although this rarely had a major influence on the cities.

These measures were applicable more-or-less uniformly across the State. They also had rather modest resources devoted to them. There were no "new towns" along the models of the United Kingdom or France, and there were no preferred areas that received strong and determined assistance.

Reviews of decentralisation programmes generally were critical of the lack of achievement. Perhaps the main criticism was that the general applicability of the

* Much of the information in this section comes from "New Cities in Australia: the Australian Government's Growth Center Programme", by Lyndsay Neilson, ch. 20 in International Urban Growth Policies: New Town Contributions, edited by Gideon Golany, John Wiley and Sons Inc., 1978.

programmes resulted in small increments to numerous small towns, thus nowhere bringing into existence towns of a size large enough to become self-generating growth centres.

By the early 1970s a new attitude towards decentralisation had developed in Australia, in a fashion generally supported by all major political parties. This new attitude resulted in a "Joint States' Submission on Decentralisation to the Commonwealth Government", forwarded on 25 October 1972 to the then Prime Minister, The Hon W McMahon, by the then Premier of Victoria, The Hon R J Hamer, as "the joint views of the states". Among other things, this submitted a number of specific proposals for consideration by the Commonwealth. The first of these was:

"It is proposed that the Commonwealth should subsidise State expenditure incurred in promoting and providing for accelerated additional development in selected new or existing non-metropolitan centres with a demonstrable capacity for major urban growth. It is envisaged that such expenditure would include land acquisition, the provision of public works and services and financial assistance to induce employment-generating industries, to locate or expand in such centres."

In the Governor's Speech to Parliament on 5 September 1972, the Victorian Government announced a ten-point decentralisation plan, which specifically proposed the Wodonga-Albury area for joint Commonwealth-State development as a "new city".

The states' submission followed a period of exchange of letters between Mr Hamer and Mr McMahon on the question of urban and regional development. In responding to this submission on 20 November 1982 the Prime Minister noted that legislation had been introduced into Federal Parliament to establish a National Urban and Regional Development Authority (NURDA), that "substantial funds will be made available to the Authority during the five year period 1973/78," and that "a Budget of up to \$5 million is available in this present year for its activities".

The submission provided the following rationale for its proposals:

"Whilst the serious internal imbalance in development and population distribution in the larger States is generally understood and

appreciated, it cannot be emphasised too strongly that the internal imbalance in New South Wales and Victoria is, in itself, a growing manifestation of an overall national problem.

".....In recognition of this, the States, therefore, see balanced development as the over-riding common objective, and as one which can only be achieved by joint co-operation between the Commonwealth and the States.

".....The States submit that balanced development requires co-ordinated national action, and the substantial application of national resources."

The Victorian Governor's speech covered essentially the same ground:

"The recent (1971) Australian census shows that, in spite of decentralisation policies in each State, the growth of capital cities is excessive. The Government considers that an intensified effort is necessary to check the rate of expansion of the metropolitan area and stimulate faster growth in country centres."

The change of Government in Canberra in December 1972 did not change the basic thrust: the new Prime Minister, The Hon E G Whitlam, wrote to the Victorian and New South Wales Premiers on 11 December 1972 and proposed a meeting "at an early date to discuss a programme of development for Albury-Wodonga". He also proposed that officials of NURDA assist the States in preparing for the meeting.

The Growth Centres Programme

NURDA was required by Prime Minister McMahon to report on a programme of urban development projects by June 1973. By that date, the Authority had become the Cities Commission and Mr Whitlam was Prime Minister. The Commission identified sixteen areas as possible growth centres: some were recommended for immediate Commonwealth Government financial support, and further study of others was proposed.

Formal inter-government agreements of varying styles were reached on four projects - Monarto (South Australia), Macarthur and Bathurst-Orange (New South Wales), and Albury-Wodonga (New South Wales and Victoria). Some Commonwealth funds were made available to assist development in another eight areas. In the 1973-74 financial year, the total Commonwealth budget for the programme was \$33 million, expected rapidly to increase to about five times that figure.

The growth centres programme was thus large, involved all of the state governments to varying extents as well as the Commonwealth Government, and had support of varying degrees from all major political parties. The main purposes of the programme were three:

- . to develop desirable alternatives to the existing large cities as locations for much of the expected increase in the country's population over the next 30 years or so;
- . to lower the growth rates of the existing large cities to free resources to tackle the problems of underprivileged areas of those cities; and
- . to introduce new patterns of urban development into Australia, based upon more systematic planning, that would lead to an improved quality of urban environment.

A major influence on the growth centre concept and programme was the expected growth in the total population of Australia. In the 27 years from 1947 to 1971 Australia's population had risen by 68%, from 7.6 million to 12.8 million. In 1973, it was forecast that the national population in 2000 would be in the range 17 to 23 million, an increase in the range of 33% to 80%. If Melbourne were to continue to take the same proportion of national growth as it had since 1947, its population by 2000 could be between 3.6 and 5.1 million; similar figures apply to Sydney, and to lesser extents Brisbane, Perth and Adelaide.

The growth centres programme aimed at the systematic development of integrated, attractive, well-planned alternatives to these large cities, to help keep their growth below these figures by providing a wide range of alternative living environments. In 1973 the Commonwealth Government was strongly committed to this programme, and the Victorian Government was equally enthusiastic. Albury-Wodonga was the most ambitious component of the programme.

The 1973 Agreement

The Prime Minister and the Premiers of Victoria and New South Wales met in Albury in January 1973, and discussed Albury-Wodonga in detail. They issued a statement which set out a number of important general ideas about the structure and operations of the "growth complex", including a development corporation "to

plan and develop the areas designated for new urban growth". The statement contained only one sentence that even hinted at why the growth centre was needed: "The task of the development corporation will be to create an Australian city with a high quality of environment, imaginatively planned and developed, with respect for human requirements and for public involvement". The statement also defined a feasibility study area of 55 kilometre radius from the "Union Bridge" joining the cities, or about 9 500 square kilometres.

In a statement in July 1973, the new Ministerial Council announced the now-familiar arrangement of three separate corporations, one established by each of the three governments concerned, with common boards and common staff and operating as one organisation. The formal agreement to develop the growth centre was signed by the three governments on 23 October 1973 as the "Albury Wodonga Area Development Agreement", and it was subsequently approved by Acts of each of the three Parliaments.

The Agreement is described and discussed in detail in the report Some Legal Aspects of the Albury-Wodonga (Victoria) Corporation prepared for the Committee by Dr C A Saunders and published separately. The Agreement and other important documents that concern the project are attached to that report as Appendices.

The Agreement set up the Corporations themselves, and a Consultative Council of sixteen members. The Council's Chairman was the Chairman of the Development Corporation, or a Deputy Chairman if the Development Corporation so chose. Seven members were to be appointed by the Ministerial Council from nominations by local government authorities, with one of the seven nominated by each of the Councils of Albury, Wodonga and Hume. Eight more Members were appointed by the Ministerial Council from residents of the area, as representatives of a wide and varied range of community interests. The functions of the Council were to advise the Development Corporation on any matter of direct consequence to the existing or future residents of the area that the Council wished to advise on, and on any matter on which the Development Corporation requested advice. The Development Corporation was to provide secretarial services to the Consultative Council.

The Early Work of the Corporations

Immediately after the signing of the Agreement, early planning operations commenced under the direction of a Planning Co-ordinating Committee of three senior officials, one from each participating government. The Albury-Wodonga Development Corporation's first Chairman was appointed on 21 January 1974, and those of the Albury-Wodonga (New South Wales) Corporation and the Albury-Wodonga (Victoria) Corporation on 3 and 21 May 1974 respectively, although the Albury-Wodonga (Victoria) Corporation did not assume responsibility for its land purchase and management functions until 1 July 1974.

Numerous preliminary studies covering a wide variety of issues were initiated by the Planning Co-ordinating Committee, and were continued by the Corporations as they became established. The studies suggested that the initial target population of 300 000 by the year 2000 was feasible, and showed that the suitable land within the 5 000 square kilometre planning area could accommodate a population far in excess of 300 000. After further studies, a total 520 square kilometres (52 060 hectares) was "designated" as the area to be compulsorily acquired by the Corporations for the growth centre. This land comprised three basic categories:

- . land required by the Corporations for urban and associated purposes to accommodate a population of 300 000;
- . land immediately peripheral to the "urban land" required to ensure adequate development, conservation and visual controls around the urban area; and
- . small areas of land around the existing urban areas of Chiltern, Barnawartha, Beechworth and Yackandandah to allow planned response of these small towns to the expected growth pressures.

At this stage the Corporations' favoured strategy was to concentrate initial growth on the Baranduda new town site, centered about nine kilometres south-east of Wodonga, with concurrent but less intense development at Thurgoona, seven kilometres north-east of Albury. It was then expected that engineering and construction works at both would start in 1976, with the first houses being occupied in early 1977.

Not long after the designation of land for acquisition for the centre, some landowner reaction appeared and Landholders' Associations were formed in

Victoria and in New South Wales. The Corporations invited landowners to discuss the sale of their properties on a confidential basis, and the purchase programme progressed with few real difficulties although with some adverse publicity.

The public reactions in fact were such that the Ministerial Council in September 1974 released from compulsory acquisition designated land around Chiltern, Barnawartha, Beechworth and Yackandandah. In May 1975, in further response to the reactions, the Victorian Premier announced that more land in the Allan's Flat, Kiewa River floodplain and Bethanga areas would be released from compulsory acquisition.

Changes in 1975 and 1976

During the first part of 1975 planning and design continued more-or-less on the original basis, and construction commenced on residential and industrial estates, on major headworks, and on some housing. Property acquisition continued, essentially on an "open door" basis with no formal priorities established.

Like many other government agencies, the Corporations experienced considerable dislocation of the development programme during the later part of 1975 and into 1976. The political and economic circumstances lessened business interest in new ventures, and severely tested the confidence of private enterprise in the growth centre. Despite the difficulties, growth in Albury-Wodonga slightly exceeded the Corporations' targets, and the 1976 Census showed the urban area to have one of the highest growth rates in Australia. Growth in employment and in private and public investment were all well above national per capita levels.

Following changing economic conditions in the second half of 1975 and the change in Commonwealth Government in December 1975, strict financial restraint was applied, and a review of land acquisition policies was commenced by the Corporations and officers of the three governments. The new Commonwealth Government cancelled earlier plans for substantial placement of Commonwealth Government agencies and their staff in the growth centre: initial plans had called for a total of 1900 jobs in the five year period commencing in 1976-77. There had been considerable resistance by public servants - particularly those in Canberra - to any forced transfers to Albury-Wodonga.

Initially, the new Commonwealth Government did not express a clear commitment to Albury-Wodonga, and media speculation predicted that the project would be terminated. However in October 1976, the Commonwealth announced that it would continue to support this project at \$5 million each year for the next five years, with a revised development strategy. The area of land to be compulsorily acquired was reduced to 17 000 hectares, of which 9 200 were in Victoria. The Victorian and New South Wales Governments were to make larger contributions from their own funds, and a greater role in the project for the private sector was to be developed. The growth centres programme was abandoned as a separate entity, and Albury-Wodonga was described and supported as "the national pilot project in selective decentralisation".

Planning and engineering works continued throughout 1976 at Baranduda and Thurgoona, and construction of trunk water and sewerage mains commenced. Development work on residential estates in both Albury and Wodonga continued and the Corporations built houses for medium term rental to key personnel moving to the area. Industrial promotion accelerated, and development activities by the Corporations continued. Employment and private and public investment continued to grow at rates substantially greater than the national averages. At 30 June 1977, the three Corporations had a total of 91 full-time staff, a reduction entirely by non-replacement of natural wastage from a total of 105 twelve months earlier, as required by the Commonwealth Government as part of its 1976 review.

The 1977 Review

A Ministerial Council meeting in September 1977 adopted the revised development strategy for the project. The detailed strategy was the result of a review earlier in the year, by a Committee of officials from the Corporations and the three governments.

The revised strategy reduced the scale of the entire project to a target population of 150 000 in the year 2000, reversed the balance of early development to concentrate on Thurgoona rather than Baranduda, and strengthened the role of private developers in the project, but did not alter the fundamental aims and objectives of the growth centre. Commonwealth funding of the land acquisition programme - which was further reduced - then ceased,

although the Victorian Government provided limited extra funds for some essential land consolidation. The New South Wales Government made alternative funding arrangements by the purchase of some industrial land. A target of between 2 300 and 2 500 new basic industrial jobs was set for the period 1977-82.

Membership of the Corporations was widened, to include the Mayors of the City of Albury and of the Rural City of Wodonga, as part-time members ex officio, and to include a businessman of national standing. Membership of each state corporation was altered to be exactly the same as of the Development Corporation. The Albury-Wodonga Consultative Council was discontinued, and the ad hoc specialist advisory committees were strengthened. These alterations were incorporated into the Albury-Wodonga Area Development Agreement Amendment Agreement (No.1) which was signed on 4 September 1978 and came into force on 1 March 1980.

The changes were in part due to the Commonwealth Government's desire to cut its total expenditure, and in part a response to an unexpected massive fall in the Australian population growth rate. In 1972 the annual change in Australia's estimated resident population was 1.8%, but by 1976 this had fallen to just 1%. Projections of Australia's population in 2001 made at this time gave figures of around 17½ million, or very much the low end of the range projected in 1973. The need for growth centres was regarded by many people as correspondingly less urgent.

Despite uncertainties caused by the reviews and the changes to strategy, development and promotion work continued. Infrastructure works at Thurgoona were accelerated; those at Baranduda deferred. A new marketing unit was created within the Corporations to strengthen efforts to attract private sector investment. Total staff numbers fell to 71 at 30 June 1978, a decrease of 20 during twelve months.

During the next few years, there were no major changes to the structure or functions of the Corporations. A large part of the available resources was devoted to the encouragement of new industry to the area and the expansion of existing industry. Total employment increased by 19.8% from 1978 to 1981, and the population of the Albury-Wodonga Urban Area increased at an annual rate of 2.6% from 1976 to 1981. Planning activities continued, with an increasing emphasis on social planning.

Construction works on several estates at Thurgoona continued, as on other residential estates. A rural estate of large residential blocks at Baranduda was developed and successfully sold, and by mid-1981 there were eight residential estates established by the Corporations. Water supply, sewerage, and road design and construction activities continued, usually in conjunction with local or state authorities.

The 1981 Review

In December 1980 the Commonwealth's Acting Minister for National Development and Energy announced that a three government review of the future role of the Albury-Wodonga Development Corporation would be carried out, by a Committee of one officer from each government. It would review the functions, policies, staff and organisational arrangements appropriate for the next stages of development, and any appropriate transfers of functions and responsibilities to local or state authorities or to the private sector. The Acting Minister also said that there was a "demonstrable need for the Development Corporation to continue as a co-ordinating body". The Committee invited public submissions through press advertisements, and 90 were received. The Committee reported that the majority of these submissions expressed continuing support for the growth centre concept and for the activities of the Corporations. The report was considered by the Ministerial Council in November 1981, and 34 of its 36 recommendations were adopted.

The recommendations re-affirmed the basic strategy, the Corporations' structure, and their roles in strategic planning, industrial promotion, and the "seeding" of new residential developments, while limiting involvement in residential and industrial land development and housing construction in favour of greater private sector participation. The recommendations included the disposal (generally by public auction) of the Corporations' land in the designated area but outside the development area, the transfer to local councils of the administration of the Corporations' Interim Development Orders, and of ownership of defined public open spaces, urban infrastructure, and neighbourhood houses and other social amenities provided on their estates by the Corporations. A Development Advisory Committee to advise the Ministerial Council and a Promotion Advisory Committee to advise the Corporations were recommended. The Corporations were permitted to undertake investigations for other public

organisations only at the direction of the Ministerial Council, and the Corporations' Carramar Nursery and Peter Till Environmental Laboratory were recommended for disposal.

The announcement of this review had a marked negative effect on the morale of the Corporations' staff, and 33 full-time staff (including many senior officers) resigned over the next 18 months. By 30 June 1982 staff numbers had stabilised at 66.

Activities of the Corporations during 1981 and 1982 increasingly aimed at boosting private sector involvement in the growth centre, and the objectives set by the Ministerial Council were for the most part achieved. Growth in employment and in private sector investment continued to be substantially higher than the corresponding national figures, which were at historically low levels at this time.

Statutory planning was simplified, with new planning orders operating throughout the area. Social planning and community development work continued, including the identification of major social issues and the monitoring of the social effects of major new developments. Private developers were appointed as estate managers for two estates in Thurgoona, although some difficulties were experienced in arranging this. A new residential estate was commenced in Wodonga, with a large component of private sector involvement proposed. Extensions to the Baranduda Range large-lot estate were prepared, and development of other estates continued.

Industrial promotion intensified, and increasingly was based on the provision of highly detailed and specific responses to enquiries from interested businesses. New factories and new or enlarged commercial developments continued, despite the increasingly difficult economic conditions. Provision of new railway facilities allowed the cattle saleyards to be moved from central Wodonga to a new site in Bandiana, and prepared the way for a future container terminal that is intended to encourage industrial development.

In mid-1983 population estimates for 30 June 1982 were released. These showed Wodonga to have an estimated resident population of 20 630, compared with 13 730 on 30 June 1973, an increase of 52% in nine years as part of a growth centre.

Public Bodies Review Committee Reference

The December 1982 reference of the Albury-Wodonga (Victoria) Corporation by the Victorian Governor in Council to the Public Bodies Review Committee is the most recent in a series of reviews of the growth centre. The question arises of why the project has attracted as many reviews as it has. Although "new towns" and corporations to develop and run them are common and well-established in countries such as the United Kingdom and France, they are not so established in Australia. Only Canberra and the National Capital Development Commission is firmly established and accepted here. The novelty of the concept, continuing political doubts over the concept's appropriateness in Australia, and extensive unfavourable publicity associated with the initial programme of land-purchasing and of land-leasing, probably have been the underlying causes of the long sequence of reviews.

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CHAPTER 3: THE CORPORATIONS AND THEIR OPERATIONS

3.1 Structure

The organisational structure of the growth centre scheme is quite complex, and is described in detail in Dr Saunders' report. Only a very brief account of the structure is given here. The main reasons for the complexity are the involvement of three governments in the scheme, and some constitutional limitations on the Commonwealth Government's powers.

Each of the three governments has established a corporation as the vehicle for its participation in the scheme. The corporation set up by the Commonwealth Government is the Albury-Wodonga Development Corporation; that set up by the Victorian Government is the Albury-Wodonga (Victoria) Corporation; and that by the New South Wales Government is the Albury-Wodonga (New South Wales) Corporation. The Chairman of the Albury-Wodonga Development Corporation is also a Deputy Chairman of each of the two state corporations. The Chairman of the Albury-Wodonga (Victoria) Corporation is a Deputy Chairman of the Albury-Wodonga Development Corporation and of the Albury-Wodonga (New South Wales) Corporation, and the Chairman of the Albury-Wodonga (New South Wales) Corporation is similarly a Deputy Chairman of the Albury-Wodonga Development Corporation and of the Albury-Wodonga (Victoria) Corporation. There are five other people who are part-time members of all three Corporations.

In brief, the functions of the two state corporations are to acquire, manage and dispose of land and other property in the growth area within the relevant State, and to set the terms and conditions for such transactions. These functions have not changed since the growth centre was established. The state corporations employ no staff of their own: all tasks are carried out for them by the staff employed by the Albury-Wodonga Development Corporation. For most purposes, the three Corporations operate as one integrated organisation.

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3.2 Activities

Operational Style

The Corporations have several characteristic methods of operation that they apply to many of their areas of activity. In large part, these represent the Corporations' response to the unusual nature of their tasks, to the physical and organisational environment in which they operate, and to the level of resources available to them.

One characteristic of the operating style is the extensive use of consultants. The Corporations employ only small numbers of professionals: as some examples, there is only one of each of architect, landscape architect, economist and social planner. Consultants are used to assist with many tasks in many areas, from original options for basic concepts for the growth centre to the detailed design of specific engineering works or landscaping on estates. The Corporations consider that this arrangement enables the total permanent staff numbers to be kept low, while allowing flexibility in the use of the wide variety of specialist skills needed for their full range of activities.

In many activities the Corporations act in effect as a project management team, rather than as a detailed operational group. For example, in the design of the newest residential estate, Federation Park in Wodonga, the Corporations' technical staff produced an approximate layout plan: after approval of this they then produced financial evaluations and a brief for detailed engineering planning and design. The brief was put out to tender, and the tender executed by a consultant under the supervision of one of the Corporations' staff. The Corporations consider their use of consultants in this fashion is very much greater than that of other development organisations. Others would do most or all of the detailed work themselves.

A second characteristic operating style of the Corporations is the extensive use of widely-based committees for various tasks. In many cases the Corporations take the initiative in tackling a present or developing problem by inviting a range of relevant organisations (public and private, commercial and community, commonwealth, state and local government) to form an ad hoc committee to discuss the issue. The Corporations often host and sometimes chair the initial meeting or meetings, and often provide secretarial support to the committee.

The general aim of the Corporations is to encourage such a committee to get the problem attended to by existing organisations, rather than by the Corporations themselves taking up the task. There is no standard pattern to this, and the outcome depends very much upon the issue concerned. Two examples that have resulted in on-going formal organisations are the Albury Wodonga Post-School Education Co-ordinating Committee (AWPSECC) and Aware Industries Limited.

AWPSECC emerged from studies carried out for the Government Officials' Committee on Post-School Education, convened by the Corporations in May 1975. The Secretariat of AWPSECC is now jointly funded by the governments of Victoria and New South Wales (independently of the Corporations) and the Chairman of the Committee is the Chairman of the New South Wales Corporation. AWPSECC has achieved considerable success so far in planning the introduction of new facilities and courses in the area, in rationalising existing courses, and in encouraging authorities in both states to take cross-border activities into account when allocating funds.

Aware Industries Ltd is an advanced style of "sheltered workshop". It emerged from studies carried out for a committee of interested people drawn from government agencies and voluntary groups, convened and chaired by the Corporations. The Corporations continued to assist the Steering Committee that was set up to oversee the project, in a wide variety of ways. The company now operates independently of the Corporations, and it employs and trains about 60 physically or intellectually handicapped people from a large area spread across both states.

A full list of groups or committees that the Corporations have initiated or assisted in this way is not compiled: but a partial list shows about 30 ongoing community groups (including AWPSECC and Aware) in which the Corporations' involvement is described as "vital to the establishment of the organisation", and about 50 in which consistent involvement of the Corporations has been of considerable aid and assistance.

Similar committees are also established to cope with "one-off" problems, including technical problems. For example, in 1976 the Corporations convened a committee to consider the sewerage treatment needs of Wodonga, including both the existing city and the expected developments. The Committee consisted of a Corporation engineer, the Wodonga City Engineer, and representatives from the

Environment Protection Authority, the Health Commission and the State Rivers and Water Supply Commission. The Committee employed consultants to design a scheme to meet all needs, and the Corporations accepted the design approved by the Committee.

The Corporations consider that their basic objectives and their specific activities make them unique, largely because of the specifically developmental role. They must work with all existing local government authorities, as they do not replace or supplant them. The Corporations suggest that they are not like the "New Town Corporations" in the United Kingdom, that develop and operate new towns, but are more like a large and influential private developer. They do not consider themselves to be an extra tier of government: if they were, they would provide far more services themselves, instead of so frequently relying on the technique of co-ordinating, encouraging and supporting existing organisations - government or private - to take up the activity or service.

Planning

Planning is one of the most important two activities of the Corporations. The major categories of planning concerned are strategic planning, Albury and Wodonga planning, statutory planning, social planning and economic planning.

Strategic Planning: This covers the general planning principles and major options for development within the growth centre. In the first few years issues such as whether the new growth should be compact or dispersed, east or west of the existing towns of Albury and Wodonga, total capital costs of various general patterns of development, flexibility in the design to enable suitable responses to changes to expected growth rates, and the like received a great deal of attention. In the broadest terms decisions on many of these matters were made early in the life of the Corporations.

Some changes to strategic plans have been needed to cope with general policy changes - such as the 1977 decision to develop Thurgoona and to defer major development of Baranduda. Strategic planning continues to be necessary, as providing the basic direction for all other activities. Revisions to strategic plans are necessary from time to time to cope with changing economic, technical, social or political conditions.

Albury and Wodonga Planning: A large amount of the Corporations' activities at present are in the two existing cities, particularly Wodonga. The Corporations' powers in these areas are limited, but they plan and develop residential estates in both. The first of these began at Willow Park, Wodonga, and at Springdale Heights, Albury, in 1975. There are now five residential estates controlled by the Corporations within or contiguous to the existing built-up areas of Albury and Wodonga, one of which is almost completely sold. Plans for the newest estate include a substantial role for private developers.

Statutory Planning: The Development Corporation, as the approved planning agency in the development area, has prepared Interim Development Orders in Victoria and the equivalent Local Environmental Plan in New South Wales. After some years of difficulty in reaching agreements with local government authorities in Victoria, agreement was reached in 1981, and the new Orders have eliminated the previous need for developers in some areas to obtain separate planning permits from the Corporations and a council. In accordance with the decisions of the 1981 Review, discussions have commenced with the Albury and Wodonga City Councils on transferring the administration of these planning controls to the councils. The discussions are proceeding slowly.

Despite their substantial role in planning generally, active involvement by the Corporations in statutory planning is not large, but continual review and revision as necessary of the planning controls is considered to be of great importance. The Corporations attempt to maintain high environmental standards in their residential and industrial estates by including conditions in the contract of sale, and then enforcing those conditions when plans are approved.

Social Planning: The preamble to the Albury-Wodonga Area Development Agreement stated that the intentions of the three governments included "creation of a city...having full regard to human requirements and the involvement of the public"; in addition, an aim of the growth centres programme was to develop urban areas free of the "physical, social and economic problems and inadequacies already existing within...urban areas". The social planning function of the Corporations is intended to incorporate these aims into the development activities.

Social planning activities fall into three broad groups: long range planning of future community facilities and of community development needs,

encouragement or development of solutions to immediate needs of residents, and programmes to assist newly arriving residents. As with other activities, the Corporations generally operate their social planning by encouraging, assisting and co-ordinating the work of voluntary groups and government agencies, and providing data to these bodies.

Long term social planning is based on the continuing identification of major social issues, this in turn being based on detailed collection and analysis of a set of comprehensive social indicators for the region. As actual or developing problems are identified, programmes are developed in association with appropriate local and state agencies. Examples of these activities include work in education, leading to the creation of AWPSECC and to the establishment of the Albury-Wodonga Group Apprenticeship Scheme.

The Corporations have identified many "border anomalies" in the welfare area, and the two state governments have made efforts to eliminate some of these. Special studies carried out by the social planning group in recent years include a "social profile" of the 1200 workers in Albury-Wodonga's largest single employer, the convening and support of a task force of all relevant agencies to gather and assess information about the needs of the centre's increasing aboriginal population, and a study of the social effects of the movement of the Army's Apprentice Training School to Bonegilla (north-east of Baranduda).

As in new suburban areas elsewhere, the residents of the Corporations' housing estates usually have few (if any) family, recreational or neighbourhood links with other people on the estate or elsewhere in the growth centre. In new estates almost entirely made up of people from other cities, social, sporting and cultural groups are few. Public transport from the new areas to older, better developed areas of the growth centre is at present poor. In new suburbs of Melbourne, Sydney and other cities in Australia and elsewhere, such circumstances are widely recognised as leading to many social problems.

In recognition of the seriousness of these kinds of problems, in 1976 the Corporations commissioned a "Newcomers Study", which recommended actions to help integrate newcomers into the growth centre community. As a result the New South Wales Government provided funds to employ an Arrivals Officer to work in both Albury and Wodonga. The Officer provides information and advice to newcomers settling in to the area, and introduces newcomers to existing

residents who have similar interests. This programme is in part carried out with the aid of volunteers and community workers.

Following a report from a Child Care Task Force, a Children's Services Programme was established, to co-ordinate and upgrade services for children. The Programme aims also to increase understanding of existing family support services, and to encourage the development of community-based services in areas of high need.

The Corporations make available premises for community centres or neighbourhood houses in some of its estates. These are managed and run by elected committees of local residents, and provide venues for a wide range of activities.

The Corporations also advise and assist a wide range of other activities in the growth centre, in areas as diverse as aboriginal archaeology, recreational activities, and support services for the handicapped.

Economic Planning: Investigations are carried out into the financial aspects of long term development, and into rates and appropriate arrangements with local councils for headworks for major services. The Corporations assist local firms in the preparation of submissions to the Industries Assistance Commission. They also produce economic analyses for use in their industrial promotion activities. These include guides for specific industries (e.g., pump manufacturing, ophthalmic supplies) on how Albury-Wodonga fits into the Australian market, guides for potential investors from other countries (e.g., Singapore, Japan - in Japanese), and special purpose studies (e.g., Albury-Wodonga Tourist Information Study - Guide for Investors, Investments Guide). The Corporations also have a location model, which evaluates alternative storage and distribution strategies for firms operating throughout Australia. It is used to assist companies to assess the financial implications of moving all or part of their operations to the growth centre.

A variety of surveys is conducted, of which one of the most important is an annual employment survey. Other surveys provide data to assist the Corporations, other government authorities, and investors in the planning of their activities. The information also aids the Corporations in preparing submissions to various inquiries, such as some of those of the Industries Assistance Commission.

Promotion and Marketing

This is the second of the Corporations' most important activities, as continued development of the growth centre is considered to depend on the availability of adequate numbers of jobs. After the 1977 Review and the abandonment then of the earlier plans for the substantial transfer of government employees to Albury-Wodonga, the Corporations set up a Marketing Unit. The Unit's activities have been developed and refined since then, and it now aims to provide very detailed information and advice to companies contemplating moving to or expansion in Albury-Wodonga.

The various guides referred to under Economic Planning above are sent to enquirers as appropriate. Detailed responses to specific inquiries are also produced, often containing considerable economic and technical analysis. These responses amount to up to 100 pages each, including standard information about the growth centre. In mid-1983 such responses were being prepared and despatched at the rate of one each working day, the highest rate ever.

The Corporations conduct detailed discussions with industries interested in moving to the growth centre, assist them in negotiations with other agencies of government (including state economic development departments), and provide help with a wide range of problems encountered during establishment.

In order to generate the initial inquiries the Corporations use a well-planned and well-resourced strategy. The Corporations have indentified certain areas of industry that they consider to be most likely to be attracted to Albury-Wodonga and their promotions are primarily directed at these. The Corporations then seek to use other agencies and organisations, in Australia and overseas, to assist with promotion. This involves the Corporations in running functions such as a recent "Made in Albury-Wodonga" industrial campaign in major metropolitan areas, mailing programmes, selective advertising, liaison with Australian, Victorian and New South Wales government offices overseas, and distribution of investment guides and papers on specific areas of industry.

The aim of this strategy is to encourage in particular basic industries, defined as those which market their products outside the Albury-Wodonga area. The expectation is that concentration on these industries will lead to a sound and continuing base for growth in all sectors of the area's economy, as locally-

oriented commercial entrepreneurs take up the opportunities generated in other industries by growth in these basic industries.

Other promotional activities aim at the community at large, rather than being directly targeted at potential investors in the area. Preparation and distribution of promotional publications on a wide range of matters relevant to the growth centre is a major activity, although less well-resourced in recent years. Media coverage is encouraged at both local and national levels, and special reports are published in a variety of kinds of publications. Exhibitions and displays are placed in a number of venues in Albury-Wodonga and elsewhere.

Development

From the beginning of the project, it was intended that the Corporations would be actively involved in the design, construction and sale of residential estates in new town sites (of which Baranduda and Thurgoona are the first) and inside and adjacent to the existing urban areas of Albury and Wodonga.

During the 1975-76 financial year extensive design work for major services, town centres and some housing areas was carried out for both Baranduda (with a target population of 30 000) and Thurgoona (10 000). Construction commenced on two large residential estates each of about 500 blocks, one at Willow Park, Wodonga, and one at Springdale Heights, Albury. Designs for some new or rebuilt arterial roads also commenced, by consulting engineers to preliminary alignments prepared by staff of the Corporations.

The number of residential estates has since increased to nine, including three in Thurgoona and one of large lots in Baranduda. Several of these are approaching being fully sold. The Corporations design these estates, supervise their construction by contractors, and then arrange the sale of the blocks.

Since the 1981 Review, efforts have been made to carry out this development jointly with private developers. Some success has been achieved in this, and in addition private real estate agents are now engaged in the sale of blocks.

Two industrial estates were started by the Corporations in 1975, one in each of Albury and Wodonga. Since then two more industrial estates have been

developed, with a total of about 90 lots. On each estate the Corporations have blocks of small "unit factories" ranging from 200 to 700 square metres, available for short or medium term rental by businesses. The landscaped, fully serviced estates, and the unit factories are managed as major components of the Corporations' industrial promotion.

The Corporations are also involved in a variety of major development works. From time to time these have included the construction or augmentation of major water and sewerage facilities, design of arterial roads, technical assistance with feasibility studies and design work for container handling facilities and major industrial proposals, and golf course design and construction.

Community development activities have received increasing attention from the Corporations over the years, a trend that the Corporations expect to continue. These activities have been outlined in the section on Social Planning above.

Environmental effects of development activities have been high on the Corporations' priorities since the beginning of the growth centre. They established a laboratory in 1973, now known as the Peter Till Environmental Laboratory, and this moved into a new building in what will be the Thurgoona Town Centre in 1980. Many studies are carried out, to try to ensure that development projects do not result in unacceptable environmental degradation. The location of the growth centre astride the River Murray makes this of very great importance.

Current projects include ongoing monitoring of the chemical and biological condition of rivers and streams, experimental irrigation of trees with secondary sewerage effluent, trials of tree regeneration in river floodplains, and meteorological data collection and analysis. Most of these projects are conducted jointly with other agencies. As part of the 1981 Review the Ministerial Council directed that the Laboratory be transferred to the River Murray Commission, but in 1983 the Council rescinded that decision.

Landscaping has been a major priority of the Corporations since their beginning. In the design of estates, the eventual appearance of the estate and the placement of houses have been used as important criteria. Extensive planting of trees and shrubs has been carried out in all estates, residential and industrial. Very large numbers of trees have also been planted along major roads, to screen

industrial areas from view, and in places such as new golf courses, on steep hillsides, in new parks, and the like. Over one million trees have been planted by the Corporations. A free allocation of trees and shrubs is also made to all buyers of the Corporations' estate blocks. Much of the planting is described as "forward planting" : it is intended to complement the design of the city as it will be in ten or twenty years, rather than as it is now. Most of the trees and shrubs used are provided by the Corporations' own Carramar Nursery. The Nursery sells plants to Councils and other government agencies in the area, and produces up to 150 000 plants a year. It operates on the basis that sales revenue should equal the cost of operation. As part of the 1981 Review, the Ministerial Council directed that the Nursery be sold to the New South Wales Forestry Commission, or to the public, and that all activities associated with the delivery and planting of nursery products be privately contracted. In 1983 the Council rescinded this decision also.

Property

In the first three years of their existence, the acquisition of land was a major activity of the Corporations. By 30 June 1976 the two state corporations had bought 460 properties for about \$57 million. At 30 June 1978 the Victoria Corporation had bought 236 properties in the designated area, totalling 14 928 hectares, at an expenditure of \$38.5 million. Several properties have been bought since then, but the purchase of land has ceased as a major activity of the Corporations.

The Corporations now hold over 1500 land titles, although the number changes as estates are developed and sold. Some land is outside the Development Area, and is leased to tenants as farm land. Following the 1981 Review, a programme has been developed for the disposal of this land over a five year period, either by auction or by negotiation with other government agencies. Implementation of this programme was delayed by the drought and by further investigations into the possibility of retaining some of the land in Crown ownership, although not necessarily by the Corporations. Ministerial Council approval for the disposal programme has now been given, and selling commenced in October 1983.

About 24 000 hectares of rural land, in some 250 tenancies, is owned by the Corporations. The Corporations manage the leasing and maintenance of these properties, although adequate maintenance is made difficult by staff shortages.

Some rural houses are also let, not as part of farming properties. Farm properties are let generally on three year leases, at rentals determined by open tender. All aspects of property management for these rural lands and houses are carried out by the state corporations in their respective states.

On their estates the Corporations own about 400 houses which are used as rental stock for newly arrived families. These are intended to provide short-term accommodation for key personnel in new or expanding businesses. The houses are available for no more than two years, during which time the tenants are expected to make more permanent arrangements. Rents for these houses are set so as to be a little below levels in outer Melbourne or Sydney suburbs, but so as to be adequate to cover (or nearly cover) costs. Maintenance of these houses is carried out by private contractors under supervision of the Corporations.

The Albury-Wodonga (Victoria) Corporation itself leases out 230 separate farming properties, 60 separate farm houses, and 141 houses on estates.

Industrial estates are also managed by the Corporations. Although some sites on these are sold, others are leased and the Corporations' small unit factories on the estates are also leased.

Various other parcels of land are owned and managed by the Corporations, and are used for industrial or recreational purposes. Maintenance is also required on some land parcels which cannot at present be leased because of fencing, water, access or development problems.

All aspects of property management (including technical aspects, such as surveying and conveyancing) are carried out by a staff of six. The number available for this task has not changed for six years, although the size of the task has increased considerably in that time.

Advice

The growth centre and the activities of the Corporations have attracted considerable attention from a variety of town planners, geographers and government agencies throughout Australia and overseas. Many of these people visit the growth centre, to see the work being done there and to discuss common

interests and problems with the Corporations' staff. The Corporations have acquired considerable experience and expertise in many aspects of planning and development under conditions of rapid growth.

Local government or similar agencies that have consulted the Corporations for advice include those from Bulla, Portland and the Latrobe Valley in Victoria, from Lithgow and the Hunter Valley in New South Wales, and from Darwin in the Northern Territory. The policy of the Corporations on these matters is that they and their staff are available for general discussions with, and to give general advice to, other agencies, but are not available to carry out or assist with any detailed planning or operations.

The 1981 Review did not approve of any expansion of this role, and rejected the idea of increasing staff to allow more consulting work of this kind. As a result of that Review, the Corporations may undertake studies and investigations for other public organisations only at the direction of the Ministerial Council.

Changes since 1973

Over the decade since the growth centre was announced, the nature of the Corporations' activities has changed considerably. For the first few years, acquisition of land and the broadest scales of conceptual and strategic planning were dominant. Social and economic planning were of much lesser prominence, land development and property management were very small activities, and property sales were almost non-existent.

The situation has now reversed. Economic and social planning and development have become of great importance, industrial promotion has grown to a major activity, and property management and land sales have become considerably more important. Acquisition of land has ceased, and the broadest scale of planning has decreased very much in the resources spent on it.

Interactions with Other Agencies

Most of the activities of the Corporations do not overlap with the activities of other agencies. The developmental role of the Corporations is quite different

from other agencies, in particular the several local councils. While such councils, in common with local governments elsewhere, engage in modest amounts of promotion of their areas, the specific emphasis of the Corporations on long-term physical development and the methods and greater resources used to achieve this make it quite different.

In the residential and industrial estates developed by the Corporations, the Corporations carry out some activities normally carried out by local councils. It is intended that these should be transferred to the councils as the estates become better established.

Local councils issue building permits for works in the Corporations' estates. In the development area, the Corporations are the planning authority, whereas in the existing urban areas of Albury and Wodonga the respective city councils retain their planning responsibilities. Although there is no major duplication, there are clearly many occasions on which collaboration and co-operation are required. On a small number of occasions the Corporations and one or other of the councils have had considerable difficulty in achieving this co-operation. There is no evidence or information before the Committee to suggest that the number of such occasions is abnormal.

It is important also to note that the Corporations do not replace or supplant any level of government. They extract no rates or other taxes, although they are empowered to do so, and, while they do not set out to provide the usual kinds of local or state government services, the developmental roles of the Corporations often require them to provide some services ahead of demand and for which charges are made. In this sense, they are rather different from some apparently similar bodies, such as the Geelong Regional Commission or the Upper Yarra Valley and Dandenong Ranges Authority.

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3.3 Finances

The financial arrangements for the growth centre are exceedingly complex. Details of the arrangements are obscure and are not clearly described in any document or documents. The report to the Committee of Dr Saunders describes some of the difficulties associated with these arrangements.

Expenditure for the scheme is divided into two categories. The first is direct capital expenditure, which includes the cost of land acquisition. The principal source of funds for this has been loans from the Commonwealth to the two states, which the states have then passed on to the state corporations. In the ten-year period before the scheme was expected to become self-funding, interest on these loan funds was to be capitalised and added to the total loan funds owing. At 30 June 1983 the Victoria Corporation owed the Commonwealth \$59.5 million in loan funds and \$48.1 million in capitalised interest.

The greatest amounts of loan funds were made available in 1974-75, \$40 million (\$23 million to the Victoria Corporation), and in 1975-76, \$39 million (\$19 million to the Victoria Corporation). In 1982-83 only \$1 million was available, and no loan funds have been allocated by the Commonwealth for 1983-84. The greatest sources of funds for capital expenditure now are revenues from land sales and from rents.

The second category of expenditure is operating expenses, in turn subdivided into developmental expenses and administrative expenses. The former is met from funds available for capital expenditure, and is treated as part of the capital costs of the assets to which it relates. Administrative expenses are all operating expenses not classified as developmental expenses, and these are met by the three governments in equal shares. For 1983-84 each share is \$400 000, an increase from \$335 000 in 1982-83.

A revised financial agreement between the three participating governments has been drawn up, under which the obligations of the states to repay to the Commonwealth the loans and the capitalised interest would be removed. The Commonwealth's contribution to the project would change from loans to equity investment in it. Although this revised agreement was drawn up in 1981 it has

not yet been signed because of disagreements between the Commonwealth and New South Wales over some closely related but separate matters. There is no dispute over the principles of the new financial agreement, and it is expected that it will be signed in the near future.

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CHAPTER 4: PERFORMANCE OF THE CORPORATIONS AND OF THE GROWTH CENTRE

In this chapter, the broad question of the efficiency of the Corporations in carrying out their tasks is examined. In accordance with the requirements of the Parliamentary Committees Act, and as noted in chapter 1 above, this examination is divided into a number of stages: the contemporary relevance of the growth centre concept (section 4.1), the effectiveness of the Corporations in pursuing their objectives (section 4.2), the adequacy of procedures for accountability and Ministerial control (section 4.3), participation and consultation (section 4.4), and the economic efficiency of the project (section 4.5).

The definitions of effectiveness and efficiency used in sections 4.2 and 4.5 respectively, are, by themselves, comparatively narrow: however, taken as a whole, the Committee considers its assessment in this chapter to be comprehensive.

4.1 Contemporary Relevance of the Growth Centre Concept

When reviewing any public body, the Committee is required to consider (amongst other things) whether or not the objectives of the body are worth pursuing in contemporary society. The Albury-Wodonga (Victoria) Corporation is the vehicle for the Victorian Government's commitment to the Albury-Wodonga growth centre: so considering the relevance of its objectives in contemporary society necessarily means considering the relevance of the objectives of the Albury-Wodonga growth centre.

The Committee has not seen any clear recent statement of the basic objectives of the Albury-Wodonga growth centre - that is, the reason why it is felt that a growth centre at Albury-Wodonga is desirable. On the other hand, unusually precise statements of the more specific aims of the Corporations are to be found in a number of places, such as in most of the annual reports of the Development Corporation and in the Investment Guides. In brief, the aim is the creation of a city with a high quality of environment, appropriately planned and developed to a target population of 150 000 by the year 2000; but a statement such as this gives

little understanding of why such an aim was considered relevant and desirable at the time the growth centre was established, or of whether it should still be considered relevant and desirable.

None of the previous reviews of the project has questioned the basic objectives of the growth centre idea. However, this Committee's terms of reference are such that it is obliged to examine these objectives, and to assess their relevance to contemporary society. As no clear contemporary statement of the basic objectives exists, the objectives need to be inferred from older statements and current actions.

This growth centre was established as the major component of an extensive and ambitious national growth centres programme.* There were three main purposes of this programme:

- . to develop desirable alternatives to the existing large cities as locations for much of the expected increase in the country's population over the next 30 years or so;
- . to lower the growth rates of the existing large cities to free resources to tackle the problems of underprivileged areas of those cities; and
- . to introduce new patterns of urban development into Australia, based upon more systematic planning, that would lead to improved qualities of urban environments at lower total cost to the nation.

At the time the growth centre was established, the three governments indicated what their intentions were, with the following words in the preamble to the Agreement of 23 October 1973:

"The intentions of the three Governments are -

- . that a development corporation will bring about in the area, by the development of the growth complex, the creation of a city

*The basic programme and the motivation for it are described in the Report to the Australian Government: A Recommended New Cities Programme, The Cities Commission, Canberra, June 1973. This Report and the programme are discussed in Neilson, "New Cities in Australia", op. cit., and in the Corporation's evidence to the Public Bodies Review Committee (evidence, pp. 86-87).

with a high quality of environment appropriately planned and developed having full regard to human requirements and the involvement of the public, and

- . that that development corporation will involve, as far as possible, the established Australian, State and Local Government authorities in the development of the growth complex."

After the 1977 Review and the abandonment of the growth centres programme as such, the Albury-Wodonga growth centre was seen as "a national pilot project in selective decentralisation".

It is thus appropriate to state the objective of the Corporations as the development in Albury-Wodonga of a high quality urban environment for 150 000 people by the year 2000, both as a desirable alternative to Australia's biggest cities for some of the expected population growth and as an example of high quality urban environment from which the rest of the country may learn.

In assessing the current relevance of these objectives, the following questions need to be considered:

- (i) is it now relevant to seek ways of limiting the growth of major cities?
- (ii) is it now relevant to use more systematic planning to produce improved urban environments?
- (iii) if either or both of (i) and (ii) is answered in the affirmative, is "selective decentralisation" now an effective and appropriate technique to use?
- (iv) if (iii) is answered in the affirmative, is "a national pilot project" now an effective and appropriate technique to use?
- (v) if (iv) is also answered in the affirmative, is Albury-Wodonga now an appropriate location for such a project?

Submissions to the Committee

A number of submissions to the Committee have considered these kinds of questions, and with the exception of the Albury-Wodonga Growth Centre Landholders' Association (see below), they answer all of the above questions in the affirmative (either directly or by necessary implication).

The first of these questions is quite fundamental to the Committee's review, and so the evidence on this question needs to be looked at very carefully.

In his evidence to the Committee, the Victorian Minister for Economic Development,* The Hon I R Cathie, M P, referred to the original objectives for the Corporations as spelled out in the preamble to the 1973 Albury-Wodonga Area Development Agreement that was approved by the Parliament of Victoria in December 1973. He also noted that the agreement was "the first major step" in the implementation of the growth centres programme, and he quoted the broad objectives of that programme (evidence, p. 2).

Mr Cathie went on to say that "The Victorian Government believes that these broad objectives are as valid today as in the early seventies, although there is much less emphasis now on the attraction of economic growth and population away from the capital cities". He added that the perceived benefits of an effective regional development programme were today seen as threefold, "maximization of the economic performance of the State through the optimum performance of its regions; reduction of the currently uneven economic development as expressed, for example, in locally high unemployment rates; and minimization of the regional influence of structural change" (evidence, p. 3).

The Victoria Corporation itself began its evidence to the Committee by also quoting from the preamble to the 1973 Agreement and from the objectives of the growth centres programme. It went on to quote from the Cities Commission Report of 30 June 1973 what were then seen as "the most urgent urban and regional problems facing Australia" (evidence, p. 87). These were:

"The physical social and economic problems and inadequacies already existing within the urban areas.

"The need to overcome serious disparities in quality of life and in economic and social opportunities available to people in various parts of our cities and in non-metropolitan centres.

"The problem of meeting the requirements of future population growth which, even at a significantly lower rate of growth than at present, would impose major strains on existing cities if steps to prepare for this growth are not undertaken."

*Now the Minister for Industry, Commerce and Technology, and under this title the Minister administering the Victorian Albury-Wodonga Agreement Act 1973 and the Victorian Member of the Ministerial Council.

In the Victoria Corporation's view, despite "the more recent decline in the rate of national growth" these problems are still present and serious. In addition, it considers that the need to generate substantial employment opportunities over the next decade makes the need for successful regional economic development doubly great.

The Victorian Division of the Royal Australian Planning Institute in a written submission to the Committee suggested that the growth centre concept remains valid for several reasons, of which the most significant is that:

"Population and economic growth, though currently suppressed, cannot be said to be permanently so - if and when growth returns to higher levels, so will the importance of the growth centre for curbing growth in the metropolitan areas."

Mr John Bayly, now a planning consultant and one-time Chairman of the Town and Country Planning Board, took up a similar theme. While recognising that today's economic climate is markedly different from that prevailing when the Corporations were established, he considered that "the philosophy that lay behind the growth centre programme seems to be just as valid as it ever was" (evidence, p.66). Mr Bayly suggested that both economic and population growth were not "permanently suppressed" in Australia : while the natural population growth would probably remain low, immigration as re-inforcement of groups and communities already present and as "refugees from political or economic despair" will continue at a high level.

In addition, the legacy of "underplanned overgrowth" in major cities remains, and Mr Bayly suggested that it would take many years to improve these urban environments. These problems would be eased by the direction of population to other centres.

Another planning consultant, Mr Don Glasson, considered the objectives to be well worth pursuing, but in his submission to the Committee he put his view solely in terms of the Corporations' work as an example of comprehensive planning.

Population Projections

In the original motivation for the growth centre programme, and in much of the evidence provided to the Committee, perhaps the most important themes are the

perceived need to direct population growth away from the largest urban areas that at present exist in Australia and the perceived need to ameliorate the worst of the social, economic and environmental pressures present in those areas (particularly Melbourne and Sydney).

These perceptions are in turn based upon several assumptions:

- that there are significant and undesirable social, economic and environmental pressures in the largest urban areas;
- that these pressures would be exacerbated by further increases in the population of the urban areas;
- that substantial increases in national population are probable throughout the rest of this century; and
- that the urban stresses can be minimised by directing population growth away from the largest urban areas, because this both places people in less stressed areas and releases some resources to cope with the stresses on the existing population of the largest urban areas.

In the early 1970s there were few arguments about any of these assumptions. While some questioned the wisdom of a large population increase, few argued that it was not likely to occur. It was also widely accepted that continuation of the pattern of growth of the previous twenty-five years would greatly exacerbate the problems and costs of the big cities. The problems of Melbourne and 2.5 million people in 1971 seemed so great that the idea of Melbourne with four or five million people 30 years later was barely acceptable.

During the rest of the 1970s, dramatic changes occurred. Economic conditions deteriorated markedly, and community optimism about the future weakened. Population growth rates fell remarkably, and very low rates were recorded for Australia and for Melbourne. As these low rates were projected to continue for the rest of the century, one of the basic assumptions of the growth centre programme was seriously in doubt.

Projecting future population levels is extremely difficult, as key variables can and do change unexpectedly. By mid-1982 the annual increase in Australia's resident population had increased almost to its 1972 value, and Melbourne's figure was its highest since 1973. Data available in 1983 suggests that in 2001 Australia's population will probably be in the range of 19 to 20 million, or much the same as was expected in 1971.

Melbourne itself is affected by two factors - increase in population and redistribution of total population - and the resulting pattern of present and expected future development is complex. Inner Melbourne (the most densely populated area) is slowly declining in population. Middle Melbourne is stable or increasing only slowly in population, while the outer areas are increasing at very rapid rates, in part due to the movement within Melbourne of existing population. There is no evidence to suggest that this pattern should not continue. In view of the likelihood of Melbourne's total population increasing by about 550 000 by the year 2001, it seems probable that new development for perhaps as many as 600 000 more people will be required in the outer suburbs unless there is some major and unexpected change in the patterns of social, demographic and economic development.

Although the Committee has not analysed the implications of such growth in detail, it believes that an extra 600 000 people in Melbourne's outer suburbs is highly undesirable. The Committee believes that the basic assumptions set out above as underlying the most important themes behind the original growth centres programme are still valid. In consequence, it considers that the objective of seeking ways of limiting the growth of major cities is still relevant and is likely to remain so for the foreseeable future. This conclusion is consistent with the views expressed by all submissions that addressed the topic. The question of population projections is discussed at greater length in Appendix 1 to this report.

Improved Urban Environments

The Corporations and the growth centre project have attempted to introduce more systematic and more comprehensive planning into the growth centre area than is usually found in Australia. As several submissions have pointed out, only the National Capital Development Commission in Canberra rivals it. The desirability of such systematic planning to produce improved urban environments was the second major question posed earlier.

The Committee is not aware of any developments around Australia in the last ten years that in any way diminish the importance of this objective. There may be arguments over the amount of such planning the community can afford, or over who should do it, who should pay for it, and - perhaps more fundamental - what kind of community or communities the planning should aim for. But that

more effective planning and improved urban environments are still desirable the Committee finds unarguable.

In general terms, the Committee considers that such planning should aim to produce physically more attractive urban environments that encourage effective and efficient provision and use of a wide range of facilities and services. It should provide the opportunity for varied lifestyles for the varied interests and backgrounds of the residents of the urban areas. Improved urban design should be a goal both for areas being developed as urban for the first time, and also for older urban areas undergoing redevelopment.

While it is not the intention of the Committee to digress into details of town planning and urban design, it is in no doubt that it is indeed still relevant to use more systematic planning to produce improved urban environments. All submissions received by the Committee from town planners clearly endorse the same notion.

Selective Decentralisation and Pilot Projects

A number of different strategies could be used to implement the general objectives of limiting big city growth and improving urban environments. One possibility is the encouragement of general, non-specific regional development, of the kind employed generally throughout Victoria for many years prior to the creation of the Albury-Wodonga growth centre and continued since then. The record of such development is mixed (see chapter 2 above), and its shortcomings were a major contribution to the "selective decentralisation" ideas that led to the growth centre ideas in the early 1970s.

A second strategy would be based on the redevelopment of existing urban areas, to bring the standards and facilities up to modern standards and current expectations. This strategy would take advantage of the changing populations of some of the oldest and least well-served areas of major cities to seek to improve the quality of the urban environments. It could be expected to decrease the rate of population decline in the inner urban areas by the provision of a better urban environment, and in doing so it would decrease the numbers moving to new developments in the outer suburbs.

A third possible strategy is that of concentrated development on specific extra-metropolitan centres - this of course is precisely the growth centre approach. No submissions received by the Committee have argued against the relevance of the growth centre idea, and the Committee sees no reason for rejecting it now. No one of these strategies necessarily excludes the others, and all three could be operated jointly.

From the information available to the Committee, it seems that, in view of the expected substantial growth in the total resident populations of both Australia as a whole and of Victoria specifically, and the expected need for substantial new residential development in the outer areas of Melbourne as a result of both this general population growth and of redistribution of existing population, the general concept of growth centres as attractive alternatives to big city living seems to be every bit as relevant now as it was ten years ago.

* * * * *

4.2 Effectiveness

Unlike many agencies of government, the Corporations have comparatively clear quantitative performance targets against which to measure their effectiveness. At the most basic, these rest on population figures: 300 000 people in the area by the turn of the century was the initial performance target. The 1977 Review reduced the target to 150 000, and this has remained the formal target ever since.

In order to attain this basic long-term objective, the Corporations have over the years set a variety of short and medium-term performance targets. Thus in 1978 they said that the achievement of the target for the year 2000 would require a population increase of some 15 000 over the next five years. At the same time, targets for the increase in the number of basic jobs over the same five year period were set.

The effectiveness of the Corporations can be assessed by comparing actual performance with these targets. Another way of assessing the Corporations' effectiveness is to compare the growth performance of Albury-Wodonga with that of other more-or-less comparable centres in Australia. In making either kind of comparison, several factors should be borne in mind. First, such quantitative measures of output are rare for government agencies, and so these represent more stringent tests than are usually possible for such agencies. Second, performance may be substantially affected by factors quite beyond the control of the Corporations - and of these, the general state of the national economy and the level of government support for the project are clearly the most important. Third, the basic objective of the Corporations is long term, and so the achievement or lack of achievement of a specific short term goal does not necessarily mean that the long term objective will or will not be met.

Population Prior to 1982

Appendix 2 considers in some detail the rate of growth of the population of the Albury-Wodonga area since 1966, and compares it with the rates for five other rapidly growing inland centres in Victoria and New South Wales. From this analysis, it appears that since the early 1970s the population growth rate of the Albury-Wodonga area has increased from being about the average for the more

rapidly growing inland cities of Victoria and New South Wales to being substantially above the average for these cities. It also appears that during the years 1977-1982, during which time economic conditions deteriorated quite markedly throughout Australia, the growth rate in the Albury-Wodonga area remained higher and more stable than that in the other very rapidly growing cities.

There does not appear to be any way of proving whether or not the growth centre project and the activities of the Corporations have produced this change in growth rate. But there is considerable circumstantial evidence to suggest that the project is responsible for the change, and none to suggest that the Corporations have impeded growth. The Committee therefore concludes that the Corporations have been effective in increasing the rate of growth of the Albury-Wodonga area to a level substantially above that of comparable cities elsewhere in Victoria and New South Wales.

Future Population Figures

The initial target population for the growth centre in the year 2000 was 300 000 people. Early annual reports of the Development Corporation base their comments on this target, and the 1975 annual report gives estimated populations for each year up to 2000 in order to reach that target.

By 1978 the target had been reduced to 150 000 by the same year, although the annual reports of the Development Corporation since then have not contained any detailed discussion of population projections. The investor's guides published by the Corporations give rather more details of possible growth rates. In guides published in 1981 (for example, the British Investor's Guide), one graph projects a target population for the urban area of Albury, Wodonga, Thurgoona and Baranduda of 150 000, and an indicative range of 140 000 to 160 000. Guides published in 1983 (for example, the Hong Kong Investor's Guide) project a target population for the same urban area of 110 000 in a range of 100 000 to 120 000, with a target range for the entire statistical district of about 118 000 to 155 000. On these projections the urban area could have a population of only 100 000 by 2000, just two-thirds of the target set by the Ministerial Council in 1977.

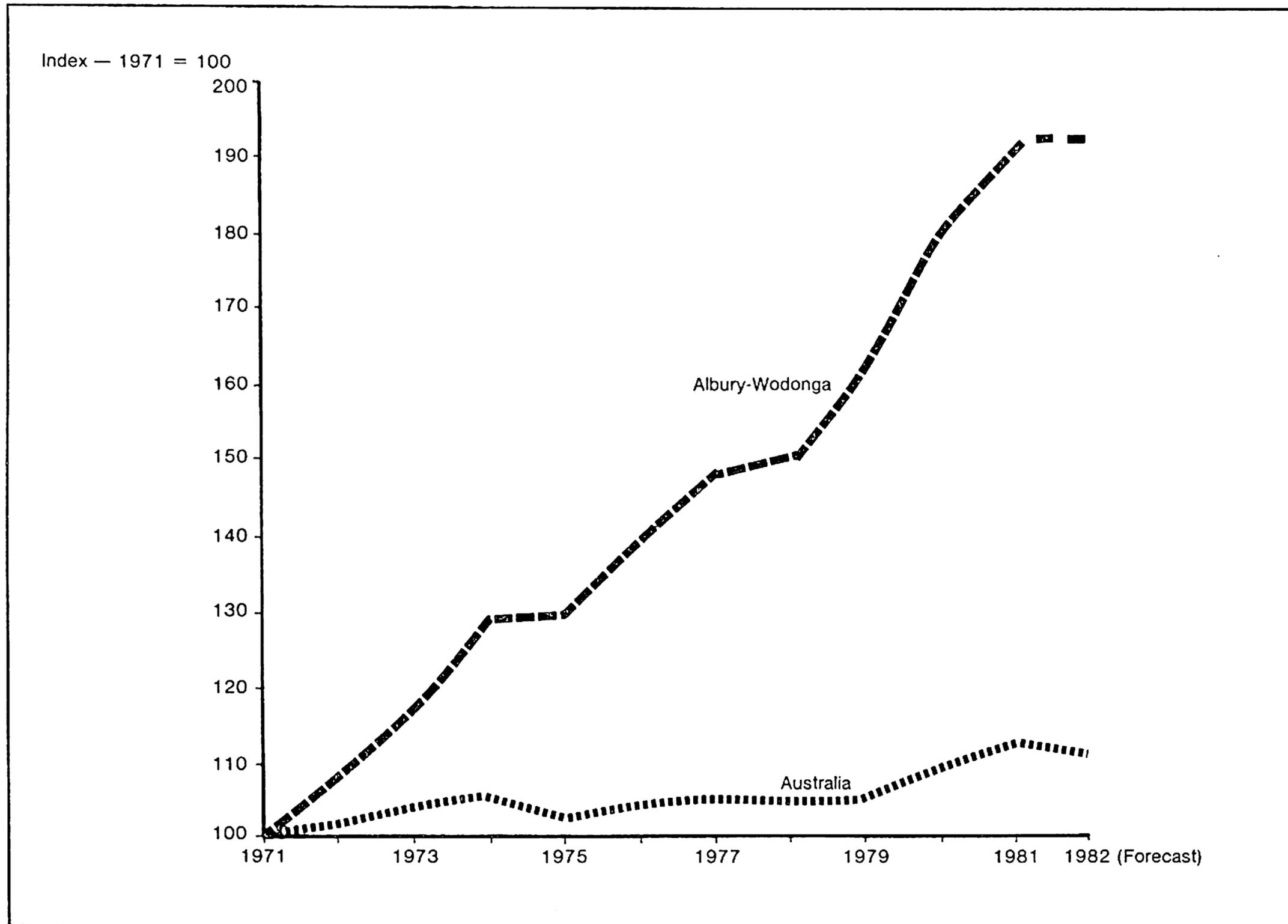


FIGURE 1. PRIVATE INVESTMENT TRENDS, ALBURY-WODONGA AND AUSTRALIA, 1973-1983.

The 1981 guides speak of an expected growth rate of "at least 4.7% per annum" over the 1980-85 period, but the 1983 guides have changed this to an annual rate of "at least 3.3%" for the period 1981-86.

Long-term population projections are extremely difficult, for the country as a whole, or for any part of it. It is clear, however, that the target populations being considered by the Corporations for the growth centre by 2000 are falling, and it would appear that the Corporations increasingly consider a total of 150 000 in the urban area by 2000 as unlikely. By itself, this does not necessarily indicate a lack of effectiveness on the part of the Corporations. For the 150 000 target was set with the expectation of continuing strong support and encouragement from all three governments concerned, and particularly from the Commonwealth Government. The decreasing (and now vanished) allocations of loan funds, and the lack of the initially promised large-scale transfers of public sector employees to the growth centre, have made it increasingly difficult to regard 150 000 as an achievable target in 2000.

Investment and Employment

For several years the Corporations have published figures on investment in the growth centre based on Australian Bureau of Statistics data. These figures show that over the ten-year period to June 1983 private capital investment per capita in Albury-Wodonga has consistently been higher than the Australian average, and has averaged 36% higher (see figure 1). Variations from year to year make trends difficult to identify but it does appear as if the amount by which per capita private capital investment in Albury-Wodonga exceeds the Australian average has increased over that ten-year period. Data for other comparable cities are not at present available.

Another way of looking at investment data is to examine the total annual capital expenditure (figure 2). This shows clearly that the rate of private investment has increased substantially from a previously steady growth, although the Corporations' own expenditure has been almost unchanged since 1978.

Again, comparable data for other relevant cities are not readily available: but these figures do strongly suggest that the growth centre is successfully

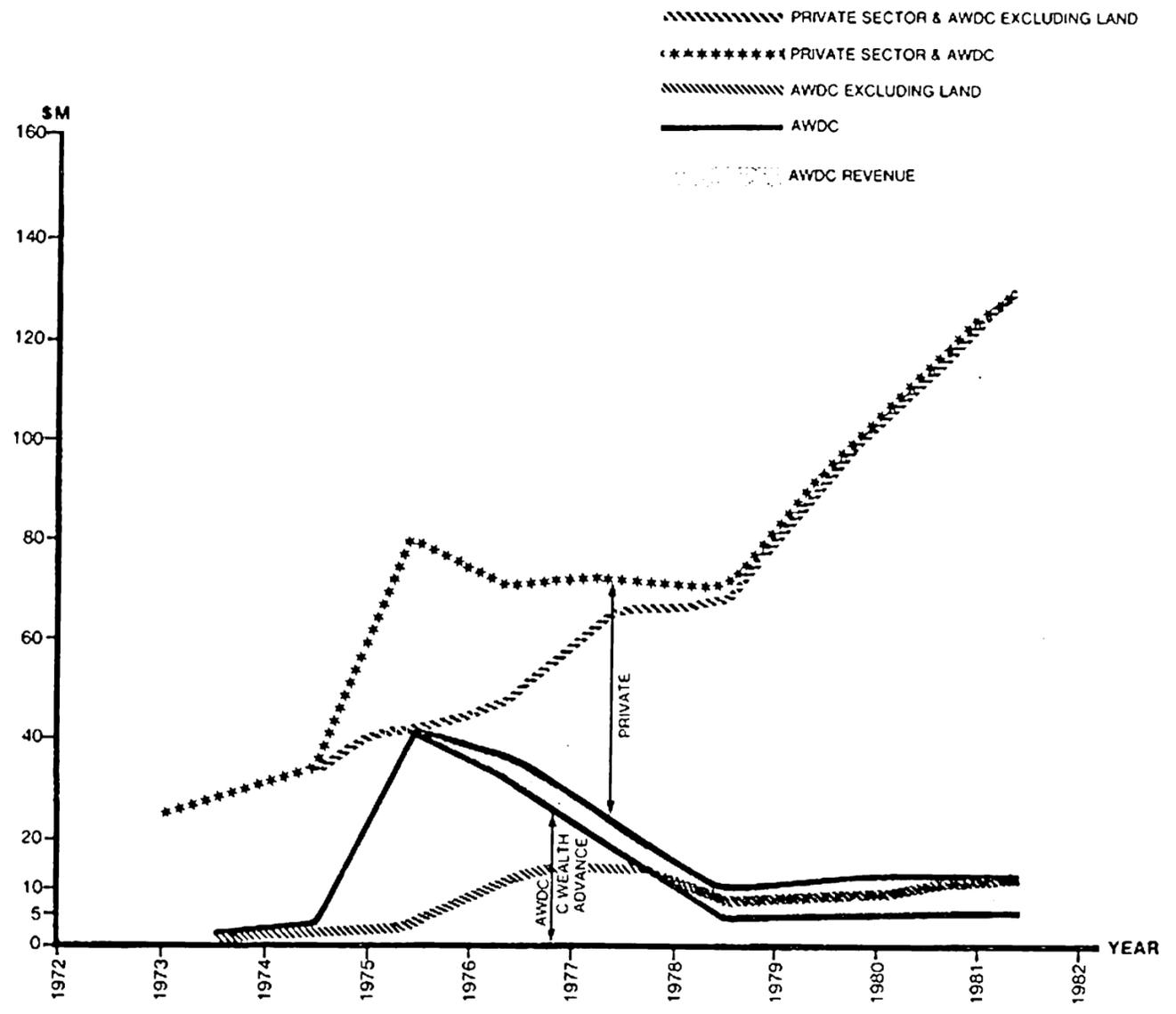


FIGURE 2. ANNUAL CAPITAL EXPENDITURES, ALBURY-WODONGA, 1973-1982.

attracting substantial amounts of private investment capital. The figures also suggest that the rate of private capital expenditure has increased since the Corporations were established.

The Corporations conduct an annual survey of employment throughout the growth centre, and this data is supplemented by data from the Australian Bureau of Statistics. The data shows very great differences between Albury-Wodonga and Australia as a whole.

Total private sector employment in Albury-Wodonga virtually doubled between 1971 (9920) and 1982 (19 680, estimated). In the years from 1973 to 1981 employment grew at an annual rate of 6.7% compared with 0.8% for Australia as a whole. Employment in manufacturing rose by 7.7% per annum compared with an annual fall of 1.5% in Australia as a whole.

Total government employment in the growth centre has not increased as rapidly: it has in fact fallen in several years since the Corporations were established, and over the ten years has grown at an average annual rate of 3.3%. Initial plans for the growth centre included large scale transfer to Albury-Wodonga of Commonwealth Government staff and the establishment there of some new government agencies. In fact, staff transfers have been very minor, in part because of objections by public servants to forced transfers to the area (particularly from Canberra), and the only new agency to be established there is the Trade Union Training Authority. Figure 3 shows the trends for total employment (private plus government) for Albury-Wodonga and for Australia converted to a 1971 base of 100.

At the time of the 1977 Review, an employment target of about 6000 new jobs over the period 1977-1982 was set, based on 2300 to 2500 new basic jobs (defined as jobs in industries that market their goods and services outside the Albury-Wodonga area). In fact, the increase in employment was about 5600, although a larger proportion of this than expected has been part-time rather than full-time employment.

From the material at present available to the Committee, it appears that Albury-Wodonga has been attracting substantially greater private capital investment and

YEAR	ALBURY-WODONGA					AUSTRALIA	
	Dwellings	Other Construction	Plant Equipment Vehicles	Total		Total	
				\$M	\$ per Capita	\$M	\$ per Capita
1973/74	13.1	8.2	8.9	30.2	658	7114	526
1974/75	9.6	9.7	18.7	38.0	800	7829	570
1975/76	11.5	11.9	11.6	35.0	713	9677	694
1976/77	15.2	12.5	21.0	48.7	961	11370	806
1977/78	13.3	25.6	29.0	67.9	1301	11897	833
1978/79	15.1	27.9	37.8	80.8	1506	13914	964
1979/80	16.3	47.2	31.5	95.0	1728*	15557	1066
1980/81	24.4	43.6	38.0	106.0	1885*	19764	1335
1981/82	21.8	35.8	55.8	113.4	1967*	23679	1573
1982/83	25.0	34.2	47.7	106.9	1809	24299	1588
Average for 10 years 1973/74 to 1982/83					\$1370		\$1009

FIGURE 3. TOTAL EMPLOYMENT, ALBURY-WODONGA AND AUSTRALIA, 1971-1982, FROM BASE 1971 = 100.

increase in employment than the Australian averages over the last ten years. There is some suggestion that the growth centre's performance on both measures has improved during this period.

Other Measures of Effectiveness

Another method of assessing the effectiveness of an organisation is to review the comments made about it by individuals and organisations that deal with it or are affected by it. Such review should seek recurring themes or observations as pointers to the level of performance of the organisation concerned.

A number of individuals and organisations commented on aspects of the effectiveness of the Corporations in formal evidence or in written submissions to the Committee, and many more did so in interviews with Committee staff.

General: The general view conveyed in the submissions, evidence and interviews is very strongly that the Corporations are effective in bringing highly desirable growth and development to the area. As one business proprietor put it: "The Corporations have to stay here or growth and development won't continue to happen". No individual or organisation has suggested to the Committee that the Corporations are ineffective in their general aim of promoting growth in the area, or that such growth is undesirable.

In his written submission to the Committee, Mr Don Glasson, an architect and town planner in private practice based in Melbourne, said: "The Albury-Wodonga Development Corporation has achieved an impressive record in terms of attracting development and employment (and hence achieving population growth), and in the comprehensiveness of its planning and the quality of development in the development areas". Mr John Strong, a surveyor and manager of the Wodonga office of Fisher Cleeland Turner and Dwyer (Victoria) Pty Ltd, made a submission on behalf of his company, in which he said: "We are particularly impressed with the efforts of the Albury-Wodonga Development Corporation in promoting growth and maintaining land and development costs to a level far below those in other areas we are associated with, and to a much higher standard" (evidence, p. 26). The Victorian Division of the Royal Australian Planning Institute said, in its submission, that the Corporation has "over a decade...demonstrated its aptitude for the task" of implementing the growth centre concept.

There were some people who criticised the effectiveness of specific activities of the Corporations, while generally endorsing them: these criticisms are discussed below. The only submission to criticise the general effectiveness of the Corporations was that from the Albury-Wodonga Growth Centre Landholders Association, through its President, Councillor G R Chamberlain, J P, and its Secretary, Mr H J Hayes. In its submission and evidence the Association criticised the Corporations on a large number of counts, and these are also discussed in detail below. The Association did not, however, criticise, or in any way comment upon, the effectiveness of the Corporations in their most general role of promoting the growth of population and employment in the area.

Some people in evidence, submissions or interviews, have argued that the people of the area would have been better-off without the Corporations, that substantial growth in the area was happening anyway, that the range of the Corporations' activities should be limited, or that they should be disbanded or restructured to a more representative form. But even the most vocal critics appear to accept that the Corporations are effective in many or most of their activities, in particular in their industrial promotion and marketing work.

It has also been suggested that rapid development would have occurred in the area because of its natural advantages, including its location, even if it had not been declared a "growth centre". It is pointed out that many of the largest industries and largest employers now in the area were in fact established there before the growth centre was set up. One senior local council officer summed up this view by describing the growth centre as "a political move on a sure thing". To a large extent this is undeniably true: the manifest advantages of the location and the clear prospects for strong growth were key factors in the selection of the site as a major growth centre in the first place. There is, however, no evidence to suggest that unaided by the growth centre project the rate of development would have increased in comparison with other rapidly growing centres over the years 1966-1982.

Planning and Co-ordination: The importance of the overall planning and co-ordination role of the Corporations and their effectiveness in carrying out this role, was noted by many people. Mr Strong put the sentiments of many others in the following words: "We feel it is essential to maintain one authority to control...development and not to have this role dispersed to various organisations and departments all working on (an) ad hoc basis including local government. It is

a continuous source of worry to our company...the number of departments engaged in the planning process outside of Albury-Wodonga" (evidence, p. 26). Mr Glasson extended this by stating that in Albury-Wodonga, "Forward planning takes place on a scale not achieved by local government in Victoria".

In the context of social welfare, Mr Hugh Elford, General Manager of Aware Industries Ltd, said in evidence to the Committee: "I would suggest we deal with something like 30 different referring agencies, local governments, welfare workers belonging to the shires, Department of Social Security officers, Commonwealth Employment Service, and all hospitals and day care centres throughout the district. The long-term planning, of which we are just one segment, needs somebody to take up the cudgels and do...We do not have the resources to do that sort of thing...Somebody has to. Whether it is the Development Corporation or another body set up to do it is something outside my knowledge or competence to suggest, but I believe there needs to be a regionalised body to look to the future, if we are going to minimise the cost and maximise the benefit" (evidence, p. 79).

A recurring and strongly expressed theme in the interviews was just this need for some organisation to attend to planning and co-ordination across state and local government boundaries. The need to view Albury-Wodonga and the immediately surrounding areas as one centre of population was stressed by many people, and the Corporations' role in achieving this was praised. "The Corporation is needed as long as the State border remains in place." Examples of areas where this was felt to be important ranged from direct co-operation in the provision of technical education (through the highly structured AWPSECC) to the quite unplanned and unstructured increase in professional expertise in fields such as medicine now available because of the increased general tendency to viewing the area as one large provincial city, Albury-Wodonga, rather than as two separate medium-sized towns, Albury and Wodonga. The influence of this change in people's perceptions of the area was stressed by many people. The contribution of what is, in operational terms, one organisation to the development of a growth "image" appears to be substantial, and was referred to by many people in evidence to the Committee or in interviews. Particularly in a period of reduced optimism and low levels of growth elsewhere, the Committee believes that this "growth psychology" should be recognised as valuable and important.

In the interviews, the effectiveness of the Corporations' role of co-ordination, for example in assisting with the creation of bodies such as AWPSECC, was often

contrasted with the inability of local councils to do the same. The example of the regional library service was mentioned a number of times: this involves fourteen councils, eight in New South Wales and six in Victoria, and very great difficulties are encountered in reaching satisfactory agreement among the councils.

There is now no major critic of the Corporations' planning role. On several occasions over the decade of its operations, the Corporations have been criticised on planning matters by the Wodonga City Council. Topics of disagreement have included the rate of development of Baranduda and the nature and extent of development of the central business district of Wodonga. There has been much less of this criticism in the last few years, and there is no evidence to suggest that there was ever an excessive amount of such criticism.

The importance of the co-ordinating and overall planning role was emphasised by many in the interviews, including the Army. Others suggested that the role was crucial, and that it would be "dangerous" to remove it.

In his submission, Mr Bayly summed up the kind of viewpoint expressed by many (usually quite strongly): if the Albury-Wodonga Development Corporation disappeared, the area "would have to invent new social machinery to fill the special roles for which the Corporation was created" (evidence, p. 64).

Marketing and Promotion: One of the major activities of the Corporations is marketing the growth centre to potential investors in the area and providing assistance to investors establishing or expanding in the area, and no criticism of the effectiveness of these activities has been received.

Written submissions and formal evidence to the Committee paid little attention to these activities. At first thought, this is surprising, given their importance to the Corporations' basic strategy. However, it is probably a reflection of the low public profile of the activities, and of the Corporations' attempts to target their marketing as directly as possible to potential investors. One comment by Mr Glasson commending the Corporations for their "impressive record in terms of attracting development" has been quoted above; there are a few other comments in the submissions and in the evidence along the same very general lines, but little that relates more specifically or in any more detail to promotion and marketing.

Industrialists' comments in the interviews on the marketing and promotion activities were frequent and very favourable, and included words like "fantastic"

and "top job". There was also a widespread belief that the local councils in the area could not have done the same quality of job. This was regarded as being because the councils lack funds, and also because they were widely thought of as being too parochial in outlook, and were considered by some to lack the necessary imagination. These views were expressed by business people and by some local councillors and some council staff.

Businesses that have moved to the area since the Corporations were established praised the Corporations for the accuracy and usefulness of the information they provided. They also spoke highly of ongoing assistance provided by the Corporations in a variety of matters, either major strategic problems or minor operational ones. For example, the Corporations helped one company get its telex machine installed rapidly when Telecom's paperwork got caught up between a customer in Wodonga, an order lodged in Melbourne, and a machine supplied from Sydney to a works depot in Albury. Another company worked with the Corporations on a study of the likely effects of removing the rebate of payroll tax given in Victoria to decentralised industries. Several recently arrived businesses noted that no such source of assistance was available in the capital cities from which they had moved.

Several businesses referred specifically to the Corporations' investment guides, and spoke very highly of them. No recipients of a detailed response to a firm industrial query to the Corporations have been interviewed. However, the Committee's staff have examined samples of these detailed responses, and regard them as being very detailed and very well-produced.

Interviews were held with some businesses that were operating in Albury or Wodonga before the Corporations were established. These generally had had only limited normal commercial dealings with the Corporations. Without exception, they described the Corporations and their officers as being competent, professional, and very businesslike. They also praised the general promotional activities of the Corporations.

The Corporations consider that the significant difference between their operations and those of other centres seeking growth is that in Albury-Wodonga they have functioned at a much higher performance level, and with a greater degree of professionalism. They have also developed highly specific policies, initiatives and packages: in effect the reasons that other programmes have been

less successful have been identified, and the resources in the growth centre have been used to correct deficiencies and to provide something positive to promote.

Estates: The Corporations' estates received little direct comment in submissions or in the formal evidence. The Victorian Division of the Royal Australian Planning Institute wrote of the Corporations' "very high standards of urban design in residential and industrial development", and Mr Glasson referred to "the quality of development in the development areas". In the interviews, the Corporations' industrial and residential estates generated considerable comment, all favorable. The general level of planning and the physical appearance of the estates were well-spoken of by almost all the people interviewed. The quality of the facilities available on the industrial estates, and the "reasonableness" of the prices were also commented upon. Some councillors of adjacent shires and some business proprietors specifically mentioned the Corporations' "unit factories" available for lease as particularly attractive features of the industrial estates. Several people (including some from long-established businesses) commented on the difference between the Corporations' well-designed estates and the less satisfactory ones the Councils are responsible for. A few people said that they had earlier been critics of the Corporations' housing estates, but now accepted them as well designed and effective.

Social Planning and Development: Social planning and social development activities also received little direct comment in the written submissions or in the formal evidence. Only Mr Elford referred to any of these, and his references were in the limited context of the welfare field: he was most impressed with the ability of the Corporations "to get quick and accurate results" in assisting the Board of Directors of Aware Industries to get established and operating.

These activities received considerably more attention in the interviews, and the views expressed showed rather more variety than did those that concern some other of the Corporations' activities. Several people stated very strongly that ultimately all planning is - or should be - social planning: if it isn't for people, what is it for? One person in the social planning field considered that the Corporations' professed "holistic approach" to the growth centre was "basically nonsense" in terms of performance: there was a very small and quite inadequate social planning "pimple" on the basic physical planning. It was also suggested: that many of the social problems of the United Kingdom "new towns" have largely been reproduced in Albury-Wodonga, primarily because of inadequate social

planning; that there was inadequate analysis of the effects of some social programmes, and a lack of the desirable expectation that the beneficiaries of programmes would at a later stage themselves contribute to programmes; that in a community as socially diverse and polarised as Albury-Wodonga, structures to mediate between different groups were urgently needed; and that despite these adverse comments, the social planning function was more effective in Albury-Wodonga than in most places.

As a contrasting view, several people, including some local council members and some business proprietors, considered that some of the social planning and community development activities of the Corporations could be dispensed with. They were not seen as necessary for the Corporations, or essential for the good of the growth centre. This view was not widely expressed.

Others considered those of the Corporations' officers involved in social planning to be very good, "almost beyond the call of duty". The Corporations' support for a wide range of community groups was commended by a number of people, although one person saw this as indicating a "busybody" approach. Conversely, several explicitly rejected this label, instead regarding these activities of the Corporations as helpful and supportive.

However, some people also noted that some of the "pragmatists" in the property management and administration parts of the Corporations were rather "inflexible" in their approaches to a number of issues, particularly in relation to housing. It was also suggested that they did not adequately understand the wider influences throughout the community of some of their actions. Recent increases in rents for houses owned by the Corporations were cited here: although the increases were not large, they have a "benchmark" status in the area, and similar increases in all rents were expected to flow from this decision of the Corporations. On some other issues as well, such as the particular problems of unemployment amongst women and the young, it was suggested that members and officers of the Corporations did not adequately understand the issues and the effects on these groups of some activities sponsored by the Corporations. More generally on the subject of equality of opportunity, it was several times pointed out that - despite some recent special attention to the needs of the area's growing aboriginal population - the overall record was not particularly good. On the other hand, those who made the sorts of comments listed above usually considered also that the Corporations were much more responsive to these needs and problems than most local councils, in the growth centre area or elsewhere.

The Committee considers social and community planning and development to be essential and basic parts of planned rapid growth, and considers that the present activities of the Corporations in this area should be encouraged, maintained and if possible strengthened. It does not agree with the decisions from the 1981 Review to limit these activities, and to transfer some of them to local councils. The Committee views the latter idea with concern, because of the apparent reluctance of some councils to commit themselves to maintaining these activities, and the general lack of enthusiasm for social and community development activities shown by some of the relevant councils.

Criticisms of Effectiveness

Some adverse comments on the effectiveness of the Corporations have been noted above: a few others were also made. By far the most common subject of complaint was the land purchase programme of the first few years of the Corporations' existence. Almost everybody interviewed who lived in the area at that time raised the issue. For a variety of reasons that programme generated very widespread hostility to the Corporations and to their activities. To a very large extent the hostility seems to have passed with the years, and has been replaced with considerable recognition of and respect for the effectiveness of the Corporations - but the memories are still there.

Not all the people interviewed shared the hostility but all spoke of it as having been very widespread at the time. Elements of the programme suggested as causing the hostility included: the very idea of compulsory acquisition of land, the very large area of land involved including apparently "useless" flood-plain and mountain land, the great distance from Albury or Wodonga of some of the land bought, and the prices paid for the land - which were unreasonably high in the viewpoint of many people. A number of people suggested that some of the most virulent critics of eight or ten years ago were people who, after delaying sale of their land to the Corporations in the hope of getting a better price, were then unable to sell at any price when the land-buying programme was suddenly curtailed in 1976.

The frequency with which the adverse impact of the land-buying programme on public perceptions of the Corporations was mentioned was impressive. Questioning of those interviewed showed no other single issue which was thought to have had a widespread adverse impact on public opinion.

The Committee considers it to be important to note that the land-purchasing programme was a decision of the three governments involved, made in the context of the economic and social climate of 1972-73. The Committee does not consider it to be appropriate to criticize the programme by the economic standards of the late 1970s or of 1983. The Committee has some sympathy with the view of the land-purchase programme put forward in evidence by Mr Bayly: "I am not critical of the decision in principle to purchase the development area, which was taken at that time. In the context it was completely understandable" (evidence, p. 71). It should be noted that this principle, and the methods used for valuing land being bought, were determined by the governments before the Corporations were set up, and had general support at the time from all political parties.

It should also be noted that there may have been ways of controlling rapid growth in the area other than through the compulsory acquisition of all the affected land. The most obvious of these would have been through powerful planning controls, although it is not clear how the "windfall profits" that were expected to accrue to land owners would then have been appropriated by the governments involved. In any event, quite new mechanisms would have been required. To investigate these would take the Committee too far from its proper field: but any future consideration of a growth centre kind of project should very carefully review alternatives to compulsory acquisition of large areas of land. The Committee notes that the planned sale or disposal of all land now owned by the Corporations outside the reduced Development Area commenced in October 1983.

Another issue in which the effectiveness of the Corporations has been questioned is the provision of low-cost housing. Several business proprietors noted in interview that there was a quite inadequate supply of rental housing available from the Corporations or elsewhere for newly arrived shop-floor personnel. These people found the costs of the Corporations' "key personnel" housing far too high, and reasonably priced alternatives were difficult to find. At least one company felt it had lost several personnel because they could not find appropriately priced housing. The Corporations themselves have noted that when they commenced operations the stocks of rental housing in Albury or Wodonga were very low - in particular, of older and lower priced houses. This shortage was one of the reasons for the Corporations building and owning rental housing themselves. In interviews, some people associated with community groups agreed with the business proprietors, and commented in strong terms on the inadequate supply of low-cost housing. In evidence, the Albury-Wodonga Growth Centre Landholders Association made similar comments.

The Corporations' views on the matter are, in brief, that they fix their rentals at just below Melbourne and Sydney levels for comparable houses, that they do encourage low-cost housing in a number of ways, and that the basic responsibility for low-cost housing rests with the state housing authorities, not with them.

The Committee appreciates that there may be difficulties in providing adequate supplies of this range of housing: but it cannot ignore the fact that this is the most widespread present criticism of the Corporations. While the provision of adequate housing is a fundamental need in any community, in a rapidly growing new area in which one of the basic aims is to produce an urban environment free of the difficulties of older cities, the provision of adequate low-cost housing -both short-term and long-term - is essential. It is disingenuous for the Corporations to argue that the task is for state housing authorities, and not for them: welfare and education also have their own state departments but that (rightly) did not stop the Corporations from promoting the establishment of bodies like Aware Industries and AWPSECC to improve the provision of these services. The Committee believes that the Corporations should devote more attention to low-cost housing.

With one exception (see the following paragraphs), other criticisms of the Corporations and of their activities have been very muted in recent years, and the general level of support for the scheme and for the Corporations appears to be high. On occasions when issues have been raised publicly, correspondence in the Border Morning Mail newspaper reveals considerable public support for the Corporations.

The most sustained and vocal criticisms of the growth centre idea and of the performance of the Corporations has come from the Albury-Wodonga Growth Centre Landholders' Association, and in particular from the Association's President, Wodonga Councillor G R Chamberlain, J P, and its Secretary, Mr H J Hayes. In extensive evidence to the Committee the Association criticised the Corporations on a large number of grounds. Some of the major criticisms made by the Association, and the Committee's comments upon them, are outlined below.

- (a) The Albury-Wodonga (Victoria) Corporation should be wound up, handing all control of the area.....back to local government, because planning has been completed within the reduced development area.

Comment: After considering all the evidence available, including that relating to

the basic purposes of the growth centre, the Committee accepts the view that planning has been completed only in the most general conceptual sense, and that even these plans need revision as economic and social circumstances change. The Committee considers that the growth centre scheme should continue, and that the Victoria Corporation should remain as a part of it.

- (b) The Corporation mismanage its rural land, allowing inappropriate subdivisions and overstocking of rented properties.

Comment: The Corporations' policies and planning controls are aimed at preventing the fragmentation of rural holdings, and the Committee has seen no evidence to suggest that it is unsuccessful in this. The lease agreements oblige the lessee to maintain the property properly. Government imposed staff ceilings on the Corporations make adequate enforcement of the conditions difficult, and there is evidence to suggest that one result is indeed poor maintenance of some properties.

- (c) The Corporation does not pursue its objectives efficiently, effectively or economically.

Comment: Although this general assertion is made, the Association supports it only by limited reference to a number of mostly minor issues. One major issue is the assertion that development has favored New South Wales (at Thurgoona) and that the Corporations' policies "have retarded" development in Victoria (at Baranduda). The present emphasis on Thurgoona is a Ministerial Council decision, not an immediate result of the Corporations' policies. Other allegations raised under this heading include excessive and expensive planting of trees of doubtful quality and in positions such as to create extreme fire hazards in places, a lack of fire-fighting equipment, and a general neglect of cheaper housing in favour of medium and high-cost housing.

The Committee has inspected some of the tree plantings, has discussed tree planting and fire protection with the Corporations, and has received detailed written comment from the Corporations on these matters. The Committee is satisfied that there are no serious problems with these, although some problems have occurred from time to time and the potential for further difficulties should be carefully watched. The Committee considers it to be very important that the Corporations maintain close contact with the local branches of the state fire protection bodies and other relevant organisations.

To a large extent, the Committee agrees with the Association's comments on low-income housing, and has commented in more detail on this issue elsewhere in this report.

- (d) The Corporation's structure is not suited to its activities, because it lacks a majority of elected local people with knowledge, experience and common sense, and because there are too many ineffective personnel and too many government departments involved.

Comment: One of the aims of the Corporations - successfully achieved, in the view of most of the submissions and evidence - is to co-ordinate the many government departments involved in Albury-Wodonga. The Committee sympathises with the idea of seeking majority elected representation, but considers that such is not appropriate for a long-term development project like this that covers parts of two states and of numerous local government areas. Lastly, observation of the Corporations' work output, discussions with its officers, and comments from other sources in Albury-Wodonga, provide little support for the suggestion that the Corporations use their staff inefficiently (see section 4.5 below).

The Association's submission and evidence contain a number of further points, but little supporting detail. Very few of the matters raised are supported by any other information available to the Committee, and in most cases other information that is available tends to contradict the views expressed by the Association.

In view of the sustained and vigorous criticisms of the Corporations from the Albury-Wodonga Growth Centre Landholders' Association, it is perhaps appropriate to comment on the Association. In the early days of the land purchase programme, landholders' associations were established in both New South Wales and Victoria to assist landholders in their negotiations with the Corporations over terms and conditions of sales. In 1977 the New South Wales Association closed, and the Victorian Association claimed coverage of the full growth centre area.

The current strength and representation of the Association is not clear. In its evidence to the Committee, it somewhat confusingly claimed "about 50 financial members. We did have a financial membership originally, but we have not pursued that situation."

The Corporations have stated to the Committee that "no formal approach has been made to the Corporations by (the Association) since May 1977". They also stated that, in recent years the Corporations had been able to associate only three people with the Association, and "none of these gentlemen owned land in the Designated Area as far as we are aware".

The Corporations went on to state that: "Certainly, landholders and landowners of Designated Land have not used the Association as a forum. Representations from landholders as a group have been through the Rural Matters Advisory Committee, a Committee that requires at least a 50% membership from landholders leasing Corporation property." A recent example that has been quoted is a lengthy series of negotiations in 1982 over revised rentals for farming properties.

The Committee does not doubt the sincerity or convictions with which the Association holds and expresses its views. Indeed, it considers the Association's role of bringing to its - and the public's - attention a range of interpretations of and comments on the policies and actions of the Corporations to be extremely valuable, and it thanks the Association for this. However, in the light of the totality of information before it, the Committee concludes that the views expressed on behalf of the Association are not widely held, and are views with which the Committee in general cannot agree.

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4.3 Accountability and Review

The nature and extent of the accountability of public bodies to a Minister and to Parliament has been a major concern of the Committee since its inception in 1980. The Committee believes that effective and efficient operations by public bodies, and their pursuit of objectives that are relevant in contemporary society, can only be ensured if there is clear and effective communication of information in both directions between the body on the one hand, and the responsible Minister and the Parliament on the other.

In the case of the Albury-Wodonga (Victoria) Corporation, or of the two other Corporations when exercising powers vested in them by Victoria or when spending funds for which Victoria is liable, Committee was particularly concerned with four questions:

- . the extent to which there is full and adequate accountability of the Victoria Corporation to the Parliament of Victoria;
- . the degree to which the traditional pattern of Ministerial responsibility to Parliament for the effective, efficient and economic operation of the Victoria Corporation is limited or inhibited by the existence of a Ministerial Council responsible to three Governments;
- . the extent to which the Victorian Parliament has adequate knowledge of and control over the size and influence of Commonwealth direct grants for specific purposes, such as those that finance the Albury-Wodonga growth centre; and
- . the adequacy of the procedures for independent review of actions and decisions of the Corporations.

Evidence

In his evidence to the Committee, the Minister for Economic Development,* responded specifically to each of the first three questions. He pointed out that the Victoria Corporation is required under the Albury-Wodonga Agreement Act 1973 to submit to Parliament an annual report on its operations, together with audited accounts for each financial year. The Minister went on to say that as this annual report includes, as an appendix, the annual report of the Albury-Wodonga Development Corporation (which is prepared for presentation to the

* Now titled the Minister for Industry, Commerce and Technology.

Commonwealth Parliament), the Victorian Parliament is "provided with a complete record of the total activities in the growth centre during the year under review" (evidence, p. 13).

The Minister then said that the existence of the Ministerial Council was not seen as limiting the traditional pattern of Ministerial responsibility. He continued:

"In theory and in practice the Albury-Wodonga (Victoria) Corporation is directly responsible to the Victorian Minister, and the Chairman of the Victorian Corporation is subject, in all respects, pursuant to Clause 7(4) of the Albury-Wodonga Area Development Agreement, to the control and direction of the Victorian Minister in the exercise and discharge of his responsibilities, powers, authorities, duties and functions.

"In relation to the activities of the Albury-Wodonga Development Corporation, all decisions of the Ministerial Council must be unanimous, and therefore the Minister must be party to and responsible for all policies and programmes approved by the Ministerial Council" (evidence, pp. 13-15).

In relation to the third question, the Minister noted that:

"The Victorian Parliament has no year by year control over the size and influence of funds made available by the Commonwealth for growth centre purposes. It did, however, when ratifying and approving the Albury-Wodonga Area Development Agreement, approve of a procedure for determining the size and extent of the annual financial programmes of the Albury-Wodonga Development Corporation.

"The Agreement provides that, prior to approval of an annual financial programme by the Ministerial Council, the programme must be endorsed by each of the three governments.

"The actual Commonwealth/State financial agreement which allows the funds to flow under the Urban and Regional Development (Financial Assistance) Act of the Commonwealth is signed by the Prime Minister and the state premiers" (evidence, p. 14).

The Victoria Corporation, in its submission to the Committee, also responded to these three questions. It repeated the Minister's point that its annual report, in which the Annual Report of the Development Corporation appears but only as an appendix, gave the Victoria Parliament "a comprehensive record of the total activities in the growth centre during the year under review" (evidence, p. 102). It also noted that: "The agreement stipulates that the Victoria Corporation is responsible to the Ministerial Council for the performance of its functions, the

exercise of its powers and its procedures. The Ministerial Council may give directions in this regard and the Corporation must comply with those directions" (evidence, p. 102).

The Victoria Corporation submitted that the way in which the Ministerial Council has operated "cannot be said to have inhibited Ministerial responsibility to the Parliament". To support this it is noted that, as decisions of the Ministerial Council must be unanimous, the Victorian Minister must agree with any such Council direction to the Victorian Corporation. In relation to the third question, the Victorian Corporation in effect repeated the points quoted above from the Minister.

No other submission or evidence considered these questions, and these matters were not raised at any of the interviews.

Report by Dr Saunders

Dr Saunders' report on Some Legal Aspects of the Albury-Wodonga (Victoria) Corporation considers many matters concerning the accountability of the Victoria Corporation and the procedures for the review of its activities. Part A of the Report is introductory. Part B describes the structure of the growth centre administrative scheme in some detail, and gives much detail of the history of the arrangements. The first half of Part C considers the relationships between the three Corporations, Ministerial responsibility, and accountability to the Victorian Parliament, and the second half discusses several methods for the independent review of the activities of the Corporations. Part D contains some concluding comments. While the Committee does not necessarily agree with all the details of Dr Saunders' interpretations, it is in general agreement with the greater part of her analysis. The Committee does not intend to reproduce in its report all of the points raised and arguments used by Dr Saunders, although it will refer to her report and to some of the most important of the matters raised in it.

Reporting to Parliament

Dr Saunders notes a number of provisions in the complex set of documents that make up the Albury-Wodonga growth centre scheme, that limit, obscure or diffuse

accountability to the Parliament of Victoria. For example:

"Section 1 (of the Victorian Albury-Wodonga Agreement Act 1973) vests the Development Corporation, the Ministerial Council and the Commonwealth Minister with power to exercise in Victoria such powers "as many be necessary to enable the provision of the Agreement to be carried out in their entirety". Section 5 vests the Development Corporation with more specific powers in relation to planning. In particular, it creates the Corporation a responsible authority for the purpose of the Town and Country Planning Act 1961 and modifies the application and operation of that Act in relation to activities of the Corporation. Section 5(3) imposes some statutory constraints on the Corporation in fulfilling these functions but there is no requirement anywhere in the Act for a report to the State Parliament on the activities of the Development Corporation in the exercise of powers vested in it by Victoria" (Saunders, p. 31).

The Development Corporation is obliged to prepare financial statements, in a form approved by the Commonwealth Treasurer, for each financial year. After being submitted to the Commonwealth Auditor-General, these are submitted to the Commonwealth Minister for presentation to the Commonwealth Parliament and to the two state ministers. Although these statements must be presented to the Commonwealth Parliament, "there is no obligation on the state ministers to present these reports to their respective Parliaments" (Saunders, p. 30).

The Victoria Corporation is required to prepare and present to its Minister prescribed financial statements on its own activities, and these must be presented in Parliament. The Development Corporation is, by its Act, required to prepare certain consolidated statements of receipts and expenditure for the three Corporations, and to submit these to the Ministerial Council. There is no obligation on any of the Corporations to submit these consolidated statements to any Parliament (Saunders, pp. 61-62). Additionally, although the financial statements of the separate Corporations are required to be audited by the appropriate Auditor-General, there is no requirement for audit of the consolidated statements, and no auditor's statement appears with the consolidated statements in the Development Corporation's annual reports (Saunders, p. 67).

The situation thus is that the Development Corporation operates in Victoria under powers vested in it by the Victorian Parliament, spending funds either in part appropriated by the Victorian Parliament, or which the Victorian Parliament is required to repay (Commonwealth loan funds). There is no requirement whatsoever that any accounting for the exercise of these powers or for the

expenditure of this money be presented to the Parliament of Victoria. Some consolidated financial statements for the project are prepared, but are neither audited nor required to be presented to the Victoria Parliament.

The Committee notes the viewpoints quoted earlier in this section from the Victorian Minister and from the Victoria Corporation: nevertheless, it considers it to be totally unacceptable for the formal structure of any authority to be as lacking in basic reporting requirements as is this structure. It is probable that the only reason these formal inadequacies have lasted without amendment for as long as they have is because the practices of the Corporations have been more satisfactory than they are required to be.

For example, the annual report of the Victoria Corporation to the Victorian Parliament contains the annual report of the Development Corporation as an appendix, although such is not required and the practice could be abandoned at any time. Even with this appendix and its unaudited consolidated statement of receipts and expenditure, which reach the Parliament through the goodwill of the Victoria Corporation rather than through any legislative requirement, the Victoria Corporation's annual report cannot be considered an adequate "comprehensive record of the total activities in the growth centre" (Victoria Corporation evidence, p. 102, and above). For example, it contains no details of the activities of the New South Wales Corporation, and even if it did, three separate reports that happen to be bound into one volume do not make a readily accessible and useful record.

While the Corporations deserve credit for having recognised the deficiencies in the legislation and attaching the Development Corporation's report to each of the state corporation's separate reports (although the decision was originally made largely on the basis of economy), the legislative inadequacy remains. The Committee recommends that this be rectified.

Ministerial Control

The question of who is subject to direction and control by whom is also very complex, and in places the formal requirements appear inconsistent. In the Agreement of 23 October 1973, all three Corporations are stated as being subject to the direction of the Ministerial Council rather than of the individual

governments; on the other hand, each State Corporation Chairman is "subject in all respects" to the direction of the relevant State Minister, although there is no corresponding provision affecting responsibility of the Development Corporation's Chairman (Saunders, pp. 24, 47).

Each member of the Ministerial Council must be notified in writing of decisions of the Development Corporation, but not of decisions of the State Corporations. As is discussed further below, it is not always clear which Corporation has made or should make some of the decisions that undoubtedly are made.

The stipulation that the Corporations are each subject to the direction of the Ministerial Council does not absolve the separate Corporations from also being subject to direction from other Ministers, although this appears to be confined to one or two specific areas. Thus the Victoria Corporation requires the prior approval of the Victorian Treasurer in order to exercise its power to borrow - in addition to the approval of the Ministerial Council. This adds to the complexity of Ministerial control mechanisms, although it does not necessarily weaken them.

That there is some measure of confusion is shown in the statement quoted above from the Minister, that "in theory and in practice the Victoria Corporation is directly responsible to the Victorian Minister" when, in fact, as noted above the Agreement is quite clear that although the Victorian Chairman is subject to the direction of the Minister, the Victoria Corporation is not. Whatever the practice may be, the theory is clear in the Agreement.

To date, such peculiarities in the formal structure do not appear to have produced any obvious difficulties, at least in part because the individuals involved have been careful to avoid such difficulties. But when it is so unclear who directs whom, the scope for confusion and misunderstanding is large, and this scope is increased by the large measure of operational integration between the three Corporations.

This integration has been extended further than perhaps it should have been, and the result is that the legal distinctions that do exist between the Corporations have in some cases been blurred. Dr Saunders describes the result: " ... the practice of holding only one Corporation meeting instead of three, developed: decisions attributable to all three Corporations are taken at this single meeting although subsequently each is formally recorded as the decision of the appropriate

body. It is difficult to judge the propriety of this practice too harshly in the face of its obvious expediency in the peculiar circumstances of the Albury-Wodonga scheme, but its potential legal pitfalls should be noted". She points out that this practice could lead to decisions being taken that are technically invalid (Saunders, p. 46).

This practice is further complicated by the lack of a clear specification of the functions of the separate Corporations. The 1973 Agreement defines the powers of the Development Corporation in reasonable detail, but does not define the powers of the state corporations. The Victorian Act does specify functions and powers for the Victoria Corporation, but in terms that leave considerable scope for overlap and confusion with the Development Corporation (Saunders pp. 44-45).

Dr Saunders raises two additional questions: the extent to which the Ministerial Council is in fact able to direct the activities of the Corporations on any except the most important matters (Saunders, pp. 51-53), and the extent to which the powers and responsibilities of the Victorian Cabinet are affected by the growth centre arrangements (Saunders, pp. 53-56). The Committee is of the view that the formal arrangements relating to these two areas are by and large satisfactory. In addition, no practical problems are known to have arisen over these matters, and so the Committee does not feel that it has need to make any recommendations.

The scheme thus operates with three legally separate Corporations, whose separate functions are intermingled and not clearly defined and whose decision making processes are similarly intermingled and not clearly defined. For two of the Corporations, the Corporation itself and its Chairman are subject to direction from different powers. These arrangements have caused difficulties in the past (for example, with processes for external review - see below), have the potential for producing invalid decisions at any time, and make the task of Ministerial control substantially more problematic than it need be.

The Committee considers this state of affairs to be quite unsatisfactory, and recommends that it be corrected.

Financial Accountability

It has already been noted that the consolidated financial statements are not audited, and are not required to be presented to the Victorian Parliament. In

addition, it is very difficult to determine precisely what the intergovernmental financial arrangements are each year, largely due to the practices employed by the governments in drawing up their annual budgetary documentation. Dr Saunders notes that although the resulting obscurity "may be explicable in terms of the customary practices and the convenience of the departments involved, it makes an accurate understanding of the intergovernmental financial arrangements under the scheme in any one year impossible to obtain". She notes later: "There is no statement anywhere in the State budget papers of the total amount owing to the Commonwealth by Victoria in respect of Albury-Wodonga. Presumably it is included in the \$330.8 million described as moneys owed to the Commonwealth in 1981-82 under 'other Commonwealth Agreements' in the Budget Papers 1982-83, at page 58" (Saunders, p. 39 and p. 41).

The accounts that do appear in the annual reports are inadequate as a source of detailed information on the operations of the Corporations. Although the form of the accounts is apparently approved by the appropriate auditors-general, the Committee does not consider them to be adequate. As one straightforward example, the "Statement of Receipts and Payments for the Year ended 30 June 1982" for the Development Corporation (1982 Annual Report, p. 67) lists among the receipts a sum of \$1 715 000 from the Victoria Corporation. But the "Income and Expenditure Account for the Year ended 30 June 1982" for the Victoria Corporation (1982 Annual Report, p. 11) lists no corresponding expenditure. Whatever the explanation of this oddity, the published accounts are brief in the extreme, and "are inadequate on their face as a source of information about the very complex financial structure of the scheme" (Saunders, p. 63).

Although the form of the accounts is approved by the respective auditors-general, the two state auditors-general have for several years expressed strong reservations about the accounts. The Victorian Auditor-General stated, in a report of April 1982, that (p. 1):

"As in the previous two years it was necessary to record the following qualification on the account of the Corporation.

As stated in notes 1 and 9 to the accounts, land and buildings are included at cost plus holding charges and no provision has been made for depreciation.

It is further stated in note 1 to the accounts that no independent valuation of these assets has been obtained and it is recognized that the book value may be at variance with market value.

Because of the existence of this recognized variance, and in the absence of an independent valuation, I am unable to express an opinion on whether the Balance Sheet gives a true and fair view of the state of affairs of the Corporation ... "

The Development Corporation takes the view that this matter is one for the Ministerial Council, and stated so quite clearly in its 1982 Annual Report (pp. 42-43). The Development Corporation then put a submission to the Council, which then - presumably largely on the basis of that submission - decided not to change the practice.

The Committee considers this to be most unsatisfactory, and is in agreement with Dr Saunders on this issue as well: "It is unsatisfactory for comments by a State Auditor-General on the financial accounting standards of State public bodies to be dismissed in this way. If it is impracticable to comply with the Auditor-General's suggestion, for some reasons, this should be explained publicly" (Saunders, p. 65).

The effects of practices such as this on the assessment of the efficiency of the growth centre operations will be considered in section 4.5 below.

There is no provision requiring the tabling in the Victorian Parliament of any agreements between the Governments subsequent to the initial Agreement of 1973. In particular, financial agreements are not required to be tabled in the Victorian Parliament, although under the provisions of the Urban and Regional Development (Financial Assistance) Act 1974 they must be tabled in the Commonwealth Parliament (Saunders, pp. 38, 57, 69-71). The fact that such arrangements are signed by the Premier is not an adequate substitute for tabling in Parliament. Other documentation that is not tabled includes the "side letters" that accompanied the 1973 Agreement, and the Corporations' Five Year Development Plans.

The Committee believes this arrangement to be quite unsatisfactory: indeed, when coupled with the inadequate reporting on what the Committee regards as an inappropriate accounting base of what is known to Parliament, the result is that no member of the Victorian Parliament, and no member of the public, can ever hope for a complete and comprehensible accounting for the funds disbursed by or on behalf of the Victoria Corporation. The Committee is further concerned that the same inadequacies may apply to other inter-governmental agreements,

financial or other: any inter-governmental agreement that is tabled in the Commonwealth Parliament should also be tabled in the Parliament of Victoria.

External Review Processes

The Corporations are subject to a number of different processes of external review, including Freedom of Information legislation, investigation by Ombudsmen, and judicial review, although in some cases the extent to which the Corporations are in fact covered by these processes is not clear. In all cases, the intergovernmental nature of the scheme adds complications, and the procedures used by the three Corporations add to the difficulties. This is because an initial question that must be answered in relation to any decision or action the subject of a review is that of which of the three Corporations is the respondent. As has been noted above, it is frequently not clear which of the three Corporations has -or should have - made a given decision.

Dr Saunders considers the situation in some detail, prefacing her analysis with the observation that " ... it should be emphasized that, while many questions can be raised, few answers can be given with any certainty. There has been too little experience with inter-governmental arrangements for a useful body of precedent to emerge" (Saunders, p. 75).

The Committee is impressed by the complexities and peculiarities of the problem as discussed by Dr Saunders. The Committee does not intend to canvass the issues in detail here, but it feels it appropriate to quote one of Dr Saunders' conclusions as an example. She concludes that: "When acting in their capacities as Chairman and Deputy Chairmen of the Development Corporation the executive members are officers of the Commonwealth within the meaning of section 9 of the Administrative Decisions (Judicial Review) Act. Jurisdiction over them, if any, lies under the ADJR Act itself, or in the High Court pursuant to section 75(v) of the Constitution.The position of the executive members when acting as members of the State corporations is slightly less clear.....On balance it is likely that when acting in this capacity the executive members of the Corporations are not officers of the Commonwealth, and therefore are subject to the jurisdiction of the State courts."

Resolution of these difficulties would clearly be a complex process, necessarily involving all three governments: it is beyond the scope of this Committee's

present review. The Committee does, however, believe that the matter should be taken up by these governments. It also considers that when any further inter-governmental organisations are established, clear and adequate provisions for judicial review should be included in the enabling legislation.

Investigations by Ombudsmen have encountered similar problems of deciding precisely which Corporation made the decision or carried out the action complained of, and of establishing the authority of an Ombudsman to act. The Commonwealth Ombudsman reported that he had experienced very considerable difficulty in 1977 in investigating complaints, because "neither State Corporation was prepared to facilitate the.....investigation" (First Annual Report of the Commonwealth Ombudsman, 1978, p. 43, quoted by Saunders, p. 80) - although it should be pointed out that the Victoria Corporation strongly disputes this interpretation of the events.

Whatever way then have been the details of those complaints, the situation was clearly unsatisfactory. Apparently at least in part due to these difficulties over Albury-Wodonga, there have since been procedural and legislative changes that allow the exchange of information between Ombudsmen and facilitate joint investigations (Saunders, p. 81). It is not clear yet whether or not all difficulties concerning inter-governmental arrangements have been overcome, although the Victorian Ombudsman now considers that there are no relevant problems or inadequacies in his statutory powers. In this case the attempt has been made to adjust the powers and roles of Ombudsmen established by separate governments to recognise the particular circumstances of inter-governmental organisations. It is an example that should be followed in relation to the principles and procedures for judicial review.

Freedom of information legislation operates in both Victoria and the Commonwealth, and the application of such legislation to the Corporations appears to suffer the same difficulties as judicial review and the Ombudsmen. Although both Acts provide exemptions for certain inter-governmental documents, it is too early in the operation of these Acts "to see how this exemption will operate in relation to intergovernmental arrangements generally. It is submitted, however, that it should be relied upon very sparingly indeed" (Saunders, p. 83). The Committee agrees with this view, but does not consider that any recommendation from it is called for, except for those mentioned above as required to clarify the functions of the separate Corporations and to identify clearly which Corporation is responsible for each decision or action.

Observations

The Albury-Wodonga (Victoria) Corporation thus has inadequate formal reporting arrangements, confused and unclear procedures for the exercise of Ministerial control, and inadequate requirements for ensuring financial accountability, and the application to it of the standard methods of judicial and other external review mechanisms is uncertain and unclear; the Committee feels it is essential to add that there is no evidence to suggest that this unsatisfactory state of affairs has led to any improper actions or inappropriate decisions on the part of the Corporations or anybody else.

It is appropriate here to repeat the conclusion of section 4.2 above: that the Corporations have been and are generally effective in the performance of their duties and in the pursuit of their objectives. That these formal inadequacies of structure and procedure do not appear to have produced serious difficulties is due to several factors (although it could be considered that the large debt of capital and of capitalised interest now faced by Victoria may not have developed unchecked had all the arrangements come under closer Parliamentary scrutiny). One of these factors is that members and staff of the Corporations appear to have recognised some of the inadequacies, and have provided more information than they are legally required to. A second factor is that many of the desirable formal arrangements are designed to protect various interests against poor or devious management or attempted improper actions; with honest management that concentrates on the tasks allocated to the organisation, the immediate need for some of these arrangements is rather less.

Another consequence of these inadequacies is that some of the decisions that have been taken or actions that have been carried out might have been done differently had better measures been in place. For example, clearer and more comprehensive reporting to the Parliaments and less confusing and more effective review procedures might have avoided some of the adverse publicity associated with aspects of the land acquisition programme of the mid-1970s. The same measures might then have resulted in a more sympathetic approach to the capital needs of the growth centre by the Commonwealth Government from 1976, as it sought to reduce expenditure.

Thus the effects on the Corporations of better reporting and accountability measures are not necessarily of more onerous paperwork with no prospect of any

obvious benefits to the Corporations. If such were the case, this Committee would have limited enthusiasm for change. However, better reporting, clearer patterns of organisational decision making, clearer lines of control by Ministers and by the Ministerial Council, better financial accountability, and more effective opportunities for independent review, can be expected to lead to better decisions at both the political and the organisational levels.

The inter-governmental nature of this scheme makes the Victoria Corporation more complex on all of the issues raised in this section than are other public bodies. On some matters this extra complexity can, the Committee believes, be overcome in a comparatively straightforward fashion. The difficulties previously faced by Ombudsmen appear to be examples of where this has already happened. The problem of adequate and comprehensive reporting to Parliaments is one that the Committee believes could easily be handled. On these matters, special attention is necessary to cope with the intergovernmental nature of the organisation - but once such attention is given to the matter no ongoing problem should result.

On other matters, some difficulties are likely to remain. The most obvious of these is that the inter-governmental nature of the project necessarily means that the powers of the Victorian Minister alone and of the Victorian Parliament over the bodies concerned are rather less than they would be if other governments were not involved. This is an almost inevitable consequence of any inter-governmental arrangement that has any power or influence in the community, and needs to be recognised and accepted as such.

The Committee believes that such a decrease of direct Ministerial power and responsibility is fully acceptable if and only if it is matched by particularly clear and full reporting of all operations and of all financial arrangements to the Parliament. Such reporting acts as a counterbalance to the loss of direct and sole responsibility, and enables Parliament and Cabinet to decide to intervene if they feel that the compromises necessary at Ministerial Council level have gone further than they are prepared to accept. This applies to any inter-governmental agency, and the Committee believes that the need for such reporting should be incorporated in detail in any future legislation or other agreements setting up any inter-governmental agency.

The Committee considers that some changes to procedures and to legislation concerning the Victoria Corporation are essential, in order to bring reporting and

accountability measures for the growth centre project up to an acceptable standard. As has been noted, the difficulties outlined in this section (and considered in more detail in Dr Saunders' report) can be expected to arise in almost any significant inter-governmental arrangement. The Committee believes that the special characteristics of inter-governmental arrangements - whether or not they involve the creation of new agencies - for all aspects of reporting and accountability should be recognised at the time the arrangement is made. Appropriate measures to ensure adequate standards for reporting and accountability to all the governments concerned should be incorporated into the agreements or legislation from the beginning.

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4.4 Consultation and Participation

From the beginning of the growth centre project the importance of maintaining adequate levels of consultation with the communities involved has been recognized. Thus the preamble to the Albury-Wodonga Area Development Agreement of 23 October 1973 states (inter alia) that "the intentions of the three Governments are.....the creation of a city with a high quality of environment.....having full regard to human requirements and the involvement of the public".

In fact, consultative mechanisms were in place before this agreement was signed: an Interim Consultative Committee of eighteen members was established on 4 May 1973. This was replaced on 23 April 1974 with a sixteen member Consultative Council, with membership and functions as set out in the Agreement of 23 October 1973.

Seven members of the Council were to be persons nominated by local government authorities in the area (including one from each of Albury, Hume and Wodonga); eight were to be residents of the area actively interested in community affairs and representative of a wide and varied range of community interests, and the sixteenth was to be the Chairman of the Council, being the Chairman or a Deputy Chairman of the Development Corporation. This Council established a number of advisory committees to assist it in its work. Initially, the Corporation itself consisted of five members, two being part-time members, one from each of Albury and Wodonga City Councils.

During the early years the Consultative Council met in public session about once a month, and its advisory committees were very active. In 1975 there were eleven of these, with members all elected at public meetings.

However, for a variety of reasons, the Consultative Council became less successful over the next few years. In part, this was because some members felt it was too dominated by the Corporation (which provided both the Secretariat and the Chairman), in part because some members wanted an executive rather than advisory role, and in part because as an appointed rather than elected body the Council lacked legitimacy as an independent public forum. During 1976, the

advisory committees were strengthened by professional officers of the Corporations becoming liaison officers with each committee.

As part of the 1977 Review, the Ministerial Council decided that the Consultative Council was no longer a useful body, and so it was disbanded. In part, the strong and effective advisory committees had supplanted it. At the same time it was decided to expand the membership of the Corporations by including the Mayors of Albury and of Wodonga as part-time ex officio members, and by including a businessman of national standing. Pending legislation to formalise these arrangements, the Mayor and a businessman were invited to attend Corporations' meetings on a contractual basis. From 1 March 1980 the new arrangements were incorporated into legislation.

The 1981 Review recommended that a Development Advisory Committee be established to advise the Ministerial Council and the Corporations on matters such as the demand and supply aspects of land development, and on joint venture arrangements. The Committee was to have an independent chairman, and to include representatives of the Corporations, local councils, real estate interests, and private land developers. The Review also recommended the establishment of a Promotion Advisory Committee to advise the Corporations on ways and means of promoting the growth centre, and that Corporations' meetings be open to the public. In response to these recommendations open meetings of the Corporations commenced in February 1982, and the two new advisory committees commenced late in 1982.

In submissions and evidence to the Committee a number of comments have been made about the extent to which the Corporations involve the public in their activities. Mr Glasson, on the basis of his experience as a consultant town planner working with the Corporations for seven years, said in his written submission: "My experience in working with staff (of the Corporation) is that the organisation is geared to identifying and meeting the 'public interest' as it applies to the growth centre". He concluded that ".....the extent of public participation in the Corporations' activities is less than occurs in the more enlightened municipal councils and far more than occurs in almost all Victorian Government Departments and other statutory agencies".

The Albury-Wodonga Growth Centre Landholders' Association argued that the Corporations were ineffective in seeking information on the effects of their

activities, that they did not consider the public interest very much at all, and that they did little to encourage public participation in its activities. The Association suggested that the participation that was encouraged was such that "only such participation as will support the contentions of the Corporation is fostered". The Association also objected to the composition of the boards of the Corporations, and the lack of elected local representatives.

The Shire of Yackandandah considered the Corporations to be undemocratic in their structure, and strongly urged that they should be changed to "produce a structure consisting of a majority of councillor representatives of Councils in the area". The Shire also drew attention to the Geelong Regional Commission and the Upper Yarra Valley and Dandenong Ranges Authority, as "very similar bodies to the Albury-Wodonga (Victoria) Corporation...in terms of the objectives of the bodies, but at these other Centres in Victoria a majority of representatives are municipal councillors". The Shire repeated these comments in interview with Committee staff.

In the interviews, only the Shire of Yackandandah advocated a more "representative" or "democratic" structure for the Corporations. Others either did not mention the matter, or considered that the Corporations as presently structured had considerable advantages over local councils, as it had a longer term view than most Councils, was much less parochial, and gave more emphasis to community development. In some interviews concern was expressed that more Council representation on the Corporations would reproduce in the Corporations the inter-Council rivalries and at times antagonisms that at present show themselves in other areas, such as the Regional Library.

The Council of the Rural City of Wodonga did not present a formal submission to the Committee because it did not realise that the Committee's review would necessarily cover the full growth centre: it assumed that the review would cover only the internal workings of the Victoria Corporation. After the nature of the review was explained, the Council nominated three of its members, Councillors Macauley, Draper and Stone, to discuss the growth centre with Committee staff, and made available its officers for discussions as required. The co-operation of the Council and its staff is acknowledged.

The Council welcomed and endorsed the growth centre when it was established in 1973, and has maintained its general enthusiasm ever since. On a number of

occasions the Council or its staff have had disagreements with the Corporations or their staff - and the disagreements have at times been vigorous and heated. But the Council and its staff are in no doubt that the Corporations and the growth centre must continue, and its criticisms have been considerably less frequent in recent years.

Councillors did, however, consider that there was a need for more information from the Corporations, more co-operation, and more involvement of Council and its staff with the Corporations. They did not express any strong views on any restructuring of the Corporations. There was considerable reluctance to take over any activities from the Corporations unless there was a matching long-term guarantee of funds. There was also a strong agreement with the summing up of the discussion by one councillor. "We are quite happy to live with the Albury-Wodonga Development Corporation - but we want to live with them."

The extensive use by the Corporations of ad hoc committees to consider and work on special problems in the growth centre is another method of involving public participation. Representatives of several community interest groups confirmed that these were generally effective and were rarely dominated by the Corporations.

Other forms of consultation include the frequent surveys the Corporations conducts within the growth centre area, to assist in ascertaining needs of and opinions amongst residents. They also publish and distribute numerous information brochures and leaflets, in addition to material prepared as part of their industrial promotion programme.

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4.5 Efficiency

Project Efficiency

Section 4.2 has considered the effectiveness of the Corporations - in effect, their output. This section briefly considers their efficiency - the ratio of the output to the input. As pointed out at the beginning of this chapter, a narrow definition of efficiency is being used in this section, with all of chapter 4 being, in effect, an assessment of efficiency in its broader sense. Thus this section alone - or indeed any single section of this chapter - should not be considered as a complete analysis in itself.

A standard method of assessing the efficiency of a large project is to compare the net revenue received with the capital invested in the project, to obtain a measure of the return on investment. The Victorian Government has as a target for those of its major public bodies that have market power and are "profitable authorities", a real rate of return of four per centum per annum on the assets employed by the body. For some public bodies this return is required by the Government, while some others will be required progressively to approach this target. Public bodies that do not have market power and are "unprofitable authorities" have, at present, no corresponding target.* It is not clear whether the Victoria Corporation should be regarded as having market power in this sense or not. In either case, no target return on investment has been set for it.

Very substantial amounts of capital have gone into the Albury-Wodonga growth centre, the great majority of it having come as loan funds from the Commonwealth to the two states. Interest on these loans is capitalised for the first ten years of the loans, and the total capital (original loan plus capitalised interest) is supposed to be repaid to the Commonwealth by the states from revenue generated by the sale of residential and industrial allotments.

* See Report of the Committee of Inquiry into Revenue Raising in Victoria, Melbourne, Government Printer, May 1983, Section G - Public Authorities Taxation, pp. 389-399.

For a variety of reasons (some of which are mentioned below), the growth centre project has not yet generated the amount of revenue expected, and no repayments have been made: nor is there any prospect of repayments in the foreseeable future. In recognition of this, the financial agreement between the three governments has been revised, although the revision has yet to be approved by the governments. The proposed revision amongst other things removes any obligation for the states to repay the loan funds and the interest, and changes the nature of the Commonwealth's investment from loans to equity investment in the project. It should be noted that the obligation on the states to repay the loans was never absolute: section 12(4) of the 1973 Agreement provides that a state can, in effect, indefinitely defer repayments if the revenues from rates and charges approved by the Ministerial Council are insufficient to meet the repayments due. In time, it may be that the Victoria Corporation will become a "profitable authority": the exact arrangements then needed with the Commonwealth to ensure that an appropriate rate of return on the assets employed (as currently valued) was paid would depend upon the details of the financial agreements then in operation.

The inability of the project to repay its loans and the abandonment of the original financial agreement are clear indications that the project to date has not been efficient in the specific sense of generating an adequate return on the investment in it. However the purpose or relevance of applying this or any similar efficiency criterion to the growth centre project is not clear, for four reasons. First, the demonstration of a very low or negative rate of return does not necessarily represent an adverse verdict on the Corporations themselves, because many of the decisions that have resulted in this rate of return have either been taken in political arenas where other considerations have been seen as being of greater importance or were made before the Corporations were established. Some of the major decisions in these categories are:

- . acquisition of the growth centre land rather than its control by other means;
- . the procedures used to value land being acquired;
- . the reduction in the planned population of the growth centre from 300 000 to 150 000; and
- . the cancelling of plans to move or establish significant Government agencies in the growth centre.

Second, as the growth centre is a long-term project, now only one-third of the way through, the end result could differ substantially from whatever any detailed

current study might find.

Third, in the short or medium term, most of the capital invested in the project is a sunk cost - that is, it cannot be recovered. The capital is held in the form of large areas of land: although small parts of this can be sold at reasonable prices, any attempt to sell it all in a short space of time would flood the market and severely depress prices. Even the present programme of disposal of surplus land outside the Development Area is planned to spread over five years just to avoid this problem. So the major capital investment is in large part a sunk cost on any time-scale less than perhaps 15 or 20 years. This means that it is not at all clear what the appropriate response to a finding of low efficiency should be; even less is it clear what investment basis should be used in the calculation.

Last, in view of the inadequate basis on which the present assets of the Corporations are valued, the process of assessing the efficiency would be worth little. As the state auditors-general have noted now for several years, the Corporations' stocks of land are valued at historical cost, with no provision for depreciation of land or of buildings, and no independent current valuations (see section 4.3 above). This means that the present value of the assets acquired with the capital that has been invested is quite unknown. An accurate formal assessment of the economic efficiency of the project as a whole is therefore not possible on the presently available figures.

The Committee thus concludes that an accurate formal assessment of the economic efficiency of the project as a whole is not at present possible; it is of only limited relevance to assessing the performance of the Corporations; and it is not clear what recommendations could be derived concerning the Victoria Corporation from whatever conclusion the assessment might reach. Accordingly, the Committee has not considered the matter further.

Such an assessment (with current market valuation of assets) would certainly be of relevance to considerations of the appropriateness of land acquisition as the basis for a future growth centre: but that is not the task of this Committee.

Operational Efficiency

In evidence or interviews, one or two people suggested that the Corporations were not efficient, while others rather strongly praised the professionalism and

efficiency of the Corporations. No specific details were provided of which particular activities might have been inefficiently carried out. In its own observations, and in the evidence, submissions and interviews, the Committee has seen or heard nothing to suggest that a detailed study of the internal efficiency of the day by day operations of the Victoria Corporation and of the staff who serve it was called for. The Committee then chose, as noted in chapter 1, to concentrate in its review on the four themes of accountability, relevance, effectiveness and external review: accordingly, it has not carried out such a study.

In fact the general impression provided by discussions with the Corporations' officers, by inspection of the offices, and by examination of many documents and working papers produced by the Corporations is one of comparatively high efficiency. The total staff of the organisation is not large (64 fulltime, 2 part-time and 10 staff at the Carramar Nursery), and the tasks carried out are large and diverse. The staff at all levels are characterised by a high level of commitment to their work, and by an enthusiasm for the concept of Albury-Wodonga as a growth centre.

In several areas of activity, total staff or budget resources have changed little in the last five or so years, although the scale of the tasks has increased. For example, the Property Administration Division of the Corporations must maintain all properties owned by the Corporations - about 400 rental houses, over 200 farm houses, and extensive farm lands - and arrange the leasing and sale of properties. As land acquisition has ended, there has been substantial growth in land sales, in property maintenance and in leasing arrangements. Staff numbers have in fact been reduced, resulting in, amongst other things, reduced levels of enforcement of maintenance standards on rural holdings. However the increased levels of work have generally been coped with. Similarly, the Marketing and Public Affairs areas have had greatly increased responsibilities placed upon them in the last five years, but with no increases in staff, or in the budget available to support public information activities. The level of output in these activities is impressive, as is the quality and innovativeness of much of their work.

The Committee is, therefore, confident that the operational efficiency of the Corporations is satisfactory: indeed, it considers it probable that a thorough investigation into this topic would show the efficiency to be high when compared with other organisations of similar size.

One important factor contributing to this should be noted at this stage. Although there are three separate public bodies involved, for most practical purposes they operate as one: the Committee considers this to be highly desirable and a major contributor to effective and efficient operations of the Corporations. The Committee's concerns over accountability and Ministerial control, and the other reservations that the Committee has expressed in this report, should not obscure or over-ride the Committee's firm view that the basic structure of three legally separate authorities with common board members and operating for most purposes as one agency through one set of staff is an appropriate and efficient structure for the growth centre.

Specifically, the Committee rejects one option that has been suggested - that of strengthening the state corporations at the expense of the Development Corporation. While the present structure might not be the only structure with which such an inter-governmental project could be implemented, it is the structure now in place, and the Committee believes that because it has by and large been both effective and operationally efficient in pursuing relevant and worthwhile objectives, it should be encouraged and strengthened.

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CHAPTER 5: FUTURE DEVELOPMENT

On the basis of the analysis in chapter 4, the Committee has concluded that the Victoria Corporation and the growth centre project should remain in existence. A formal recommendation to this effect appears as recommendation 1 in chapter 6. As a basis for developing further recommendations concerning the future roles for the Victoria Corporation and for the growth centre project as a whole, the Committee in this chapter discusses the major developments or changes that seem desirable or have been suggested.

General Direction and Capital Funding Level

The future activities of the Corporations could take one of several different general paths. One view is that the Corporations could continue their present activities, with a heavy emphasis on marketing and promotion, for about five more years. This would require approximately the same resource levels as in the last few years and would be expected to produce results comparable to those of the last two years, or better if the national economy improves.

The Corporations consider that the recent development - during which capital expenditure by the Corporations has been low - has started to exhaust the infrastructure base of the growth centre. For example, there is at present an annual demand for new serviced residential blocks of 500 to 600 each year. While the continuing development of Thurgoona ensures that an adequate supply of such blocks will continue in the New South Wales portion of the growth centre, the medium-term supply in Victoria is not so clear. An adequate supply of residential land in Wodonga in about four or five years is not assured, and it may well be that the available blocks will be in the medium to high price range.

Another possible course of action for the Corporations is to start active development in Baranduda. On the original plans, this was to be the site of the first major "green fields" development in the growth centre, and in the first few years of the Corporations' existence extensive design work for the area was carried out, and water and sewerage mains were installed. The 1977 Review and the substantial reductions then in the scale of the project and in the funds

available suspended development in Baranduda, and transferred attention to Thurgoona instead. In 1980 the first stage of a high quality, large lot subdivision at the foot of the Baranduda Range was launched, and this highly successful subdivision since has been extended. It would be possible to start priming development in Baranduda in the next year or so, to build it as an alternative to Wodonga as new blocks there become scarcer, and making larger scale development in Baranduda easier in three to five years.

Without this or any other similar development, within about five years the physical and social infrastructure of the growth centre would have largely been consumed. In terms of major roads, quality industrial and residential estates, social and educational facilities, and so on, the centre would no longer be very different from progressive cities elsewhere: its special status would to a large extent have been eroded by the growth generated by the success of the capital investments of the 1970s.

On this view, in order to maintain the momentum of rapid, planned growth in the Albury-Wodonga area to the end of the 1980s and into the 1990s, an injection of development capital in the near future is essential. The amounts of capital required are not large - an amount as small as \$1 million a year for, say, five years - would have an extremely useful direct influence on the growth centre, and a very substantial psychological influence on perceptions of the centre amongst both residents and potential investors. As one of the few places that is doing well in the present economic difficulties, proponents of this view argue, it should be encouraged to continue in the same fashion. Larger sums would be proportionately more significant, and \$1 million a year from each government has been suggested as a desirable level.

In addition, it is pointed out that the aim of the growth centre is a long term one: if a serious intent is held to try to achieve that aim, then ongoing aid of some form is necessary. The original plans for the growth centre included the large-scale transfer or establishment of government agencies and employees in the area - only the Trade Union Training Authority and more recently the relocated Army Apprentices School have in fact been established in the area. In consequence, total government employment in the growth centre has grown at only 3.3% per annum (1971-1981) compared with the private employment rate of 6.7% per annum (1971-1981). As this expected form of ongoing support from government has not been provided, it is suggested that a modest continuing provision of development capital by government would be an appropriate alternative.

One way of providing this capital would be by allowing the Corporations to retain, for re-investment in the growth centre, the funds now starting to be generated by the sale of land outside the Development Area: this might generate rather more than the modest amounts that have been suggested as the minimum. An alternative source of funds might be the Victorian Development Fund, although the use of this would require careful negotiations with the other participating governments to protect all interests.

This general view is one with which the Committee has considerable sympathy. Extra capital would enable the growth centre to retain its status as a growth centre, to maintain its present success, and to continue heading towards its long term objective. Sourcing the funds in the land sales would allow this to happen without any unexpected drawing on the usual sources of government revenue. It would ensure that a development, employment and housing success is enabled to continue as such in the long term. A recommendation in support of this view is made in chapter 6.

Use of the Corporations' Skills and Experience Elsewhere

The Committee believes that the Corporations and their staff have demonstrated skill and competence in carrying out their tasks. The high regard of many residents of the growth centre and of professional planners for the skills of the Corporations has been discussed earlier in this report. A number of people have put the view that this skill and experience should be more widely available throughout the community. The argument runs that a high level urban planning and development group is needed to assist state, commonwealth and local governments in planning their separate parts in the population growth expected over the next 20 years.

The wider applicability of these planning and development skills was implicit in the growth centres programme from the very beginning. In some sense it is explicit in the post-1977 Review description of Albury-Wodonga as a "national pilot project in selective decentralisation" - for if the experience of the pilot project is not made known to the rest of the nation, in what sense can it be thought of as a "pilot"? The urban design and development needs and problems that provoked the original growth centres programme are still present: the methods to be used to meet those needs and problems must be changed from those

envisaged in 1973, and an active approach to the scheme as a pilot project provides one method the Committee considers to be appropriate.

Such skills could, of course, be developed by the Victorian Government within one of its existing departments. There is an argument, however, that a smaller and more responsive organisation can be identified more readily by other communities seeking aid, that client communities will relate more closely to an independent agency, and most importantly, that the advice and assistance that comes from an organisation well known to be successfully engaged in the activity on which it is advising will probably be better and more highly regarded advice.

As a result of Ministerial Council decisions taken as part of the 1981 Review, the Corporations at present may undertake studies and investigations on behalf of public organisations elsewhere in Australia only at the direction of the Ministerial Council, and such studies are not to be used as a basis for expanding or retaining staff or other resources. The Committee considers these limitations to be unnecessary and inconsistent with the role of the growth centre as a "national pilot project". It believes that the causes of selective decentralisation and of improved urban planning in the major cities are not well-served by making difficult the provision of advice by one of the most skilled and practically experienced groups of urban planners and design engineers in the country. Within Victoria, several major provincial cities and many parts of the outer suburbs of Melbourne are expected to grow substantially in the next 20 years (see Appendix 2), and many of these areas would welcome the opportunity to use some of the Corporations' expertise.

The Committee therefore considers that it would be most appropriate for the Corporations to be encouraged to provide consulting and advisory services to other organisations throughout Australia, at charges that adequately reflect the value of the services offered and cover all costs to the Corporations. If the volume of such work and the income derived from it are adequate, the Corporations should be permitted to employ or retain staff to concentrate on this activity. This activity should not be to the detriment of the Corporations' primary responsibility to the Albury-Wodonga area.

Transfers of Functions

The 1981 Review recommended (amongst other things) that a number of activities of the Corporations be transferred to other agencies. For example, the

administration of the Corporations' Interim Development Orders to local councils, public open space owned by the Corporations to local councils, urban infrastructure to local councils, neighbourhood houses and other social amenities provided by the Corporations on the estates to local councils, the Corporations' Carramar Nursery to the New South Wales Forestry Commission, and the Peter Till Environmental Laboratory to the River Murray Commission.

Although quite extensive negotiations have been held between the Corporations and local councils, principally those of Albury, Hume and Wodonga, there has been very little progress on any of these transfers to councils. Although the reasons for the general lack of progress are complex and varied, the main factors are a reluctance on the part of the Corporations to lose control over any significant policy matters, and a reluctance on the part of councils to accept any new responsibilities without guarantees of adequate long-term financial recompense. There are also major administrative and technical difficulties with some apparently straightforward transfers.

In view of these difficulties, the limited support for such transfers of power and responsibility, and the small apparent benefits to be had from them, the Committee considers there to be little value in continuing to negotiate the transfers. In August 1983 the Ministerial Council revoked its previous direction to the Corporations to transfer the Nursery and the Laboratory: the Committee believes it would be appropriate for the Council to do the same with these other directions.

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CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

In the course of its discussions in chapters 4 and 5 of this report, the Committee has stated a number of conclusions concerning the objectives and operations of the Victoria Corporation. From these conclusions follow the Committee's recommendations, intended to re-inforce the successful features of the Albury-Wodonga (Victoria) Corporation, and to overcome the problems identified in this review. In this last chapter of the report, the conclusions are repeated in more explicit form and the Committee's recommendations are given. References to the section or sections in the report on which each conclusion primarily is based are given for each conclusion.

Conclusion i:

The objectives of the Albury-Wodonga (Victoria) Corporation and of the growth centre project are relevant to contemporary society, and are expected to continue to be relevant for the rest of the century (section 4.1).

Conclusion ii:

The Albury-Wodonga (Victoria) Corporation and its partners in the growth centre project, the Albury-Wodonga Development Corporation and the Albury-Wodonga (New South Wales) Corporation, are effective in carrying out their objectives, and are economic and efficient in their day-by-day operations, with the basic structure of one largely integrated operational body a major factor contributing to their effectiveness (sections 4.2 and 4.5).

Conclusion iii:

In view of the accounting methods used and the long-term nature of the growth centre project, it is not at present possible to make useful estimates of the economic efficiency of the project to date. As most of the costs that have been incurred are, in the short or medium term, sunk costs, this question is of only

marginal relevance to the question of whether or not the Albury-Wodonga (Victoria) Corporation should continue to exist. The question is, however, of considerable importance to any consideration of whether any further growth centre project should be established and funded in similar fashion (section 4.5).

Conclusion iv:

The Committee therefore concludes that, because its objectives are relevant and because it pursues those objectives efficiently and in an operationally efficient manner, the Albury-Wodonga (Victoria) Corporation should continue to exist and the commitment of the Victorian Government to the Albury-Wodonga growth centre should be maintained (sections 4.1, 4.2, 4.5).

Recommendation 1:

The Committee recommends that the Albury-Wodonga (Victoria) Corporation remain in existence.

Comment: The Committee considers it very important to emphasise here that, despite the conclusions that it has reached about the inadequacy of some of the legislative arrangements that establish this unique and complex inter-governmental project, and the inadequacy of some of the procedures used in the operations of the Corporations, it has concluded that the fundamental objectives are and will probably remain relevant and that the three Corporations jointly pursue their objectives with vigour, skill and effectiveness.

Conclusion v:

The fundamental objectives of the growth centre project, and of the Victoria Corporation as a component of the project, are not clearly spelled out in a formal manner in any of the legislation or agreements that set up the Corporation, or in any other contemporary documents (section 4.1 and 4.3).

Recommendation 2:

The Committee recommends that:

- (i)** a clear, up-to-date statement of the fundamental objectives of the growth centre project as a whole be devised by the three Corporations jointly, with the active involvement of the Ministerial Council; and
- (ii)** after approval by the Council, the completed statement should be included in each annual report of the Albury-Wodonga (Victoria) Corporation.

Conclusion vi:

The specific objectives and functions of the Albury-Wodonga (Victoria) Corporation are not clearly spelled out, and their separation from those of the Albury-Wodonga Development Corporation is not made clear anywhere (section 4.3).

Recommendation 3:

The Committee recommends that:

- (i)** a clear, up-to-date statement of the fundamental objectives and of the distinct functions of the Albury-Wodonga (Victoria) Corporation, as the vehicle for the Victorian Government's participation in the growth centre project, be devised with the active involvement of the Minister and in a fashion consistent with the statement of fundamental objectives referred to in Recommendation 2; and
- (ii)** after approval by the Minister, the statement be included in each annual report of the Albury-Wodonga (Victoria) Corporation.

Comment: This statement should aim to clarify the relationships between the objectives, and - in particular - the functions of the Albury-Wodonga (Victoria) Corporation on the one hand, and the two other Corporations on the other hand. The Committee is aware that the close operational integration of the three Corporations may make this task difficult. It is also concerned that too formal a separation of functions and powers would rapidly lead to pressures for the two state corporations to employ their own staff: the Committee believes that this would be a seriously retrograde step. The common staff and the largely integrated operations should remain. Thus the statement should aim at clarifying, and perhaps altering slightly, the existing arrangements, rather than trying to establish a new set of relationships between the Corporations.

Conclusion vii:

Accountability to the Parliament of Victoria is inadequate, for actions carried out by the Victoria Corporation, by the Development Corporation when acting in Victoria under powers vested in it by Act of the Victorian Parliament, or by the Development Corporation when acting in Victoria under any powers but spending money that the Government of Victoria is liable to repay. The Committee, however, is not aware of any instances in which this inadequacy has resulted in improper decisions, and it notes that some actions of the Corporations have reduced the significance of the inadequacy (section 4.3).

Recommendation 4:

The Committee recommends that:

- (i) the Albury-Wodonga (Victoria) Corporation be required to submit to the Parliament of Victoria a comprehensive annual report that includes:**
 - . all requirements of the Annual Reporting Act 1983;**

- . all significant actions of the Albury-Wodonga (Victoria) Corporation;
 - . all significant financial transactions of the Albury-Wodonga (Victoria) Corporation;
 - . all significant actions of the Albury-Wodonga Development Corporation that are carried out under powers vested in it by Act of the Parliament of Victoria, or under any powers but that involve moneys which the Government of Victoria either has provided to the growth centre or is liable to repay;
 - . all significant financial transactions of the Albury-Wodonga Development Corporation that relate to the actions just outlined;
 - . audited consolidated financial statements and accounts for the three Corporations; and
 - . summary consolidated financial statements that make clear to the non-specialist the financial status of the Corporations separately and on a consolidated basis;
- (ii) the agreement of the Ministerial Council be sought to the preparation of one joint annual report, from the three Corporations to the three governments; and
- (iii) the agreement of the Ministerial Council be sought to the inclusion in the accounts in the annual report of periodical revaluations of all land owned by the Corporations.

Comment: The Committee believes that it should be possible to produce one annual report for the growth centre project as a whole, that not only meets the above requirements, but also gives a full picture of activity across the growth centre in both States.

Conclusion viii:

Accountability to the Parliament of Victoria is inadequate for financial assistance agreements concerning the growth centre to which Victoria is a party, and for the annual financial operations of the Corporations (section 4.3).

Recommendation 5:

The Committee recommends that all financial or other agreements between the Victorian Government or the Albury-Wodonga (Victoria) Corporation on the one hand, and any other government on the other that do or could impose any liability on the Victorian Government be tabled in the Victorian Parliament within ten sitting days of being signed, the only exceptions being when to so table an agreement would jeopardise any commercial undertakings for which confidentiality is essential.

Conclusion ix:

The formal reporting, controlling and responsibility relationships between the Ministerial Council, the Victorian Minister, the Development Corporation, the Chairman of the Development Corporation, the Victoria Corporation, and the Chairman of the Victoria Corporation, are not at all clear (section 4.3).

Recommendation 6:

The Committee recommends that:

- (i)** the Albury-Wodonga (Victoria) Corporation, in consultation with its Minister and with the Albury-Wodonga Development Corporation, prepare clear and consistent statements of the formal reporting, controlling and responsibility relationships between the Ministerial Council, the Victorian Minister, the Albury-Wodonga (Victoria) Corporation, the Chairman of the Albury-Wodonga (Victoria) Corporation, the Albury-Wodonga Development Corporation and the Chairman of the Albury-Wodonga Development Corporation;
- (ii)** after approval by the Victorian Minister, such statements should be presented to the Ministerial Council for amendment if needed and approval by it; and
- (iii)** after approval by the Ministerial Council, the inclusion of these statements in the legislation of the three parliaments should be considered.

Conclusion x:

The lack of clear definition of the separate roles of the Albury-Wodonga (Victoria) Corporation and of the other Corporations means that it is at times not clear which Corporation has made particular decisions, and the possibility exists of decisions purporting to be made that are not valid decisions (section 4.3).

Recommendation 7:

The Committee recommends that following clarification of the separate functions of the Corporations, board-level decisions that are those of the Albury-Wodonga (Victoria) Corporation should be clearly identified as such and should be made at meetings clearly chaired by the Chairman of the Albury-Wodonga (Victoria) Corporation, and that all members of the Ministerial Council be informed of such decisions as decisions of the Victoria Corporation.

Conclusion xi:

Procedures for independent review of the actions of the Corporations, whether by Ombudsmen or by administrative review tribunals, have been inadequate in the past, although they may now be adequate (section 4.3).

Recommendation 8:

The Committee recommends that the means of judicial and administrative review of decisions and actions taken by the Albury-Wodonga (Victoria) Corporation be kept under careful review, and amended if any deficiencies appear.

Conclusion xii:

The social and community planning and development activities of the Corporations are essential components of the growth centre project, and should be maintained, and, if possible, strengthened; this strengthening should include paying greater attention to the need for low cost housing (section 4.2).

Recommendation 9:

The Committee recommends that the social and community planning and development activities of the Corporation be maintained, and, if possible, strengthened, and that greater provision be made for low cost housing of a variety of styles in the growth centre.

Conclusion xiii:

In view of the importance it attaches to social and community planning and development activities, and the distinct lack of enthusiasm for these activities by both members and staff of some local councils, the Committee opposes any transfer of such activities away from the Corporations. It considers that other tasks of the Corporations should be transferred only if such is clearly in the long-term interest of the growth centre (sections 4.2, 4.4).

Recommendation 10:

The Committee recommends that operational tasks of the Corporations, in particular those involving support for or direct provision of social and community development activities, should be transferred to local councils or to other agencies only if the Ministerial Council considers that such a transfer is in the long-term interests of the entire growth centre.

Conclusion xiv:

The essence of the growth centre project is that it is long-term - although it is now ten years old, its target is still seventeen years away. Basic support for such a project must be similarly long-term, although the level of financial support may of course vary from year to year. Wodonga is now one of the most rapidly growing and most confident urban areas in the State, and this success should be recognised and encouraged as a long-term contribution to Victoria's growth (sections 4.1 and 4.5, chapter 5).

Recommendation 11:

The Committee recommends that the Victorian Government make a clear and strong public affirmation of continuing long-term support for the Albury-Wodonga growth centre project.

Conclusion xv:

There are possibilities for using the accumulated skills and experience in long-term planning and industrial promotion that the Corporations have in areas other than Albury-Wodonga; the present limitations on this kind of activity are inconsistent with the idea of Albury-Wodonga being a national pilot project, and should be removed (chapter 5).

Recommendation 12:

The Committee recommends that:

- (i)** the Victorian Minister submit to the Ministerial Council a proposal to allow the three Corporations and their staff to provide technical advice and assistance in long-term planning, industrial promotion, community development and other related matters, to any government agency, semi-government agency or private developer in Australia, at a charge that reflects the real value of the advice and assistance offered and that covers all costs to the Corporations of providing this service;
- (ii)** the Ministerial Council recognise this activity as an essential component of the growth centre project, because it provides the means by which the detailed knowledge and skill developed in this "national pilot project" can be made readily accessible to the rest of the nation; and
- (iii)** the Corporations be authorised to maintain existing staff numbers to service this activity and to increase staff specifically for this activity, in either case only if the income generated by the activity is adequate to cover staff and other costs involved.

Conclusion xvi:

The continuing rapid growth in the population of the area is eroding the developmental infrastructure base of the growth centre, so that unless major new development in an area such as Baranduda is commenced in the next two or three years, growth opportunities will start to be constrained (chapter 5).

Recommendation 13:

The Committee recommends that extra capital be injected into the project for at least five years for development work, including in particular the enhancement of the infrastructure at Baranduda and the commencement of residential development there.

Conclusion xvii:

The following viewpoints submitted to the Committee have not been sustained by the totality of the information before it (chapter 4):

- . that the basic planning task for the growth centre is essentially completed and so the Corporations can all be disbanded, and
- . that the boards of the Corporations are undemocratic and should have a majority of either directly elected or local Council nominated members.

Conclusion xviii:

A number of distinctive features or operating styles of the Corporations have contributed greatly to the success of the growth centre project to date, and the Committee believes that these characteristics should be retained (chapter 3).

Recommendation 14:

The Committee recommends that when detailed measures to implement its recommendations are developed, the following principles should be observed:

- . the operational structure of, in effect, one body, should be preserved, because it minimises public confusion, it almost certainly uses less staff than would be the case if either or both of the state corporations developed markedly more independent roles, and it strengthens the essential cross-border co-ordinating and unifying roles of the Development Corporation;
- . the Albury-Wodonga (Victoria) Corporation should not be encouraged or permitted to employ its own staff or to develop a strong independent role;
- . the social and community development functions of the Corporations should not be weakened by any re-arrangement, re-definition, or transfer of functions between the Corporations or to other bodies;
- . the practices of the Corporations of making use of existing agencies, and of assisting with the establishment of community groups or committees to cope with particular problems, should be retained and extended; and
- . the comparatively small, professional, and generally "non-bureaucratic" nature of the Corporations, with a strong staff commitment to the growth centre's objectives, should be retained.

* * * * *

COMMITTEE ROOM
7 December 1983

APPENDIX 1: POPULATION PROJECTIONS

In the original motivation for the growth centre programme, and in much of the evidence provided to the Committee, perhaps the most important themes are the perceived need to direct population growth away from the largest urban areas that at present exist in Australia and the perceived need to ameliorate the worst of the social, economic and environmental pressures present in those areas (particularly Melbourne and Sydney).

These perceptions are in turn based upon several assumptions:

- . that there are significant and undesirable social, economic and environmental pressures in the largest urban areas;
- . that these pressures would be exacerbated by further increases in the population of the urban areas;
- . that substantial increases in national population are probable throughout the rest of this century; and
- . that the urban stresses can be minimised by directing population growth away from the largest urban areas, because this both places people in less stressed areas and releases some resources to cope with the stresses on the existing population of the largest urban areas.

In the early 1970s there were few arguments about any of these assumptions. In 1973 projections of Australia's population in 2000 were in the range 17 - 23 million, an increase of 33 - 80% on the 1971 figure of 12.8 million. Economic growth was strong, and community optimism was very high. While some questioned the wisdom of such large population growth, few argued that it was not likely to occur.

It was also widely accepted that there were serious problems in the big cities, and that continuation of the pattern of growth of the previous twenty-five years in them would greatly exacerbate these problems. For example, if Melbourne took the same proportion of the national population growth from 1971 to 2000 as it did from 1947 to 1971, its population in 2000 could be in the range of 3.6 - 5.1 million. The problems of the existing city of then about 2.5 million seemed so great that the idea of Melbourne with four or more million people was barely acceptable. As Melbourne's annual increase in estimated resident population in 1972 was 1.6%

compared with the Australia-wide figure of 1.8%, such a population did not seem implausible.

During the rest of the 1970s, dramatic changes occurred. Economic conditions deteriorated markedly, and community optimism about the future weakened. There were also large changes in key demographic variables. By 1976 the annual increase in Australia's resident population was down to 1.0% - while Melbourne's had fallen to just 0.5%: both remained at or near those figures for the next four years. In 1977 the Australian Bureau of Statistics (ABS) used 1976 data to project Australia's population in 2001 as 17.7 million, or very much the low end of the range projected in 1973. In 1979 a more complete set of ABS projections gave the range 17.6 to 18.7 million for the year 2001.

Thus during the middle years of the 1970s, very low growth rates were recorded for Australia and for Melbourne and these were projected to continue for the rest of the century. One of the basic assumptions of the growth centre programme therefore appeared to be seriously in doubt.

Latest Population Data

Projecting future population levels is extremely difficult, as key variables can and do change unexpectedly and substantially. By mid-1982 the annual increase in Australia's resident population had increased again to 1.7%, almost its 1972 value and Melbourne's figure had increased to 1.1%, its highest since 1973. Projections of Australia's population made in 1982 by ABS based on 1981 census results and other updated figures are in the range of 18.9 to 20.6 million for 2001.

This range is in the middle of the range projected in 1973, and is substantially higher than the range projected in 1979.

Systematic projections of the populations of individual states have been made only in recent years. In 1979 the ABS published projections for 2001, and for Victoria these ranged from 4.6 to 4.9 million. The Victorian State Co-ordination Council in 1979 released a detailed set of projections of Victoria's population for 2001, and its values ranged from 4.1 to 5.5 million, although values outside the range 4.7 to 5.1 million were regarded as highly unlikely. All these estimates were based on an actual 1976 population of 3.75 million.

A detailed review of population projections for Victoria in 1981 for the Victorian Department of Education concluded that the best forecast that could then be made was that the State's population in 2001 would lie in the range 4.5 to 5.1 million. Figures above or below this range would be possible, but would require rather unexpected and sustained levels of fertility, mortality, net overseas migration and inter-state migration. Population growth to 30 June 1982 has been almost exactly in the centre of this range.

In 1983 the ABS published updated projections for all states and territories, corresponding to the 1982 projections for Australia as a whole, and like these reflecting the most recent data. These give a range of 4.7 to 5.1 million for Victoria in 2001.

On the most recent available evidence, then, it seems likely that by 2001 Australia's resident population will be about 19 to 20 million, or about one-third higher than in 1981. Victoria's resident population will probably be just under 5 million, or about one-quarter higher than in 1981. The smaller proportional increase in Victoria's population reflects an expected continuation of population drift to rather warmer areas of the country.

Growth in Melbourne

The smaller the area being considered, the more difficult population projections become. But in the six years 1976 to 1982 Victoria's total population increased by 184 000, and 62% of this increase was in the Melbourne Statistical Division. If the same proportion of Victoria's expected population increase to 2001 were to be in Melbourne, the metropolitan area would gain about 550 000 people: this is over twice the present population of Canberra, and well over the present population of Newcastle, Australia's sixth largest city.

The Melbourne Statistical Division embodies all or part of 56 local government areas, and aggregating these into the one total figure obscures very large differences between them. In the five years 1976 - 1981, average annual changes to the resident populations of these areas ranged from - 2.2 per cent in Collingwood to + 7.7 percent in Melton.

Australia - Population Projections for the year 2001

Year Projection made:	<u>1971</u>	<u>1973</u>	<u>1974</u>	<u>1976</u>	<u>1979</u>	<u>1982</u>
minimum	20.3	17	17.5	17.7	17.6	18.9
maximum	23.7	23			18.7	20.6

Victoria - Population Projections for the year 2001

Year Projection made:	<u>1971</u>	<u>1979</u> ABS	<u>1979</u> SCC	<u>1981</u>	<u>1983</u>
minimum	5.8	4.6	4.7	4.5	4.7
maximum		4.9	5.1	5.1	5.1

The Division divides into three distinct zones: an inner zone of 27 municipalities all of which lost population between 1976 and 1982 (1982 total 1 229 000); an intermediate zone of 14 municipalities that gained population at an annual average rate of less than 2.5 percent (1982 total 1 064 400); and an outer zone of 15 municipalities (including only parts of three) that gained at an annual rate of over 2.5 per cent (1982 total 543 400).

Over the six years 1976 to 1982 this outer zone gained 126 700 people, an annual average growth rate of 4.5%, although the increase in Melbourne's total population in this time was only 113 100. Aggregating the area's population thus totally obscures the fact that large-scale population movements are occurring. The areas of very rapid growth are on the periphery of the metropolitan areas, where services are most dispersed and the distances (and therefore travel times) to local and regional centres are greatest.

This analysis of population figures can be summarised in the following words: Inner Melbourne (the most densely populated area) is slowly declining in population. Middle Melbourne is stable or increasing only slowly in population, while the outer areas are increasing at very rapid rates, in part due to the movement within Melbourne of existing population. It is not obvious why this

pattern should not continue. In view of the likelihood of Melbourne's total population increasing by about 550 000 by 2001, it seems probable that new development for perhaps as many as 600 000 more people will be required in the outer suburbs, unless there is some major and unexpected change in the patterns of social, demographic and economic development.

Although the Committee has not analysed the economics or sociology of such growth in detail, it believes that an extra 600 000 people in Melbourne's outer suburbs is highly undesirable. The Committee believes that the basic assumptions set out at the beginning of this Appendix as underlying the most important themes behind the original growth centres programme are still valid.

* * * * *

APPENDIX 2: POPULATION ACHIEVEMENTS

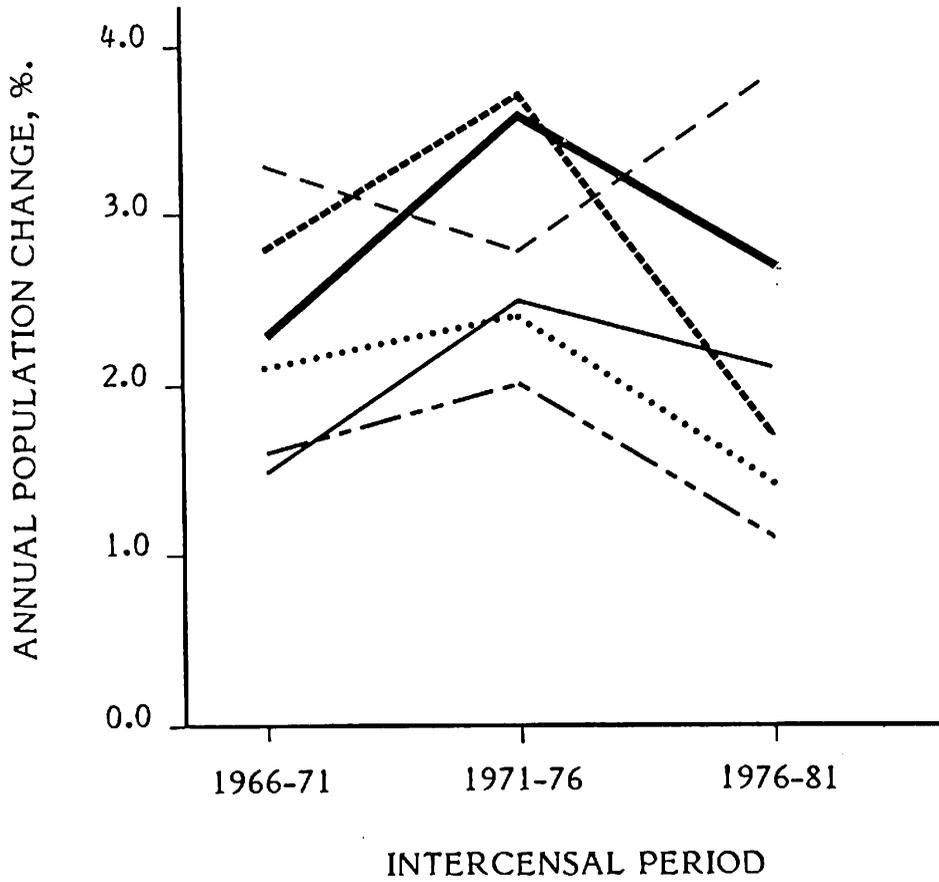
Attached are two figures that compare the percentage annual population changes of Albury-Wodonga and five other areas from 1966 to 1982. The other cities are the fastest growing inland urban areas in Victoria and New South Wales, and all except Dubbo have been classed into their own "Statistical Districts" by the Australian Bureau of Statistics. The areas are Bathurst-Orange, Dubbo, Shepparton-Mooroopna, Tamworth, and Wagga.

The Albury-Wodonga Statistical District comprises all of the local government areas of Albury, Beechworth, Chiltern, Hume and Wodonga, and parts of Tallangatta and Yackandandah. Statistical Districts are defined so as to include all areas likely to be involved in urban development in the foreseeable future. In the Albury-Wodonga District, this means that Beechworth and parts of Tallangatta and Yackandandah Shires are included even though the urban growth has as yet had little direct effect upon their populations.

The increases in the populations of these areas since the growth centre started have been small: in 1982 Beechworth had the same population as in 1968, although this will presumably change as growth continues. The data in these figures is thus based on population changes in the four local government areas that have been materially affected by the growth centre - Albury, Chiltern, Hume and Wodonga. The data is compiled from ABS figures, and a note of caution is needed on their use. Changes to local government area boundaries, a change by the ABS when calculating population from a basis of actual location at 30 June of each year to a basis of usual place of residence, and the revision of many figures by ABS, sometimes several years after initial publication, all are possible sources of minor inconsistencies between different sets of data. However none of these factors will affect the general conclusions that follow from these graphs.

Figure A.1 plots the annual percentage population change for the six urban areas through three five-year periods between the Australian national censuses of 1966, 1971, 1976 and 1981. Between the census in 1966 and that in 1971, the population of the Albury-Wopdonga area grew at an annual average rate of 2.3%. The average rate of population growth of the other five areas was also 2.3% per annum, ranging from a low of 1.5% for Shepparton-Mooroopna, to a high of

FIGURE A.1: GROWTH RATES OF THE FASTEST GROWING INLAND CITIES OF VICTORIA AND NEW SOUTH WALES, 1966-1981.



- AWHC = Albury + Wodonga + Hume + Chiltern
- BO = Bathurst-Orange Statistical District
- - - - - D = Dubbo
- SM = Shepparton-Mooroopna Statistical District
- T = Tamworth Statistical District
- WW = Wagga Wagga Statistical District

3.3% for Dubbo. Thus in this period, the growth rate of the Albury-Wodonga area equalled the average for the other rapidly growing urban areas.

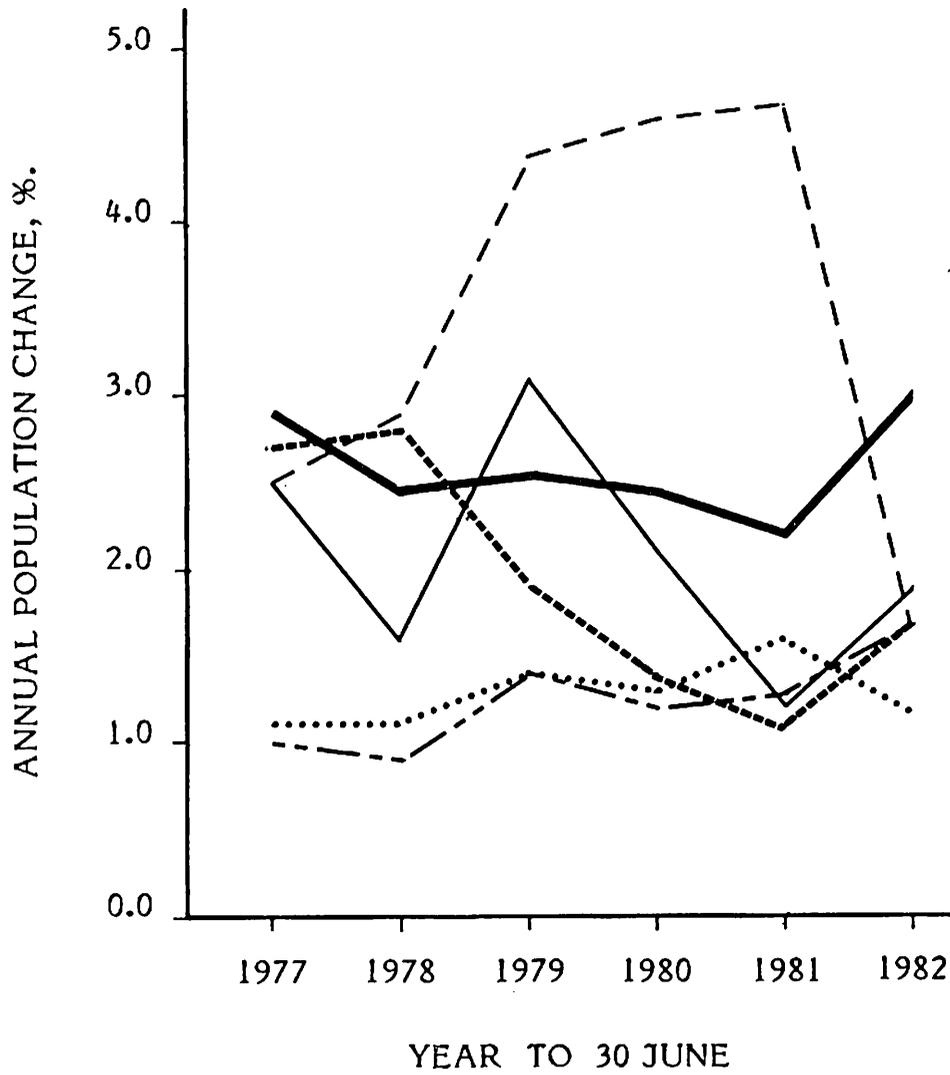
In the 1971-76 period, the average growth rate of the five urban areas other than Albury-Wodonga increased to 2.7% (range from 2.0% in Bathurst-Orange up to 3.7% for Wagga) and that of the Albury-Wodonga area increased by rather more, to 3.6% per annum. Thus in this period - covering the first few years of the growth centre - the Albury-Wodonga area increased its growth rate to a figure substantially above the average for the other rapidly growing areas. All these areas except Dubbo had increased growth rates in this period compared with the previous intercensal period.

Between the 1976 and 1981 censuses, the average population growth rate of the five areas fell to 2.0%; all of these areas except Dubbo sharing the fall (range from 1.1% in Bathurst-Orange up to 3.8% for Dubbo). The growth rate for the Albury-Wodonga area also fell, but only to 2.7% per annum, still quite substantially above average. Thus, over this 15 year period, the annual rate of growth of population in the Albury-Wodonga area has increased substantially from being equal to the average growth rate for five other rapidly growing areas, to being fairly consistently about 30% higher than the average of these five areas.

Figure A.2 plots the annual growth rates for the same six areas for each year from 1977 to 1982. The rate of growth of Albury-Wodonga has been remarkably consistent over these five years, more so than that of other centres with large rates of growth. For most of this period Dubbo has had a higher growth rate than the Albury-Wodonga area, although its growth rate has fluctuated markedly.

From these graphs it appears that since the early 1970s, the growth rate of the Albury-Wodonga area has increased from being about average for the more rapidly growing inland cities of Victoria and New South Wales, to being substantially above the average for these cities. It also appears that during the years 1977-1982, during which time economic conditions deteriorated quite markedly throughout Australia, the growth rate in the Albury-Wodonga area has remained high and more stable than that of the other very rapidly growing cities.

FIGURE A.2: GROWTH RATES OF THE FASTEST GROWING INLAND CITIES OF VICTORIA AND NEW SOUTH WALES, 1977-1982.



There is no apparent way of proving whether or not the growth centre scheme and the activities of the Corporations have produced this change in growth rate. But there is considerable circumstantial evidence to suggest that the growth centre scheme is responsible for the change, and none to suggest that the Corporations have impeded growth. The Committee therefore concludes that the Corporations have been effective in increasing the rate of growth of the Albury-Wodonga area to a level substantially above that of comparable cities elsewhere in Victoria and New South Wales.

* * * * *

**APPENDIX 3: LIST OF SUBMISSIONS RECEIVED AND
HEARINGS HELD BY THE PUBLIC BODIES REVIEW COMMITTEE**

<u>Date</u>	<u>Location</u>	<u>Witnesses</u>
25.3.83	Melbourne	<ul style="list-style-type: none"> * The Hon I R Cathie, Minister for Economic Development * Mr M K Read, Chairman, Albury-Wodonga (Victoria) Corporation Mr K D McKenzie, Growth Centre Co-ordinator, Ministry of Economic Development.
30.5.83	Wodonga	<ul style="list-style-type: none"> * Mr J Strong, Wodonga Manager, Fisher, Cleeland, Turner & Dwyer (Vic) Pty Ltd, Surveyors and Engineers * Mr A Grant, Proprietor, Alan Grant & Associates, Landscape Design and Land Management * Cnr G R Chamberlain, J P, President, and Mr H Hayes, Secretary, Albury-Wodonga Growth Centre Landholders' Association * Mr J J Bayly, Planning Consultant * Mr H. Elford, General Manager, Aware Industries Ltd * Mr. E. Jackson, Honorary Director, Catchment Education Trust * Mr M K Read, Chairman, Albury-Wodonga (Victoria) Corporation Mr G F Craig, Chairman, Albury-Wodonga Development Corporation Mr L T Muir, Chairman, Albury-Wodonga, (New South Wales) Corporation.

Written submissions were received from those marked * above, and also from:

Shire of Yackandandah
Shire of Chiltern
North East Victoria Regional Council
Mr E E Clarke
Victoria Division, Royal Australian Planning Institute
Mr D Glasson, Architect and Town Planner.

PARLIAMENT OF VICTORIA

PUBLIC BODIES REVIEW COMMITTEE

Tenth Report to the Parliament

REPORT ON THE
SMALL BUSINESS DEVELOPMENT CORPORATION

Ordered to be printed

MELBOURNE
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December 1983

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PUBLIC BODIES REVIEW COMMITTEE

of the Parliament of Victoria

COMMITTEE MEMBERS

Mr. R. H. Miller, M.L.A. (Chairman)
The Hon. B. A. Chamberlain, M.L.C. (Deputy Chairman)
The Hon. M. J. Arnold, M.L.C.
The Hon. C. Bubb, M.L.C.
Mr. J. E. Delzoppo, M.L.A.
Mr. B. J. Evans, M.L.A.
The Hon. D. M. Evans, M.L.C.
Mr. N. A. Pope, M.L.A.
Mr. K. H. Remington, M.L.A.
The Hon. M. J. Sandon, M.L.C.
Mrs. P. A. Sibree, M.L.A.
Mr. T. Sidiropoulos, M.L.A.

COMMITTEE STAFF

Dr. M. C. Frazer, Director of Research
Mr. R. W. Purdey, Secretary
Mrs. E. J. Anderson, Stenographer

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EXTRACTED FROM THE MINUTES OF THE PROCEEDINGS OF THE
LEGISLATIVE COUNCIL

FRIDAY, 2 JULY 1982

14. JOINT INVESTIGATORY COMMITTEES - The Honourable W. A. Landeryou moved, by leave, That, contingent upon the enactment and coming into operation, this Session, of legislation to establish Joint Investigatory Committees:

* * *

(d) The Honourables M. J. Arnold, B. A. Chamberlain, D. M. Evans, J. V. C. Guest and M. J. Sandon be members of the Public Bodies Review Committee.

Question - put and resolved in the affirmative.

WEDNESDAY, 20 OCTOBER 1982

9. PUBLIC BODIES REVIEW COMMITTEE - The Honourable A. J. Hunt moved, by leave, That the Honourable J. V. C. Guest be discharged from attendance upon the Public Bodies Review Committee and that the Honourable C. Bubb be added to such Committee.

Question - put and resolved in the affirmative.

EXTRACTED FROM THE VOTES AND PROCEEDINGS OF THE
LEGISLATIVE ASSEMBLY

THURSDAY, 1 JULY 1982

36. COMMITTEE APPOINTMENTS - Motion made, by leave, and question - That, contingent upon the coming into operation of the Parliamentary Committees (Joint Investigatory Committees) Act 1982 -

* * *

(d) Mr Delzoppo, Mr Evans (Gippsland East), Mr Miller, Mr Pope Mr Remington, Mrs Sibree and Mr Sidiropoulos be appointed members of the Public Bodies Review Committee. (Mr Fordham) - put and agreed to.

REPORT ON THE SMALL BUSINESS DEVELOPMENT CORPORATION

CHAPTER 1: INTRODUCTION

In December 1982 the Small Business Development Corporation was referred to the Public Bodies Review Committee by the Governor in Council for review. At the same time the Albury-Wodonga (Victoria) Corporation was also referred to the Committee, these two Corporations thus being the first public bodies not in the water industry to be referred to the Committee.

Under the terms of the Parliamentary Committees Act 1968, as amended by the Parliamentary Committees (Joint Investigatory Committees) Act 1982, which altered the structure of the Committee, the Committee is obliged to review any public body nominated for review and to report to the Parliament on whether or not the body should cease to exist. When reviewing a body the Committee may inquire into any matter that it considers relevant, and it shall inquire into the following matters in particular:

- . Whether or not the objects of the body are worth pursuing in contemporary society;
- . Whether or not the body pursues its objects efficiently, effectively and economically;
- . Whether or not the structure of the body is suited to the activities it performs;
- . Whether or not the body duplicates the work of another person or body;
- . The financial and other liabilities and obligations of the body;
- . The staff of the body (including officers or employees of the public service whose services are being made use of by the body);
- . The extent to which the body seeks information as to the effect of its activities and acts on the information it receives;
- . The extent to which the body considers the public interest when performing its activities;

- The extent to which the body encourages public participation in its activities;
- The manner in which the body handles complaints about its activities; and
- The extent to which the body is prepared to improve its structure, composition or procedures.

Each of these matters has been considered by the Committee in its review of the Small Business Development Corporation.

Conduct of Inquiry

In its First Report to the Parliament in December 1980, the Public Bodies Review Committee as then constituted outlined the basic philosophy that guided it in its reviews. That Committee adopted the following six basic principles:

1. Open: Each review should as far as possible be by an open process;
2. Parliamentary: The Committee should operate in the first instance as an instrument of the Parliament rather than of Government or Party;
3. Consultative: The Committee should seek to enter into genuine discussion and dialogue with all relevant groups;
4. Research-based: The Committee's hearings should be augmented by independent high quality research;
5. Working Committee: The Committee itself should be the working, reviewing agency, not simply endorsing the work of others; and
6. Constructive: The Committee's work should be the constructive review of policy, not merely a negative audit.

The present Committee (as reconstituted by the Parliamentary Committees Act 1982) feels that these principles contributed substantially to the effectiveness of the work of the earlier Committee, and has accepted them as the basis for its own operations.

The referral of the Small Business Development Corporation to the Committee was announced in the Government Gazette on 22 December 1982. The Committee commenced work on the review on 3 February 1983 when it wrote to the Chairman of the Corporation advising him of the review and requesting background information. The Committee placed notices in The Age and The Financial Review on 16 March 1983, publicly announcing the review, advising of a Public Hearing on 25 March, and inviting submissions from the public relating to the Small Business Development Corporation and its activities.

At the Public Hearing on 25 March, the Minister for Economic Development, The Hon I R Cathie, M P (now titled Minister for Industry, Commerce and Technology), gave evidence to the Committee: he was supported by Mr Eugene Falk, Chairman of the Corporation.

Although some submissions were received, none came from small businesses. This was not a surprise, as most small business proprietors are so busy running their enterprises that they have little time to initiate this kind of action. The Committee therefore decided to seek the views of small business proprietors more directly, through a market research study.

Spectrum Research, market research consultants of North Melbourne, were commissioned on 24 June 1983 to conduct a study of public knowledge, perceptions and use of the Corporation. Their completed study was accepted by the Committee on 28 September, and has been published separately as Survey of Public Perceptions and Use of the Small Business Development Corporation.

On 3 August 1983 the Committee held a further Public Hearing, at which a number of those who had lodged submissions, including Mr Falk, Chairman, Small Business Development Corporation, appeared and gave evidence. The Committee has also had access to a number of documents relating to the activities of the Corporation, and the Chairman and the Director of Research have inspected some confidential files of the Corporation. The Committee has visited the premises of the Corporation, and members and staff of the Committee have had numerous informal discussions with members and officers of the Corporation, and with other people interested in small business development.

Themes of the Review

In its review of the Corporation, the Committee has concentrated its attentions on the effectiveness of the Corporation in providing assistance to small business. It took the view that the contemporary relevance of the objectives of the Corporation - to encourage, promote, facilitate and assist the establishment, expansion and conduct of small businesses - were not in dispute, and therefore did not require detailed examination by the Committee (but see section 3.3 below). Had any information come before the Committee that questioned or cast doubts upon this view, the Committee would have examined the matter further: but no such information has come to the Committee.

The Committee has therefore concentrated on the effectiveness of the Corporation. From the information before it - including in particular the Spectrum Survey - the Committee has concluded that in general the Corporation is effective in assisting some important categories of small businesses, although the size of the task is such that the Corporation is not able to help all small businesses satisfactorily. In its recommendations, therefore, the Committee has sought ways of strengthening the Corporation's ability to use its undoubted skills to maximum effect, and to assist those categories of small business most in need of assistance.

The major themes of this report thus are:

- . the assessment of the effectiveness of the Small Business Development Corporation;
- . a set of recommendations intended to enhance the strengths and overcome the present difficulties of the Corporation; and
- . potential changes in demand for the services provided by the Corporation.

The Committee wishes to record its thanks to the nearly 900 people who responded to Spectrum's telephone interviews, and to all the others who have assisted in this review.

* * * * *

CHAPTER 2: STRUCTURE AND FUNCTIONS

2.1 Organisational Structure

The Corporation is established under the Small Business Development Corporation Act 1976, as a body corporate subject to the general direction of the Minister for Economic Development (now the Minister for Industry, Commerce and Technology). The Corporation consists of five members appointed by the Governor in Council, one being appointed as Chairman of the Corporation. Each member is appointed for a term not exceeding three years, and is eligible for re-appointment. The Corporation may employ such staff as it considers necessary under terms and conditions determined by the Corporation and approved by the Governor in Council, and such staff are not subject to the provisions of the Public Service Act 1974.

The Act contains no clear statement of the fundamental objectives of the Corporation, but it does state that: "The Corporation shall have power to do all things necessary to be done for or in connexion with encouraging, promoting, facilitating, and assisting in the establishment, carrying on, expansion and development of small business" (Act, Section 13(1)). The Act requires the Corporation to establish a Small Business Advisory Agency, headed by a Director, and it states: "The functions of the Agency shall be -

- (a) to establish a centre to be known as the Information and Referral Centre;
- (b) to investigate the effect upon small business of the policies of Governments, of Acts of Parliament (whether of the States or of the Commonwealth) and of rules, regulations, by-laws and other laws made thereunder;
- (c) to arrange training and educational programmes for small business;
- (d) to publish and distribute information for the guidance of small business; and
- (e) to arrange financial assistance to small businesses and to make recommendations to the Corporation with respect to applications for Government guarantees under this Act" (section 13(2)).

To carry out its tasks the Corporation has a staff of 25, headed by a General Manager. The staff are arranged into three divisions, each headed by a Manager: Counselling and Training Division (10 staff), Finance and Guarantees Division (3 staff), and Information and Services (9 staff). A Research Officer and a Stenographer/Secretary to the Corporation and the General Manager make up the 25. The Corporation's total income for the 1982-83 financial year was approximately \$1.1 million.

The objectives and functions of the three divisions are listed below, as described by the Corporation in its initial information submission to the Committee.

Counselling and Training Division

The major objective of the Counselling and Training Division is to promote continuously to small business an awareness of the Corporation's existence and its role of doing "all things necessary" to assist small business.

There are three facets of this objective:

- . to assist owners to have a better awareness of their own business objectives and of how to achieve them;
- . to enable owners to be aware of the resources in the community available to assist them; and
- . to bring to the attention of owners the full range of services which can be provided by the Corporation.

The Division sets about meeting its objectives by:

- . identifying and promoting the importance of success in small business;
- . diagnosing the needs and problems of individual businesses through discussion and counselling;
- . creating an awareness of the role of management in small business; and
- . encouraging owner/managers to attend training programmes which will help to fill gaps in their awareness and skills needed to run an operation successfully.

Finance and Guarantee Division

The objective of this Division is to increase the access of small business to finance, through the distribution of government loans and guarantees, and through the encouragement of the development of venture capital providers.

The Division seeks to accomplish this objective by:

- supplying information and advice on a wide range of financial matters to individual small businesses, their external advisors, regional organisations working with small businesses, and others;
- liaising with financial institutions and others in the provision of finance to small business;
- investigating applications for the provision of Government Guarantees and to make recommendations thereon to the Corporation;
- providing information of a financial nature, and support, to Corporation Members, counsellors and other officers; and
- investigating the provision of small business loans from the Government's Victorian Development Fund.

Information and Services Division

This Division provides administrative and service needs to the Corporation. Its objectives are:

- to project the Corporation as an entity of concern contributing to the improved performance of small business in Victoria, as one of the Government's services to business;
- to ensure that the small business sector is not disadvantaged through Government legislation, by monitoring and commenting on bills as they are proposed for legislation; and
- internally, to provide effective and efficient support services for all levels of operation of the Corporation.

The functions of the Division are to accomplish these objectives by:

- . collecting, collating and disseminating information about and for small business and having it available for Government, individual small businesses, small business groups, and Members and staff of the Corporation;
- . co-ordinating the administrative services of the Corporation, including the formulation and submission of annual budgets, and maintenance of accounts and personnel records; and
- . examining proposed legislation, regulations and reported areas of disadvantage and discrimination of small business, followed by appropriate comment and action to ensure that the small businesses of Victoria are fairly dealt with.

* * * * *

2.2 Activities in 1982-83

During the most recent financial year, the Corporation continued its activities along the same general lines as in the previous few years. Major elements of these activities included:

- . just over 13 000 new enquirers were counselled, an increase of 53% over the previous year (many of these being brief telephone or over-the-counter enquiries);
- . Pre-business Workshops were conducted for people considering starting a new business;
- . Corporation counsellors made 42 visits to parts of Victoria outside Melbourne to provide counselling;
- . 32 grants totalling \$92 000 were approved, to industry and geographic groupings for curriculum development and promotion, for seminars, forums and workshops;
- . the Corporation commented and made recommendations on a number of Acts and proposed legislation or regulations;
- . a weekly column for newspapers and magazines and a recorded telephone message service of practical advice and information were introduced;
- . a new service was introduced, in which a subsidy is provided towards the cost of professional financial advice to persons about to start a new business or to new businesses operating for less than twelve months; and
- . five applications for a Government guarantee to support an application for a loan were received - one was withdrawn, three were declined by the Corporation, and one (for \$50 000) was approved.

Further details of the Corporation's activities are contained in its annual report.

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CHAPTER 3 : ASSESSMENT OF PERFORMANCE

3.1 The Survey by Spectrum Research

As the Small Business Development Corporation is established to assist small business throughout Victoria, the Committee considered it to be essential that the views of small businesses generally on the effectiveness of the Corporation be ascertained. It was considered unlikely that many - if any - small businesses would respond to the Committee's usual methods of seeking public comment, that is, public notices in newspapers. This expectation was borne out by the fact that no formal submissions were in fact received from any small businesses.

The Committee thus chose an alternative mechanism for consulting small business - the Corporation's clients - and commissioned Spectrum Research to conduct a survey for it. The survey was intended to provide the Committee with an independent and authoritative assessment of the knowledge, perceptions and use of the Small Business Development Corporation amongst those whom the Corporation is set up to assist. The basic questions to which answers were sought were determined by the Committee, and the detailed design of the survey questionnaire was carried out by Spectrum under the supervision of a Steering Committee appointed by the full Committee.

The survey was carried out during July and August, 1983, also under the supervision of the Steering Committee, and Spectrum's report on its findings was presented to the full Committee on 28 September 1983. The report has been published separately, under the title Survey of Public Perceptions and Use of the Small Business Development Corporation.

The Committee believes that the Survey is probably the largest and most comprehensive study of its type ever conducted in Australia, and the Committee believes that the Survey will be of considerable interest to those involved in small business development, education and training all over Australia. Full details of the methodology (including sample selection) and of the results are given in the published Survey, and will not be repeated here. In brief, the Survey interviewed by telephone 491 existing small businesses selected at random but so as to reflect the broad structure of the small business segment of

the community, 252 small businesses who had used the services of the Small Business Development Corporation during the 1982-83 year, and 144 advisors to small businesses including a large number who had particular links with various ethnic groups in Victoria.

Interviews sought to establish a number of matters, including the level of public awareness of the existence of the Corporation, the level of knowledge of the services offered by the Corporation, the degree of satisfaction with the Corporation on the part of those who have used it, sources of help and assistance presently used by small businesses, and perceptions of how the effectiveness of the Corporation could be increased.

Businesses were classified into size: 1-4 employees, 5-9, 10-19, 20-99; industry: retail/wholesale, construction, business service, transport/storage, manufacturing, entertainment, other; location: metropolitan (six areas), major provincial cities (Ballarat, Bendigo, Geelong), and other country; and length of time in operation. The advisors included metropolitan and country lawyers, accountants, bank managers, ethnic advisors, and others (mostly tertiary educational institutes and employer organisations). The sample of past users was drawn to reflect the pattern of use of the Corporation in the period concerned.

Few difficulties were experienced in carrying out the survey, and a generally high response rate was obtained - about 75% for past users of the Corporation's services. For full details of the survey methodology and results, reference should be made to the published Spectrum Survey.

* * * * *

3.2 Spectrum's Summary of their Survey Results

The following is the Summary provided by Spectrum of their results, extracted verbatim from section 5 of their report, pp. xxxix to xliv.

5. SUMMARY

- 5.1 Awareness of the S.B.D.C. in the small business community is quite high but it is by no means universal.

However the depth of knowledge about the role of the S.B.D.C. is low. Only 31% of small business proprietors surveyed knew that the S.B.D.C. does actually provide services to assist small business and overall only a fifth could describe any of the services offered by the S.B.D.C.

Also the sections of the small business community in which awareness is lowest are those where the need for assistance could possibly be greatest, that is, those in business for under two years, businesses that employ less than five people, and businesses run by a person from a non-English speaking country of origin.

- 5.2 The greater proportion of advisors to the small business community are aware of the S.B.D.C.
- 5.3 Knowledge of the services provided by the S.B.D.C. appears to be very general. The services are described as 'counselling', 'general information' and 'literature'. There does not appear to be a high level of knowledge of other specific services of the S.B.D.C.

Also it is apparent that the S.B.D.C's referral role is either not well recognised or not well understood. Very few people

(under 10%), when describing the services of the S.B.D.C., explicitly mentioned that one of its tasks is to direct queries to the appropriate experts in the community. However, this appears to be a further indicator that such a role is not viewed as being a sufficiently adequate method for dealing with the needs of small business proprietors.

5.4 Advertising and publicity strategies employed by the S.B.D.C. appear to have been effective in generating awareness. This is the most common source of knowledge of the S.B.D.C. However it would appear more work is necessary in establishing specific knowledge of role of the S.B.D.C. and the services it offers.

5.5 Approximately a quarter (26%) of existing small business proprietors claim to have considered contacting the S.B.D.C. One-half of these, or thirteen percent of the total, have actually done so. Among advisors to small business just under half have considered referring clients to the S.B.D.C. and 35% have actually done so.

5.6 The potential for a higher level of actual contacts by small business proprietors with the S.B.D.C. is possible but it would appear to depend on a number of factors including

- a more precise knowledge of the services offered by the S.B.D.C.
- the S.B.D.C. actually visiting the workplace of the enquirer to obtain a better understanding of their working environment
- the expectation that the S.B.D.C. would become more involved in the solution of the business proprietors' problems.

5.7 The reasons the S.B.D.C. was contacted cover a wide range of issues. The most common motives for contacting the S.B.D.C. were for advice on starting a business, advice about how to obtain and the availability of finance, advice of a general business nature, and specific assistance on new and unknown areas.

A broader perspective of the reasons for contacting the S.B.D.C. was obtained from the "past users" sample than from existing small business proprietors and advisors. The latter were much more concerned about the availability of finance.

5.8 By far the most common reason for not having contacted the S.B.D.C. is the simple belief by the business proprietor or advisor that no assistance has been required.

Negative perceptions of the ability of the S.B.D.C. to provide useful assistance do not appear to be a significant factor for not contacting it.

5.9 The evidence suggests that by far the greater proportion of people who have had contact with the S.B.D.C. were satisfied with the assistance they received. However, it would appear that those most likely to come away from the S.B.D.C. feeling they did not obtain a satisfactory response were existing and larger business operators. On the other hand, those seeking information about starting a new business tended to be happier with the S.B.D.C.

This lower level of satisfaction among existing business proprietors is not unexpected. Their enquiries would tend to be more "problem oriented". Therefore it would be less easy for the S.B.D.C. to provide a response that immediately solves the situation. On the other hand, enquiries from people planning to start a new business would be more "opportunity oriented". In this case the S.B.D.C. would be able to give

information and advice for which the enquirer would not immediately expect to see a simple result. Nor would they be in the situation of expecting to have a "worrying burden" removed by the S.B.D.C. as may the existing business proprietor.

5.10 Expectations of the type of role that the S.B.D.C. should fulfill focus quite heavily upon a more direct and in-depth involvement with small business than currently appears to be the case. There was strong agreement that the S.B.D.C. should go out and contact businesses directly, should help solve problems and not just be an adviser, and be more than just a referral point.

5.11 While most people surveyed felt unable to comment on specific aspects of the S.B.D.C., among those who did there was a substantial level of opinion that it needs more resources.

On other issues there were no clear trends in opinion. It can only be said that there is marginally greater support for the views that the S.B.D.C. is effective, is equipped to handle the real problems of small business, but that it is bureaucratic.

5.12 There is considerable demand for the S.B.D.C. to contribute more effectively in advising on finance and providing assistance in accessing funds.

5.13 Small business proprietors from a non-English speaking country of origin would appear to require greater attention to ensure the services of the S.B.D.C. are made available to them.

It appears they are less likely to know of the S.B.D.C.'s assistance but would be more in need of assistance particularly because of problems with understanding legislation, coping with the fundamentals of bookkeeping, a lack of awareness of sources of financial advice, and a lack of appreciation of business practices in Victoria.

5.14 In summary, this project has demonstrated that there is a reasonably high level of awareness of the existence of the S.B.D.C. However this awareness is skin-deep with only a small proportion of small business proprietors actually knowing what is the role and what are the services of the S.B.D.C. Approximately one in eight owners of small businesses claim to have contacted the S.B.D.C. This proportion could be higher if knowledge of the S.B.D.C.'s services was greater and it was seen as more relevant to their needs. In particular there appears to be a strong demand for the S.B.D.C. to be more "hands on" in its dealings with small business proprietors.

There is widespread satisfaction with the assistance provided by the S.B.D.C. However, where reservations exist, they are more apparent among those who sought assistance in relation to an existing business rather than concerning a proposed new business venture. This suggests the S.B.D.C. may need to strengthen its activities in the area of helping those who have an existing business problem. While the S.B.D.C.'s role currently may be defined as "a referral centre" rather than as "a problem solver" this is not fully appreciated by the small business community and does cause some confusion over the reason for its existence, and with the level of satisfaction with its services.

The Committee accepts the basic findings summarised above, although it does not necessarily agree with the suggestions offered by Spectrum as to how to overcome some of the difficulties revealed.

* * * * *

3.3 Submissions and Evidence

Ten submissions were received by the Committee, and a representative of each of the organisations that made submissions appeared before the Committee on 25 March in the case of the Minister, and on 3 August for all others, to give evidence.

Relevance of Objectives

The objectives of the Corporation as specified in the Small Business Development Corporation Act 1976 are given in section 2.1 above, as are the functions specified in the Act for the Corporation. The Committee notes that the statement of objectives there (section 13(1)) is quite unrealistic: the Corporation does not have and cannot be expected to have "power to do all things necessary" to advance small business. As these words clearly do not mean what they say, what do they mean? The statement gives no indication of why the Corporation is set up, of what particular goals it should pursue, or of what priorities it should observe - or, less directly, of what principles it should observe when setting its own priorities.

The Committee considers this statement to be so general as to be of very little use in assessing either what the philosophical or operational objectives of the Corporation are, or how relevant these objectives might be in contemporary society.

The statement of functions for the Corporation contained in the Act (section 13(2)) is also unhelpful, for the opposite reason: in some respects it is too precise. It requires the Corporation to establish a Small Business Advisory Agency headed by a Director, and that Agency is required to establish an Information and Referral Centre. In fact the Corporation has done neither, presumably because it has decided that alternative administrative arrangements can satisfy the intent of the legislation in a more satisfactory fashion than arrangements strictly following the wording of the Act.

The Committee recognises that these are comparatively common characteristics of legislation, but it considers them to be most inappropriate. For the greater

part, the Committee considers that the internal administrative structure of a public body - or of a Ministerial department - should not be prescribed in an Act. The Act should specify the fundamental objectives required of the agency, but in general the internal administrative structure should be left to the agency and its Minister to work out, with the assistance of professional review agencies such as the Public Service Board if required. Prescribing administrative structure in an Act like this emphasises the procedures of the agency rather than its objectives. It also produces an undesirable rigidity to that structure.

As a general rule, the Committee believes that Acts establishing public bodies should state clearly the fundamental objectives intended for the body, and state little if anything about the internal administrative structure of the body.

With the above reservations in mind, it is safe to say that the general objectives of the Corporation are to aid and assist small business. The Minister responsible for the Corporation, The Hon I R Cathie, M P, began his evidence to the Committee by outlining his views on the relevance of the objectives of the Corporation in contemporary society. He referred to the size of the small business sector of the State and national economy, and to the fact that over 60 per cent of total private sector employment is provided by this sector.

He also quoted from a number of reports prepared by diverse organisations since 1971, all of which argued strongly for recognition of the importance of small businesses as a group, and of the need for government support and encouragement.

Mr Cathie concluded his remarks on this theme by saying: "I am convinced that the magnitude and significance of small business, the quite special nature of its problems, and its potential, warrants active Government sponsorship of means to develop its efficiency and growth. Efficient small business is important to the economic development of contemporary society, but because of its problems optimum efficiency will not be achieved without assistance. That assistance has come and must continue to come from the body under review, the Small Business Development Corporation" (evidence p. 4).

Most submissions explicitly agreed with these views. Furthermore, no submission, evidence or other information available to the Committee disagrees

with them. The Committee sees no reason for doubting the continued relevance of the general aims of the Corporation. As already noted, the Committee does consider that the basic objectives for the Corporation should be stated in a more useful fashion in the Act.

In response to a question from the Committee's Chairman, Mr Cathie agreed with the proposition that a statement of objectives for the Corporation should be prepared that is clearer than that in the Act at present (evidence p. 16). Mr Falk told the Committee that: "When I enquired at the time of my engagement as to why they (the Corporation's objectives as specified in the Act) were so broad the advice at the time the legislation was drafted was to permit the Corporation to have as wide an area of responsibility to be able to deal as best it could with small business" (evidence p.18). The Committee is of the view that the objectives in the Act are far too broad and vague, while at the same time the functions the Corporation is to carry out are there specified in excessive detail.

The only questioning by witnesses of the appropriateness of any specific activities of the Corporation concerned its counselling function - arguably its most important activity. Several witnesses raised the matter: Mr M Mirsky, Head of the Department of Small Business Management and Chairman of the Centre for Small Business at Victoria College, put the query in these terms: "...the question whether counselling is necessarily a proper function of a small business agency. Is this not (the) normal and proper role for professional consultants - accountants, lawyers, management consultants...?" (evidence p.80). The Committee will return to this function later in this report.

Effectiveness

In general, the submissions and evidence were complimentary towards the Corporation in terms of both the nature of the activities it engages in, and its effectiveness in carrying them out. There were very few explicit criticisms. Thus Mr P A Gude, Executive Director, Melbourne Chamber of Commerce, stated: "The Melbourne Chamber of Commerce wish to place on record its gratitude for the assistance it has received from the Small Business Development Corporation and also acknowledge the excellent vital work being executed by the Executive and Staff of the Corporation" (evidence p. 42).

This kind of support came from witnesses from a variety of backgrounds. For example, in a written submission, Mr B Wise, Head of the School of Business at Footscray Institute of Technology, stated: "As a participant at a Corporation conducted seminar and as a contracting organization in the preparation and conduct of training courses, we have found Corporation staff to be both efficient and professional in their organization" (evidence p. 63).

Comments in the submissions and in evidence mostly expressed the same general viewpoint as that put by Mr Falk in his evidence to the Committee. In commenting on the Committee overall, Mr Falk said: "(I believe it) is a fact that the Small Business Development Corporation has, within the limited resources available to it since its conception, done an outstanding job... I believe this does not necessarily mean that there is not much more it can do to improve its facilities and services" (evidence p.171).

To a substantial extent, the Committee agrees with this viewpoint - and, as is clear from Spectrum's Survey, so do most of the small businesses the Corporation was established to serve: 87% of Spectrum's sample of 252 small business proprietors who had used the Corporation in the last financial year would recommend it to their friends. In the rest of this report, the Committee wishes - in accordance with the sixth of its basic operating principles as listed in chapter 1 - to seek constructive ways of building on and extending the Corporation's successes to date, in order to "improve its facilities and services". The Committee will seek to do this by recommending measures to overcome the actual or potential future shortcomings or deficiencies.

Potential Demand for Services and the Corporation's First Priority

The submissions detailed few deficiencies in the services offered by the Corporation, although many suggested improvements. One partial exception to this is Mr J E Bailey: the significance of his evidence will be discussed in more detail in section 3.4 below. One deficiency that was mentioned was the inability of the Corporation to meet all of the demands currently or potentially made of it. Mr G B Sherlock, appearing from Coopers and Lybrand, Chartered Accountants, said that: "...if there is any real criticism, it is that (the

Corporation) is not wide enough to cope with (all) the problems experienced by small business" (evidence p.111). The dilemma posed by this problem was recognized by Mr Sherlock, for he went on to say: "I believe if the Corporation were to be large enough to provide all the skills that are required by all small businessmen it would be gigantic" (evidence p.116).

Several other witnesses made similar observations, and in its written submission the Victorian Economic Development Corporation (VEDC) suggested that: "...to complete its work it probably should have three times the number of staff it presently has" (evidence p.136). In general, it should be noted, the VEDC was highly supportive of the SBDC.

It is clear that the volume of work handled by the Corporation has grown at a very rapid rate indeed since it was established, with an average annual growth rate in the number of inquiries received of about 24 per cent since its first full year of operation, 1977-78 (from 4544 in 1977-78 to 13 024 in 1982-83, evidence p.147 and Annual Report 1982-83, p.8).

It is equally clear that this rate of growth in business cannot be sustained indefinitely, although the potential demand is there: only 13 per cent of small businesses at present claim ever to have contacted the Corporation (Spectrum Survey, p.xxi). An increased demand would lead to considerable pressures on staff, and a need for increased resources, possibly substantially increased. Some changes will be needed in the Corporation to cope with such continued growth: it is neither possible nor desirable for the Corporation to provide all the advice and counselling needed by all small businesses. The Corporation recognizes this possibility, at least to some extent. In evidence Mr Falk said: "We have to be careful that we do not get to the extent of spoon-feeding (all small businesses) as it would involve a cost so astronomical..." (evidence p.22).

Some others recognized this also: "I do not see the role in the future of the Corporation as simply adding another 5, 6 or 10 counsellors and presuming that by doing this you are going to provide a better service to small business. I would, in agreement with previous (witnesses), see it more as a co-ordinating role - an information dissemination role" (Mr Mirsky, evidence p.87).

As noted earlier in this section of the report, the objectives of the Corporation as given in the Small Business Development Act are extremely broad and do not appear to provide any focus or direction or guidance to the Corporation as to which - if any - particular groups or kinds of small businesses on which to concentrate. The Corporation on being established thus set out to service more or less all classes of small business in more or less all the ways and methods it could think of.

In this it has been successful: the rapid and continuous rise in the amount of business and the very high general level of satisfaction with the services provided during the most recent - and therefore busiest - year represent votes of confidence from the Corporation's clients that few other government agencies could equal.

The Committee believes that the most appropriate course of action for the Corporation now is to refine and concentrate its activities on areas of small business most in need of assistance, and to emphasize those activities which it does best. This view is shared by many witnesses: for example, the VEDC, in its written submission, favored a concentration by the SBDC on new starters in small business, with other advisors mostly dealing with the more established businesses (evidence pp.136, 142).

Mr Gude contrasted big and small businesses in terms of the greater potential access to funds and to specialist advice of the former (evidence p.57), and Mr Mirsky made the same points in both his written submission and in discussion (evidence pp.81,89): this is the basic reason why government aid to small business is so widely regarded as necessary and desirable. The Committee considers it to be appropriate to extend this principle further: if the demand for these services outruns supply - or threatens to - then the Corporation should base its priorities for the provision of direct advice and assistance on the same theme, and concentrate on those small business proprietors least able to access commercial sources of appropriate skills and experience.

There appears to be a gap in the provision of adequate advice and assistance by commercial and trade organisations. This gap is explicitly recognized by some: for example, Mr Gude explained the position of the Melbourne Chamber of

Commerce: "The Chamber and (its) Small Business Association of Victoria see their key role and responsibility to their members. We are not so involved and not so concerned with people who want to get into business" (evidence p.52). In his written submission, Mr Gude said that: "It is our belief that if more persons who are desirous of entering small business made good use of the Starter Kits and other educational publications available from the SBDC, they would be better informed and better equipped to reduce the contingency of failure" (evidence p.41). Some other witnesses explicitly made the same points, and none contradicted or disagreed with them.

It is interesting to note that the greatest level of satisfaction with the Corporation's work to date comes generally from younger people, those contemplating starting a new business, and those who had "long" dealings with the Corporation (Spectrum Survey, section 4.7).

Each of these groups of satisfied people can generally be expected to have less complex problems than the longer established businesses and the larger small businesses. Planned or new small businesses can also be expected to have fewer established professional links with accountants, lawyers, bank managers, trade associations, and so on - the other major sources of information and advice. Further, as such businesses are likely to have less resources than larger and more established businesses, they may be less able to afford consultations with standard commercial sources of advice.

The groups of businesses whom the Corporation at present is most successful in satisfying, appear to have a large degree of overlap with the groups most in need of assistance and least able to obtain assistance elsewhere.

The Committee believes that the provision of counselling and information to these groups of small businesses is the area which the Corporation should in future have as its main priority. The Committee believes further that this is an appropriate role for a free Government-funded service: it is meeting a need that commercial advisory services find difficulty in filling adequately. If it were to attempt to give detailed advice to more established businesses it would run into the problem of why a free Government financed agency should do this (raised by Mr Mirsky, evidence p.80, and above). As Mr Sherlock observed, there are

"...hundreds of people in the community with (these) skills of varying degree" (evidence p.116).

Other Priorities

The Committee notes the contrary views rather strongly expressed in the Spectrum Survey. For example, the most common reasons for being dissatisfied with the Corporation's assistance were that the information provided was not specific enough and that the advice was not adequately action-oriented. Some of the most common viewpoints of the Corporation were that it should help solve, and not just advise on, the problems of small business, and that it should not just act as a referral point but should go further and actually offer advice itself. Many businesses said that they would like the Corporation to offer more financial advice and more financial assistance, more detailed legal, accounting and other technical advice, and that they would like the Corporation to come and talk with them in their own offices.

All of these viewpoints represent desires to gain more involvement of the Corporation in the workings of individual small businesses, and more involvement in the technical details of operating the businesses. The Committee well understands that small businesses - in particular the larger and better established ones - might well like to have these kinds of services available free of charge: but the Committee considers there to be other activities more appropriate for a Government-funded agency, for four main reasons.

First, these businesses do have other sources of this kind of advice readily available to them, in the form of the numerous commercial financial, technical or management advisors practising throughout the community. Second, for a Government agency to provide a large-scale free service of this kind would be to put the agency into direct and unfair competition with large and generally vigorous sections of the commercial activity of the community. Third, the resources likely to be available from Government to finance this kind of activity are likely to be severely limited, and almost certainly quite inadequate to cope with the demand that such a service could be expected to generate. Fourth, directing whatever resources are available for small business advisory services to

larger and better established businesses the Committee believes would not be directing the resources where they would be most useful (as discussed above).

In his evidence Mr Priestly suggested that, if resources were limited, the areas the Corporation should develop were information collection and dissemination - "directing people to where they should go and to whom they should talk" (evidence p.66). That is, rather than providing the assistance (of whatever kind) directly, the Corporation should know who can provide it and refer people accordingly.

To a substantial degree, this is of course part of the present role of the Corporation, in several fields. Thus it at present refers some people who seek advice from it to more specialised professionals, or to educational programmes. The Committee sees this as being a most important activity for the Corporation in the future: rather less doing things directly itself, and considerably more collecting, collating, analysing and distributing information, more co-ordinating other direct providers of services and stimulating them into the provision of more services, and more research and investigation into what new or modified services are desirable.

The Corporation appears to have considerable sympathy for this approach, for in his evidence Mr Falk - when replying to a question about how the Corporation should operate in the future - said that "We feel it is preferable to try to marshall community resources and for a Government Corporation to play that catalyst role and encourage the provision of better specialist services" (evidence p.181).

For the better established small businesses, the Committee concludes that the appropriate service for the Corporation to offer is a very comprehensive information and referral service. All of the basic information available to new starters should, of course, also be available to established small businesses. In addition, the Corporation should be able to refer businesses to the correct location for information, advice or service on more-or-less any and every matter.

To enable it to do this, the Corporation should be in close contact with a large number of private and government organisations. In the government field, this

should include local, State and Commonwealth agencies, including those covering items such as building and health regulations, apprenticeship training and export incentives. The Corporation should also keep close contact with the Commissioner of Taxation over matters of particular interest to small business, including in particular matters such as Undistributed Profits Tax, Capital Gains Tax, and Superannuation provisions (see also Coopers and Lybrand submission, evidence pp. 101-102).

The usefulness of the Corporation's referrals of established businesses to other, more specialist organisations would be greatly enhanced if the Corporation were able to refer the business to a specific, named individual ("Mr Smith") rather than to the organisation at large ("the Ministry for Employment and Training").

The Committee is thus suggesting that the Corporation should have, as its first priority, the direct provision of counselling to new starters in the small business field, and as its major secondary priorities, the referral of more established small businesses to appropriate other sources of assistance, and that it seek to play a very active catalyst and co-ordinator role in other areas.

Another task that the Corporation carries out is the examination of Acts and of proposed legislation or regulations, to advise the Minister on their likely impact upon small businesses. The Committee considers this to be a most valuable service. The Committee notes the recent letter from the Minister to all other Ministers "bringing to their attention a need for them to be aware of the effects of any legislation on small business and to refer Bills or proposals to the Small Business Development Corporation" (Mr Falk, evidence p. 174), and it welcomes this letter.

It may be appropriate at some stage in the future to broaden the advice giving role of the Corporation to include the provision of advice to other elements of the administration or of the Parliament. One area where this might profitably be done is in the very difficult area of reducing the complexity of Government - business interactions, either by reducing the number of Government agencies involved or by bringing the agencies together physically along the lines of the "one-stop-shop" idea, in particular as it affects those starting a new business.

Agents of the Corporation

One potentially powerful means of extending the Corporation's effectiveness and influence is through the appointment of agents to assist it in its counselling work, and several witnesses proposed this in varying forms. In his written submission, Mr Gude suggested that the Corporation could "...do much for the advancement of small business in Victoria by developing satellite links to business through accredited Employer Groups", and he expanded on this idea in response to questioning from Committee members (evidence pp.42,56).

Mr Mirsky proposed that the Corporation could "subsidise professional consulting fees" (evidence p.80), and also that the Corporation establish Small Business Centres. He suggested that these should be organised through selected Colleges of Advanced Education, to extend greatly the provision of top-level training and counselling services (evidence pp.81-82).

Coopers and Lybrand proposed a rather more formal scheme, for the endorsement by the Corporation of selected consultants around the State to provide low-cost initial consulting services to enquirers. The scheme as proposed has some interesting features, and the Committee feels that its general ideas warrant more detailed investigation by the Corporation. In its present form, one of its most serious defects is that it is probably too formal an arrangement for many initial enquiries (evidence pp.98-100).

In response to a question from the Committee on whether he felt it desirable to have some Corporation presence in places such as local shopping centres, Mr Cathie said "Yes... It is important that we make available this facility and consultative advice whenever and wherever possible" (evidence p.21).

The Committee considers that agents of the Corporation should be appointed in major provincial centres and in key suburbs of Melbourne. These agents should be prominent, successful small businesses, and retail stores are the most obviously appropriate. In provincial centres, they could play a slightly wider role, and be part of the Department's regional development strategies. These agents should have supplies of the Corporation's pamphlets, booklets and information manuals prominently displayed and available, and be able to answer questions about the

Corporation itself and the services it provides, but should not be expected to give other advice themselves.

It is important to make the role proposed for these agents clear. They are proposed as being readily available sources of information about the Corporation and of the books, pamphlets and manuals that the Corporation sells or distributes. They should have a substantial selection of these materials on display and available to enquirers, and those they do not have on hand they should be able to order and supply rapidly from the Corporation. They should be able to answer comparatively detailed questions about the functions, structure and personnel of the Corporation. Each person nominated as an agent should have spent at least one full day with the Corporation in Melbourne, inspecting what it does, how it does it, and its facilities, and meeting its staff.

These agents should not themselves give advice on the problems of small businesses, and in general they should not be selected from accountants, lawyers and others who do give advice professionally. The existence of these agents would not detract from the need to have all banks, accountants, lawyers and others aware of the Corporation and - desirably - having some copies of general information brochures. These information agents are also quite separate from the professional agents proposed by Mr Mirsky or by Coopers and Lybrand. As an initial pilot stage, about ten information agents should be appointed, and after a trial of perhaps one year the number should be raised to about 50 across Victoria. The agents should be paid a fee for providing this service.

An important part of this proposal is that it would allow the appointment in appropriate areas of agents from within relevant ethnic communities. From the Spectrum Survey (pp.xxxvii et al) it appears that small business proprietors from non-English speaking countries of origin are less likely to be aware of the Small Business Development Corporation than are other proprietors, while at the same time these proprietors face additional problems caused by language and cultural differences. The existence of their special needs is shown in the prominent role "people from within their ethnic community" play in providing assistance to them already. The Committee believes that the appointment of agents of the Corporation from within relevant ethnic communities would greatly assist small business proprietors from within these communities.

The Committee is less convinced of the desirability of the more elaborate proposals for appointing professional agents (such as put forward by Mr Mirsky and by Coopers and Lybrand). It suggests that the Corporation itself should investigate this possibility in detail.

Further Proposals

Some other proposals for change in the operations of the Corporation were put forward in the submissions or the evidence. A listing of some of these, and brief comment on them, follows.

- . A Parliamentary Standing Committee on Small Business should be established, to monitor the implementation of dynamic economic policies for small business growth and survival, along the lines of the Select Committee on Small Business of the Senate of the United State of America, which was created in 1950 (Mr Mirsky, evidence pp.78-79).

The Committee does not believe that this proposal would work satisfactorily in the very different economic and political environment of Victoria.

- . All educational and training programmes intended for small business proprietors be accredited by the Corporation, in order to avoid overlap and confusion and to increase the quality of programmes (Mr Priestly, evidence p.66).

The Committee considers both aims of this proposal to be highly desirable, but it does not consider this particular method of seeking to achieve it to be appropriate.

- . There is a very strong need for greater access to capital for small business, and Government support is needed for any

scheme intended to provide this (Coopers and Lybrand, evidence p.101; Coopers and Lybrand also drew the Committee's attention to small business assistance schemes concerning equity capital in the United Kingdom and in the Netherlands, evidence pp.103-107).

The Committee considers a detailed consideration of such a scheme to be beyond its terms of reference; however it considers that the idea should be looked at favorably by the Department of Industry, Commerce and Technology. If any scheme is introduced, the Committee very strongly believes that it should not result in the establishment of another statutory agency, in addition to the Small Business Development Corporation and the Victorian Economic Development Corporation that already operate within the Department.

- . The scope of the Corporation's activities should be broadened to include small farm businesses.

The Committee does not support this proposal, as it considers that it would represent a major departure from established patterns for the Corporation for which there is no obvious demand. There are also many sources of advice already available to farmers.

- . The Corporation should engage in far more collection and analysis of data and information relating to small businesses and their needs and problems (several witnesses, for example Mr Mirsky, evidence pp.82-83).

The Corporation itself acknowledges the need for more research and analysis, but says that it has not to date been allocated funds for such purposes. The Committee considers

this to be essential: it is not clear to the Committee how the Corporation can be expected to help meet the needs of small businesses if it is not adequately able to determine what those needs are and how to meet them. The Committee strongly endorses this proposal: in the same vein, it considers that the Corporation's requests for access to a computer for the purpose of maintaining its stores of information should be agreed to as a matter of urgency. The Committee notes that there are many areas that require more investigation and research, and it suggests that two have highest priority:

- the reasons for and causes of small business failure, and
- ways and means of coping with the finding that about 80% of small business proprietors are not training-oriented (evidence of Mr Bailey, see section 3.4 below).

The Committee further considers that the Corporation should engage in more frequent and more rigorous evaluations of its own activities and of its successes and failures in meeting the needs of small businesses.

- . A considerably more comprehensive annual report should be prepared by the Corporation, incorporating some of the features found in the reports of small business advisory organisations in some other countries (Mr Mirsky, evidence pp.79-81).

In general terms, the Committee strongly endorses this proposal also, although it feels that a note of caution is needed: an over-elaborate annual report could take a disproportionate amount of time to prepare in a small organisation such as the Corporation. However, more coherent and more complete reporting of public bodies to Parliament - and to the community at large - is always an aim

of this Committee, and the Small Business Development Corporation is no exception to this.

The Committee notes that the presentation of the Annual Report 1983 is a substantial improvement on previous reports, and although the content is not bad in comparison with the reports of many other agencies, it does fall well short of the ideas put forward by Mr Mirsky. The Committee notes further that at the level of more basic information the Report is deficient: for example, it does not state how many people work for the Corporation, or when or for how long Corporation Board members are appointed.

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3.4 Evidence of Mr Bailey

Mr J E Bailey, Lecturer in Management at Chisholm Institute of Technology, gave evidence to the Committee at its Public Hearing on 25 August 1983. Mr Bailey has extensive experience in the small business field, and has been closely involved with the Corporation since its inception. He has conducted considerable research into the education and training needs of small business in Australia, and this research has resulted in two important publications. One of these is Small Business Education and Training in Australia, published by the Australian Government Publishing Service in 1981 for the National Training Council (214 pp., jointly prepared with Ms S M Royston), and the second is Survey of Small Business Training Needs in the Collingwood/Fitzroy Area, prepared for Collingwood College of TAFE in June 1983 (57 pp.). The Committee has inspected both reports, and Mr Bailey spoke about both in his evidence.

The first report surveyed over 7000 people across Australia, and the second surveyed 500 within the cities of Collingwood and Fitzroy (in area the smallest two municipalities in Victoria). The two studies had similar aims: broadly, the obtaining of information on the types of training activities that staff and owner/managers of small businesses would find most useful.

The two studies - despite the great difference in the people surveyed - found very similar results. In his summary of the Collingwood/Fitzroy study, Mr Bailey said:

"The major finding of the survey is that the majority of owner/managers in the Collingwood/Fitzroy region are not interested in the training that the College is capable of offering to themselves or to their employees. ...in the area of management skills...only 21 per cent of respondents indicated that they had needs... Fifty-seven per cent of all respondents indicated that they had nothing to learn from training courses.

...

"Although the results of the survey appear to show that the majority of owner/managers in the Collingwood/Fitzroy region are less than enthusiastic about training, the results are not inconsistent with other Australian surveys of this type. These results confront educational institutions with the challenge of creating appropriate learning activities which will gain the attention of the large proportion of non-training oriented

owner/managers in the community" (Collingwood/Fitzroy Survey, p.1)

In his evidence Mr Bailey discussed these findings at length, and the Committee considers them to be of great importance (evidence pp.118-131). Mr Bailey generally spoke highly of the Corporation's work, but noted the great difficulty of generating interest amongst the large numbers of small business proprietors who are not "training oriented".

A number of witnesses noted that it was widely recognised that the greatest single cause of small business failures is a lack of management skills and knowledge. In view of this, the Committee is most concerned that a large proportion of small business proprietors are not well disposed towards training. The Committee notes that Mr Bailey's findings are consistent with those of the Spectrum Survey: it found that a very large proportion of small businesses had not considered contacting the Corporation and that they considered that they did not need any assistance.

The Committee considers that the Corporation should, as a major part of its activities, seek ways of encouraging the "non-training oriented" small business proprietors to take more interest in broadly defined training programmes. Because of the likely problems noted elsewhere in this report of adequacy of resources available, the Committee believes that the Corporation's role in this should be one of investigation and co-ordination. It should investigate innovative approaches to the problem, encourage a variety of other organisations to experiment with these approaches, and co-ordinate the efforts of these other organisations. In general, the Corporation should not carry out these activities itself.

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CHAPTER 4: OTHER OPTIONS FOR CHANGE

4.1 The Corporation's own Proposals for Change

In December 1982 the Corporation completed a comprehensive review of its own activities, and of possible future expansions. The following summary of its proposals is taken verbatim from its Annual Report 1983 (pp. 6-7).

"The Corporation has proposed that new legislation be introduced to more clearly define the Corporation's objects, functions and responsibilities. In particular, it is envisaged that the new Act would signify the Corporation's comprehensive role in supporting businesses within the State, and demonstrate the Government's commitment to support and expand the business base of Victoria.

"Areas in which the Corporation reported that it should play an expanded role include:

- Business Advocacy: Presentation of small and medium business viewpoints and interests, where such representation is not already available.
- Education and Training: Substantial expansion upon the existing education and training co-ordination roles.
- Finance Unit: Expanded activities to increase the availability of short, medium and long-term loan funds to the small business sector, and the provision of equity and debt capital for new ventures and expansions more properly funded by additional capital rather than by borrowings alone.
- Government Guarantee Program: Expansion will be sought.

- . Government and Business Relations: Greater assistance in developing Government and business relationships and in facilitating commercial transactions between government and business.
- . Industrial Relations: Every business is affected by the process of industrial relations. Educational activities will be extended to assist and inform small businesses on matters pertaining to the need for good working relations between employers and employees.
- . Information Services: The availability of relevant information is a pre-requisite to sound policy development. It is a critical factor in the achievement of the Corporation's objectives and the fulfilment of its functional services. An expansion of existing information services is therefore necessary.
- . Research: Individual enterprises have proceeded with important decisions without the benefit of adequate research. Advisers have operated in the absence of authoritative information. New initiatives in research are necessary.
- . Legal Support Services: Small businesses often face problems of disadvantage and discrimination in a variety of areas. It is proposed to increase substantially the assistance given in these areas.
- . Technology Transfer: The Corporation envisages that technology counselling will be extended as a specialised counselling function to promote the awareness of technological change, the need for technological improvement, and the effects of new technology.

"The above list indicates present activities of the Corporation which it is suggested should be expanded in the future. The Corporation has also proposed a list of new initiatives, some of which are:

- **Business Appraisal:** Assistance for new business ventures, and for the sale, merger or aquisition of small businesses.
- **Co-operative Unit:** Assistance with the creation of co-operatives and other employee-owned enterprises. The unit will also encourage joint action by individual small businesses in various areas, including purchasing and marketing.
- **Inter-firm Comparison:** The acquisition and/or provisions of inter-firm comparison as the basis of proper decision making and business self analysis.
- **Interpersonal Relationships:** Assistance in the improvement of interpersonal relationships within small businesses; directed to alleviating the problems of both management and employees arising from matters such as alchol and drugs dependency, domestic and business disharmonies, and matrimonial difficulties; and assistance in the management of stress-induced problems.
- **Relief Management Service:** The establishment and conduct of a management 'locum' service to permit the proprietors of small businesses to absent themselves in the event of illness, or for business travel or study purposes.
- **Market Development:** Initiate research into potential markets, and to advise businesses on marketing strategies.
- **Project Planning:** Provide a specialist service by looking at individual projects, and assessing the probable effects upon small businesses involved in the projects.
- **Credit and Risk Management:** It is proposed to establish a credit and risk management unit within the Corporation

to assist businesses to improve their credit and risk management. Activities would include safety, credit management and insurance counselling, as well as group insurance programs.

"The above listings are only samples taken from the comprehensive package of activities and functions proposed by the Corporation to enable it to assist small businesses within the State. It is envisaged that the programs be introduced in stages, and be determined largely by the resources available to the Corporation."

This is a comprehensive package of expansion, that to implement in its entirety would probably require substantial extra resources. The Committee does not agree that all elements of this expansion programme are appropriate, for the reasons given in of section 3.3 above.

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4.2 Interactions with the Victorian Economic Development Corporation

The Small Business Development Corporation and the Victorian Economic Development Corporation report to the same Minister, and both have direct contributions to the economic development of the State as their prime objectives. The objectives of the VEDC include:

- . to facilitate the production of goods and services in Victoria;
- . to expand employment opportunities;
- . to encourage the development of manufacturing and tourist industries throughout the State, particularly in country areas;
- . to expand tourist accommodation and facilities throughout the State; and
- . to promote the export of Victorian produce, products and services into interstate and overseas markets.

Amongst the activities carried out by the VEDC are the provision of loans to assist businesses (generally under conditions which would be unacceptable by normal banking criteria) and the offering of guarantees on loans provided by other lenders. In 1981-82, 124 loans were made averaging \$72 000 each, and 4 loan guarantees were offered, averaging \$575 000 each (VEDC Annual Report 1982 p.6.). Over the last ten years, the VEDC has approved about 1200 loans and 23 guarantees; the VEDC says that "the majority" of these have been to "small business as defined in the Small Business Development Corporation Act" (evidence, p.140).

There is, therefore, some real or potential duplication of some of the activities of SBDC and some of the activities of VEDC. Both offer guarantees on loans, although each in fact makes very few of these, and both are involved in giving financial information and advice. Mr Falk and Mr J Doyle, General Manager of the Victorian Economic Development Corporation, each commented on the overlap between the two and on the consequences of a possible merger between them, in their evidence to the Committee.

The "Small Business Loans Programme" being introduced in the 1983-84 financial year extends and complicates the interaction between the two Corporations.

Applications for these loans are to be submitted to the SBDC, and if after assessing the application that Corporation approves the application, it will forward it to the VEDC. The VEDC in turn will conduct its own assessment, and if it is satisfied it will then approve the loan and grant the money.

It is not at all clear to the Committee why two government agencies need to be involved in this fashion. The Committee believes that this procedure adds an unnecessary step to the process, will slow down the processing of applications and will introduce additional complexities to the interactions of small business proprietors and the Government.

The Committee strongly believes that the present duplication between the two corporations and the greater overlap that will result from the new loans programme should be minimised. It considers there to be, in principle, three ways in which this could be done:

- give all financial assistance responsibilities to VEDC;
- give all financial assistance responsibilities to SBDC; or
- merge the two to produce one organisation in which overlaps and confusion would be less and of less significance.

While the last of these would have some advantages, its major disadvantages are that:

- it would be difficult to ensure that the separate and distinct needs of small business were seen to be receiving adequate emphasis;
- it would involve the loss of the present distinct identity of the agency assisting small business; and
- it would be generally perceived as representing a decrease in the level of Government support for small business.

For these reasons the Committee is not prepared to recommend it.

Of the remaining options, the Committee favours the first. It feels that this would enable the SBDC to concentrate on that which it clearly does best: the provision of advice and sound counsel to small businesses.

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CHAPTER 5: RECOMMENDATIONS

5.1 General Themes

It is clear that there are many ideas and proposals for change, in the Corporation's own work, in the submissions and evidence that the Committee has received, and implicit or explicit in Spectrum's Survey.

The Committee, however, feels that the proposals are rather fragmented, and have no particular common theme or purpose behind them. Nor are they, in general, based on any analyses of where the Corporation at present is least successful, or most successful. In this, they match the specification of objectives for the Corporation in the Small Business Development Corporation Act 1976, on which comment has already been made. Nothing in the Act provides any guidance or direction concerning why small business should be "developed", which - if any - kinds of small business should be favored, or what priorities or targets the Corporation should seek to achieve.

As noted in section 3.3, the Corporation has taken this unfocused view literally, and has spread its activities very broadly. Again, as discussed in section 3.3, the Corporation has generally been very successful and has generated very substantial increases in the amount of business it receives.

This increase cannot be long sustained without one or more of the following: a change in working style or in emphasis, a large increase in the available resources, or a diminution in the quality of service offered. The Committee believes the second is unlikely, and the third undesirable: it therefore recommends the first.

In summary, the Committee is seriously concerned that:

- the resources likely to be available to the Corporation in the immediate future are unlikely to be enough to sustain the present rate of growth in the number of requests for assistance;

- the present practices of spreading activities over a very wide range of topics may not be using the resources that are available to optimal efficiency;
- there are clearly some areas in which the Corporation is effective and in which its services are very much needed that may not be receiving the attention they deserve; and
- there are clearly some areas where the Corporation is not as successful and which could be improved.

Thus the recommendations that follow aim to build on the undoubted success of the Corporation in aiding small business, by reducing areas of confusion, strengthening the most successful aspects of the Corporation's work, and providing some more specific themes to guide the remainder of its work.

* * * * *

5.2 Specific Recommendations

Recommendation 1:

The Committee recommends that the Small Business Development Corporation continue in existence as the principal vehicle for the Victorian Government's direct aid and assistance to small business throughout the State.

Recommendation 2:

The Committee recommends that:

- (i) the Small Business Development Corporation develop draft fundamental objectives for itself with the active participation of the Minister, in consultation with representative small business proprietors and small business interest groups and paying careful attention to the findings of the Spectrum Survey;
- (ii) the fundamental objectives put stress on the provision of assistance and advice to those small businesses most in need and least able to obtain it from other sources; and
- (iii) after approval by the Minister these fundamental objectives be included in the Small Business Development Corporation Act 1976.

Recommendation 3:

The Committee recommends that:

- (i)** all provision of financial assistance, through loans or guarantees or any other means, be transferred to the Victorian Economic Development Corporation;
- (ii)** the provision of general advice on financial matters remain with the Small Business Development Corporation; and
- (iii)** the Victorian Economic Development Corporation be given statutory direction to consider the particular needs of small businesses when considering applications for guarantees or loans from small businesses, so that these applications are not assessed on the same basis as applications from large businesses.

Recommendation 4:

The Committee recommends that:

- (i)** the board of the Small Business Development Corporation be expanded by one, the extra person to be a member of the board of the Victorian Economic Development Corporation nominated by that board; and
- (ii)** the board of the Victorian Economic Development Corporation be expanded by one, the extra person to be a member of the board of the Small Business Development Corporation nominated by that board.

Recommendation 5:

The Committee recommends that:

- (i)** the Small Business Development Corporation more sharply and clearly distinguish its advisory and referral activities;
- (ii)** new starters in small business (including those contemplating starting a business and those who have been running one for less than two years, receive direct advice and guidance from the Corporation, in some detail if appropriate;
- (iii)** longer established small businesses generally be referred to more specialist sources of advice, with the Corporation generally devoting only enough time to their queries to assess the most appropriate source of advice; and
- (iv)** this separation of services between advice for new starters and referral for others be made clear and explicit in the Corporation's publicity.

Recommendation 6:

The Committee recommends that:

- (i)** the Small Business Development Corporation commission a limited number of agents distributed throughout major provincial centres and throughout the suburbs of Melbourne to act as decentralised sources of information about the Small Business Development Corporation and as sources of

pamphlets, booklets and manuals distributed by the Small Business Development Corporation;

- (ii) these agents act solely as distributors of information, not themselves providing advice to small businesses;
- (iii) agents in general be selected from centrally located successful small businesses, and in general retail outlets (rather than accountants, bank managers, lawyers, etc.) should be chosen; and
- (iv) agents be paid a fee for acting in this capacity.

Recommendation 7:

The Committee recommends that:

- (i) the Small Business Development Corporation appoint as its agents a number of members of significant ethnic communities located in appropriate areas; and
- (ii) the Corporation make special efforts to assist small business proprietors from such communities.

Recommendation 8:

The Committee recommends that:

- (i) the Small Business Development Corporation consider commissioning appropriately experienced and qualified professionals to act as agents for it in the provision of free or subsidised advice and

assistance of the same kind as the Corporation itself does;

- (ii) if appointed, these professional agents in general should be centrally located in provincial centres or in Melbourne suburbs, and should be able to give advice on a wide range of topics; and
- (iii) if appointed, these professional agents should be paid a retainer and a commission for each counselling session.

Recommendation 9:

The Committee recommends that the Small Business Development Corporation amend its style and methods of operation to take account of the specific findings of the Spectrum Survey, subject to the other recommendations contained in this report.

Recommendation 10:

The Committee recommends that:

- (i) The Minister for Industry, Commerce and Technology investigate in detail the possibility of an existing Government agency being empowered to provide greater access of small businesses to working capital;
- (ii) the Small Business Development Corporation engage in more data collection and analysis, more research into small business operating characteristics, into

small business needs and problems, and into the causes of failure of small businesses, and more evaluation of its own programmes, all with the objective of showing more clearly where the Corporation's resources can be most efficiently used to assist small businesses most efficiently;

- (iii) the Corporation prepare each year a more comprehensive annual report on its operations, that more critically comments on those operations and on the particular circumstances and problems of small businesses;
- (iv) requests from the Corporation to the Minister for small increases in staff to cover the extra activities listed in this recommendation be given high priority and sympathetic consideration; and
- (v) requests from the Corporation to the Minister for access to computer facilities to aid information storage and retrieval and data analysis be agreed to as a matter of urgency.

* * * * *

COMMITTEE ROOM
7 December 1983.

APPENDIX

LIST OF SUBMISSIONS RECEIVED AND HEARINGS HELD BY THE PUBLIC BODIES REVIEW COMMITTEE

<u>Date</u>	<u>Witnesses</u>
25.3.83	* The Hon I R Cathie, M P, Minister for Economic Development Mr E Falk, Chairman, Small Business Development Corporation
3.8.83	* Mr P Gude, Executive Director, Melbourne Chamber of Commerce * Mr I Priestly, Acting Head, School of Business, Footscray Institute of Technology * Mr M Mirsky, Chairman, Centre for Small Business, Victoria College * Mr G Sherlock, Partner, and Mr R Betts, Partner, Coopers and Lybrand, Chartered Accountants Mr J Bailey, Lecturer in Management, Chisholm Institute of Technology * Mr J Doyle, General Manager, and Mr C Sadler, Manager of the Finance Division, Victorian Economic Development Corporation * Mr E Falk, Chairman, and Mr A Nelson, General Manager, Small Business Development Corporation.

Written submissions were received from those marked * above, and also from:

Master Painters', Decorators' & Signwriters' Association
of Victoria; and

Australian Society of Accountants.

6/87



VICTORIA

MINUTES
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