

2015-16 PAEC Financial and Performance Outcomes Inquiry Hearings

Questions on Notice to Mr Fennessy

Question 1.

With respect to grants from the Commonwealth under the National Affordable Housing Agreement:

- please advise what the actual amount received from the Commonwealth under this agreement were for 2015-16.
- please explain variances between the budget amount and the actual result for 2015-16, including explanations for terminating grants.

(Page 7 of the Department of Environment, Land, Water and Planning transcript)

Response - Grants from the Commonwealth in relation to the National Affordable Housing Agreement are received by the Victorian Department of Health and Human Services (DHHS). No grants were received by DELWP under this Agreement. This question will need to be directed to DHHS.

Question 2.

Regarding the National Partnership Agreement on Homelessness, was this agreement continued in 2015-16?

(Page 7 of the Department of Environment, Land, Water and Planning transcript)

Response - This question was raised in the context of Budget Paper 5, page 176, table 4.6 (see extract below) and budget allocations for affordable housing. There was a second question relating to the National Partnership on Homelessness.

Commonwealth funding for grants to support affordable housing are provided to the Department of Health and Human Services. Managing the National Partnership on Homelessness (NPAH) at the Victorian State Government level is also the responsibility of the Department of Health and Human Services. Questions relating to Commonwealth budget allocations and the NPAH should be directed to DHHS.

Grants for specific purposes

Table 4.6 lists Commonwealth grants for specific purposes, with detailed tables by expenditure category provided in Tables 4.7 to 4.13. Tied grants are expected to grow slightly in 2015-16, reflecting growth in most categories, partially offset by infrastructure and affordable housing grants.

Table 4.6: Grants for specific purposes

	(\$ million)		
	2014-15 revised	2015-16 budget	Change % ^(a)
Affordable housing	362.2	330.1	(8.9)
Community services	374.3	414.6	10.8
Education	1 816.6	1 884.4	3.7
Environment	285.9	318.3	11.3
Health	4 476.0	4 705.8	5.1
Infrastructure	962.4	686.3	(28.7)
Contingent/Other	954.6	930.1	(2.6)
Total grants for specific purposes	9 232.2	9 269.5	0.4

Source: Department of Treasury and Finance

Note:

(a) Per cent change between 2014-15 and 2015-16.

Question 3.

Please provide copies of all briefings the Department provided to Infrastructure Victoria during 2015-16.

(Page 7 of the Department of Environment, Land, Water and Planning transcript)

Response - Not applicable. DELWP only provided technical input and review of working documents to Infrastructure Victoria.

Question 4.

Did anyone from the Department of Environment, Land, Water and Planning meet with Karl Bitar during 2015-16?

(Pages 8-9 of the Department of Environment, Land, Water and Planning transcript)

Response - The Planning Executive Group, as well directors and managers that are involved in the Crown Casino Tower, 1-29 Queensbridge Street, Southbank matter, have confirmed that there has not been any meeting(s) with Mr Karl Bitar.

Question 5.

What is the nature of the technical problem with the desalination plant? When was the problem first found? Is there an ongoing problem with AusNet with regard to the operation of the plant?

(Page 13 of the Department of Environment, Land, Water and Planning transcript)

Response - The Gas Insulated Switchgear (GIS) that links the power cable to the desalination plant was damaged during the cable's re-energisation on December 11, 2016. The damage has meant that the plant at Wonthaggi has been unable to operate. AusNet Services manage and operate the power cable on behalf of AquaSure. The power cable was re-energised in three stages with section one and two successfully re-energised in early December. The incident occurred during the re-energisation of section three, which resulted in damage to the GIS.

The GIS is a self-contained, terminal station, which "steps down" high electricity (220KV) to a lower voltage (22KV), which is then used by the plant site to operate the various components that make up the Victorian Desalination Project.

The GIS has been repaired and power was restored to the Desalination Plant on 3 March 2017.

Question 6.

Please describe research undertaken for emergency services agencies on barriers to women and people from minority groups entering emergency management roles.

(Page 15 of the Department of Environment, Land, Water and Planning transcript)

Response - Work to achieve greater diversity is being undertaken across the emergency management sector. In the short term the work is focused on connecting with demographic groups who have not historically been a large part of the forest fire management workforce, including women and culturally and linguistically diverse (CALD) and indigenous communities.

DELWP is working with its partner agencies to improve gender and cultural diversity in its forest fire management workforce so that it can better reflect and connect with the community it serves.

Through its Aboriginal Inclusion Strategy, DELWP has set a target of growing Aboriginal employment across the department to 3 per cent by 2020.

Late last year, Forest, Fire and Regions led a project to better understand what barriers exist for women to take on fire and emergency leadership roles. Independent social researchers (Women's Health in the North, Women's Health Goulburn North East and the Monash Injury Research Institute) were engaged to explore the subject and over 500 staff shared their views, ideas and experiences.

A summary report and a full report have been released and the research highlights the challenges to achieving gender equity.

A three year Action Plan was developed to identify long and short term strategies to improve gender equity in fire and emergency leadership roles. One of the actions is to achieve a target of 50 per cent of staff holding leadership roles, as well as 50 per cent of all roles, to be held by women.

Question 7.

Have you written to non-resident voters about the proposed changes to the Local Government Act?

(Page 17 of the Department of Environment, Land, Water and Planning transcript)

Response - The proposed changes to the Local Government Act were published on 10 June 2016 in the Government's Directions Paper on the Local Government Act – *Act for the Future*. This was available to all Victorians.

In addition, the follow up *Act for the future – The directions at a glance* was made available to all Victorians.

In total, there were more than 7,000 downloads of these review documents from the website.

There was extensive consultation with the local government sector and the community about the proposed reform directions. A total of 333 submissions were received in response to the Directions Paper.

The Government also held a total of 19 face to face forums involving mayors, councillors, council CEOs and community and ratepayer representatives in Anglesea, Ararat, Benalla, Frankston, Kyneton, Melbourne CBD, Mildura, Traralgon and Werribee.

A further round of consultation will be undertaken on the proposed new legislation. An exposure draft Bill is expected to be available for consultation in the latter part of 2017.

Question 8.

With respect to the Victorian Desalination Plant contract,

- a. please provide the total sum of money that has been paid to AquaSure from when the desalination contract first began to 30 June 2016.
- b. please set out amounts that have been saved by refinancing over the same period.

(Page 19 of the Department of Environment, Land, Water and Planning transcript)

Response –

(a) The total sum that has been paid to AquaSure since the contract first began is \$2.266 billion.

(b) Since Financial Close on 2 September 2009 to 30 June 2016 AquaSure has undertaken three refinancings in 2013, 2015 and 2016. The refinancings lock in savings of \$399 million to metropolitan water consumers over the life of the project, of which \$75 million has been realised to 30 June 2016.

Question 9.

Regarding the desalination issue, please provide the figure on the risk of spill for an average season when the decision was made.

(Page 22 of the Department of Environment, Land, Water and Planning transcript)

Response - The risk of spill (or foregone harvest) of an 'average season' is difficult to determine based on the high variability of multiple parameters for the Melbourne system (e.g. the volume and location of rainfall, catchment condition, demand, differing sources and management responses, and climate trends). However, the risk of spill for a water supply system for any point in time can be estimated through the use of simulation modelling, which provides a spectrum of possible outcomes. The risk of spill assessed is tied to the possible volume of spill being considered.

Under normal conditions, without a desalinated water order, there is an existing risk of spill for Melbourne's water system, particularly for smaller storages such as Maroondah or O'Shannassy, which spill regularly. The modelling used in the desalinated water order advice indicated a median existing risk of spilling approximately 20 GL, without a desalinated water order.

Using the same simulation modelling, the desalinated water order advice considers the risk of causing additional spills for a range of water order scenarios. For the 50 GL water order in the 2016-17 year, the majority and the median of the modelling indicated no additional spill risk caused by the water order. This is consistent with the 50 GL water order being around 2.5 per cent of the total storage capacity of the Melbourne water system.

Consistent with the principles on which it is based, the water order advice was prepared to ensure that the risk of additional spill was minimised (See Principle 4 in "Summary of Technical Analysis 2016/17 Desalinated Water Order Advice"). Melbourne Water, in its day-to-day operation of its storages, also always works to minimise spills.

Further information is available on page 8 of the publicly available document "Summary of Technical Analysis 2016/17 Desalinated Water Order Advice".

<https://www.melbournewater.com.au/whatwedo/supply-water/Documents/Summary%20of%20Technical%20Analysis%20March%202016.pdf>

Question 10.

How much of the original \$11 million for the Leadbeater's Possum Advisory group was spent in 2015-16, including how much of that was allocated to detections in reserves and national parks?

(Page 29 of the Department of Environment, Land, Water and Planning transcript)

Response - The overall design of the Department's targeted Leadbeater's Possum surveys includes surveys within reserves, national parks and State forests in Victoria's central highlands. This design meets one of the Leadbeater's Possum Advisory Group's recommended supporting actions and the government's response to undertake targeted Leadbeater's Possum surveys focusing on predicted high occupancy areas, as identified through the Department's Arthur Rylah Institute's 2013 occupancy model and aligned with VicForests' harvest plan, to identify and map colonies and clusters of colonies within the known range. It was also recommended that surveys be designed to maximise increasing records while also contributing to improving habitat models and the understanding of habitat requirements.

To meet this recommendation, the Department's targeted survey design for 2014-15 and 2015-16 initially focused on areas in State forest. In the current year of sampling (2016-17) the Department is collecting data in such a way as to maximise improving the Leadbeater's Possum occupancy model, by sampling across the species range, in all land tenures including parks and reserves. Sampling is following a stratified, randomised design with an estimated 150 sites to be surveyed.

A total of \$4,668,601 (excl. GST) of the original \$11 million for the Leadbeater’s Possum Advisory Group was spent in 2015-16. Of the funds expended in 2015-16, a total of \$1,386,732 was allocated for the detection of Leadbeater’s Possums in State forest. Due to the staged research design, there was no funding allocated to detections in reserves and national parks.

The 2015-2016 funding included \$1,080,873 for targeted surveys undertaken by the Department’s Arthur Rylah Institute, \$154,941 for pre-harvest surveys undertaken by VicForests and \$144,118 for the verification of records generated by the community.

Question 11.

How many VPS staff are firefighters? Please provide figures for DELWP, Parks Victoria, Melbourne Water and VicForests?

(Page 34 of the Department of Environment, Land, Water and Planning transcript)

Response - The breakdown provided below is all staff in the relevant agencies that can perform a fire fighting role as at 27 February 2017. This includes Project Firefighters (seasonal staff).

The date 27 February 2017 has been used to provide a current breakdown of firefighters by agency. There has been only minor variations between 2015-16 and 2016-17.

Agency	Staff with a firefighting role
Department of Environment, Land, Water and Planning	1,633
Parks Victoria	784
VicForests	59
Melbourne Water	154
Department of Premier and Cabinet	2
TOTAL	2,632

Question 12.

Please provide the details of critical infrastructure renewal projects and funding allocated to them (Parks Victoria).

(Page 34 of the Department of Environment, Land, Water and Planning transcript)

Response - Of the \$5.7 million provided to Parks Victoria for critical infrastructure renewal projects:

- \$4.4 million was provided to the 12 Apostles sewer project which is underway and scheduled for completion in late 2018.
- \$0.36 million was used on construction of the Arthurs Seat Gondola all-abilities toilet which was completed in December 2016.
- \$0.24 million was used on a campground and toilet upgrade program which included:
 - o \$0.05 million to Lake Eildon Campground planning and works – now completed.
 - o \$0.14 million to Lake Catani toilet and campground upgrade - planning is complete with works to be completed by April 2017.
 - o \$0.05 million to East Gippsland toilet upgrades - detailed planning and delivery underway.

The remaining \$0.7 million is being used to review and update a facilities design manual to provide contemporary and consistent designs for park facilities. It is also being used to provide a contingency for urgent works as a result of technical assessments of safety, structural integrity, landslip, geological risks and decommissioning of minor assets in eastern and northern Victoria.

Question 13.

How many caravan parks were closed or were noted by the department as likely to close in 2015-16? Please provide a list of those caravan parks. This applies to all caravan parks that may be located on Crown Land or land where the state has an interest or responsibility.

(Page 35 of the Department of Environment, Land, Water and Planning transcript)

Response - No Crown land caravan parks in Victoria were closed or noted by the department as likely to close in 2015 – 2016.

Question 14.

With reference to page 245 of the annual report, under 'Environmental programs', the grant recipient list has VicForests as a recipient of \$658 662. On page 44 of the VicForests annual report it also mentions that VicForests received a \$678 000 community forestry grant. Are they the same thing? What was the environmental program grant used for by VicForests?

(Page 36 of the Department of Environment, Land, Water and Planning transcript)

Response - DELWP's 2015-16 annual report shows a grant to VicForests of \$658,662, which related to the Leadbeater's Possum recovery program and is the rollout of actions associated with Leadbeater's Possum Advisory Group recommendations continued during 2015-16. In VicForests' annual report (page 44), this grant was disclosed as part of the \$2.953 million amount reported under 'Reimbursement of forgone revenue and expenditure incurred for the Leadbeater's Possum recovery program'.

The \$678,000 'community forestry grant' has no connection to the \$658,662 reported in DELWP's annual report.

VicForests recognition of \$678,000 in its annual report relates to the management of community forestry activities which was transferred from the former Department of Environment and Primary Industries (DEPI) in November 2014. VicForests received a cash grant from DEPI to partially fund this service for a period of five years. The grant is being brought to account as revenue equally over the five year period as VicForests undertakes its performance obligations, with twelve months brought to account in the current reporting period. The balance will be brought to account over the remaining years.

Question 15.

On page 44 of the VicForests annual report, it lists a \$2.9 million — nearly \$3 million — reimbursement of forgone revenue, and it is mentioned or incurred for the Leadbeater's possum recovery program, presumably from DELWP. Could you advise how that amount is calculated?

(Page 36 of the Department of Environment, Land, Water and Planning transcript)

Response - VicForests continued to roll out the actions associated with the Leadbeater's Possum Advisory Group (LBPAG) recommendations during 2015-16.

VicForests received a total of \$2.953 million in support of these actions, including \$2.201 million from DEDJTR and \$0.752 million from DELWP.

Note: This \$0.752 million contribution is made up of a grant from DELWP to VicForests of \$658,662 (page 245 of its 2015-16 annual report) as well as a further \$93,000 which was disclosed by DELWP under Supplies and Services in the comprehensive operating statement.