

PROOF VERSION ONLY

STANDING COMMITTEE ON ECONOMY AND INFRASTRUCTURE

LEGISLATION COMMITTEE

Inquiry into the impact of the carbon tax on health services

Melbourne — 19 February 2014

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Mr J. Lenders
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Mr J. Scheffer

Chair: Mrs A. Coote
Deputy Chair: Ms J. Pulford

Staff

Secretary: Mr K. Delaney

Witnesses

Mr P. Smith, deputy secretary, land, fire and environment,

Ms K. Wood, director, climate adaptation policy, Department of Environment and Primary Industries.

**Necessary corrections to be notified to
secretary of committee**

The CHAIR — Good evening, Kate Wood and Paul Smith. How do you do? I am Andrea Coote, the chair of this committee. Thank you very much indeed for coming in tonight. I know it is a little obscure to come to a public hearing at night, but I welcome you and those who have accompanied you as well.

I declare open this public hearing of the Legislative Council's Standing Committee on Economy and Infrastructure Legislation Committee. This hearing is in relation to the inquiry into the impact of the carbon tax on health services. I welcome Kate Wood, the director of climate adaptation policy, and Paul Smith, the deputy secretary, land, fire and environment, both from the Department of Environment and Primary Industries.

All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and further subject to the provisions of the Legislative Council standing orders; therefore you are protected against any action for what you say here today. But if you go outside and repeat the same things, those comments may not be protected by this privilege. All evidence is being recorded, and you will be provided with proof versions of the transcript in the next couple of days. I ask you to begin by introducing yourselves and by providing your business mailing address so that we can send you a copy of the transcript.

Mr SMITH — I will start, if you like. Thank you for the introductions. My role is deputy secretary, land, fire and environment, so I pick up all of the public land estate in Victoria, all the natural assets on that public land — fire management, environmental protection and management.

Ms WOOD — My role is, as you said, director of the climate adaptation policy branch, so my branch is responsible for the implementation of the Victorian Climate Change Adaptation Plan. We also provide support for the Victorian Adaptation and Sustainability Partnership and broad adaptation policy.

The CHAIR — Just for the record, could you state where you would like the transcript sent to you?

Mr SMITH — I think the secretary has our email addresses at DEPI, so I will just confirm that.

The CHAIR — Email is best?

Mr SMITH — Yes.

The CHAIR — Fine, thank you. We will do that. Thank you very much, I welcome your presentation.

Mr SMITH — I am very keen for the committee to understand that our role in our department is to assist the Minister for Environment and Climate Change in respect of his policy delivery. That principally sits in respect of the implementation of the statewide adaptation plan and the programs that support it. Out of the *Review of the Climate Change Act 2010*, the role of the state is that of being complementary to the national system which is currently in place. That relates principally to adaptation. I have brought along copies of the policy context here and the adaptation plan that is currently the policy of the Victorian government.

The CHAIR — Thank you. You are happy to table that?

Mr SMITH — I am happy to provide that, yes. I have copies of the review, and the government response. We can provide these electronically.

At the point of the federal Parliament introducing a bill to enact a carbon tax, the trigger in the climate change act caused a review of the Climate Change Act 2010 in Victoria. That was led by Dr Lynne Williams. Copies of that review are being handed out. The government's response, which was tabled in Parliament on 27 March 2012, set out the state government's response to the recommendations of the Climate Change Act review and clarified its policy responsibilities in that regard. The review response contains, on page 3, a very crisp summary of that policy intent. I might conclude my introduction at that point, Chair, and offer an opportunity for people to ask questions.

The CHAIR — Thank you very much indeed. Kate, would you like to add something?

Ms WOOD — No, there is nothing for me to add.

The CHAIR — I will ask the Deputy Chair to start the questions.

Ms PULFORD — Thanks for joining us this evening. Is it the Victorian government's view that climate change is a consequence of human activity?

Mr SMITH — I think that question is outside the terms of reference for the committee, and I would ask the Chair to clarify that it is the intent of the committee to put that question to us?

Ms PULFORD — Perhaps if I could — —

The CHAIR — Would you like to rephrase that?

Ms PULFORD — Perhaps if I could get to the second part of my question. Does the Victorian government accept that carbon pricing can positively impact on reducing emissions?

Mr SMITH — If you look at the content of the *Review of the Climate Change Act 2010* you will see what the current government's view is in respect of its role in the mitigation of carbon. That is my answer.

The CHAIR — In the documentation that you have given us, do you have a clear definition that you could use to perhaps help address Ms Pulford's question?

Mr SMITH — A definition of what?

Ms PULFORD — Climate change.

The CHAIR — Climate change or carbon tax?

Mr SMITH — That is well defined in the documentation within the act.

The CHAIR — Would you like to just direct us to the right page?

Mr SMITH — Certainly. It is in the adaptation plan, which I will pass across. I refer the committee to the Climate Change Act as well for relevant government definitions and objects as a starting point.

The CHAIR — We are interested, Mr Smith, just because we want to know officially what is uniformly, and I think that is the heart of the question — —

Ms PULFORD — I thought I would start at the beginning.

The CHAIR — Yes.

Mr SMITH — Right. I refer the committee to the contents of this plan, and specifically its purpose. That is very clearly preparing for a changing climate, so you would take that as anticipating climate risk. It is anticipatory in making sure that the state is well-placed to manage risk in that regard, and that is the purpose behind the adaptation plan.

The CHAIR — Ms Pulford, are you happy with that?

Ms PULFORD — Yes, that is okay for now.

Mr BARBER — Just picking up on that point, you said the purpose of the climate change adaptation plan is to ensure that the state is well-placed to manage risk.

Mr SMITH — Yes.

Mr BARBER — According to the Auditor-General's most recent report on the implementation of the Victorian Government Risk Management Framework it says, in the first appendix:

The 2012 *State of the Climate* publication by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the Australian Bureau of Meteorology confirms the strength and direction of temperature change and the forecast impacts on sea levels and the environment.

Against this backdrop it is a concern that there is no documented whole-of-government policy and plan for managing the risks of climate change.

He knew you had an adaptation plan when he wrote that, so — —

Mr SMITH — That is a view that has been expressed by the Auditor-General — —

Mr BARBER — That is a finding of the Auditor-General.

Mr SMITH — potentially in the absence of very close knowledge of the fact that the government in fact did have a plan, and this is it.

Mr BARBER — You think he was ignorant of the existence of the climate change adaptation plan?

Mr SMITH — I would refer that question to the Auditor-General for clarification.

Mr BARBER — What is your plan, the government's plan, to mitigate the impacts of the risks of climate change as they relate to burdens that it is likely to put on the health sector?

Mr SMITH — That is outside my area of responsibility. Frankly, this is a multi-sectoral plan. It contains sector by sector, if I refer you to — —

Mr BARBER — What does it say about health?

Mr SMITH — I would refer you to 'People and the community', the section which commences at 5.1. It takes you through a number of sectors and into 'People and the community', which includes a double-page section, halfway down the page: 'Victorian government responses — disaster resilience' — —

The CHAIR — Could you give us a page number?

Mr SMITH — I beg your pardon?

The CHAIR — Page 62, is it?

Mr SMITH — Page 62 is correct.

Mr BARBER — Thank you. So since that plan was drafted, and since the Auditor-General made his finding, what further work has been done — —

The CHAIR — Mr Barber, could you please give us the courtesy of explaining on the record the date of the Auditor-General's report that you are referring to?

Mr BARBER — For the benefit of Hansard, it is *Implementation of the Government Risk Management Framework*. It says 'Victorian government printer — October 2013' and 'Session 2010–13'. It was tabled in the Parliament on 30 October 2013.

Mr FINN — On a point of order, Madam Chair, my understanding is that the role of this inquiry is to examine the impact of the carbon tax on health services — not climate change or global warming or other fairy stories we might come up with from time to time but in fact just the carbon tax.

The CHAIR — I uphold the point of order, not quite as to the way in which it was expressed, but the essence of it. Mr Barber, I would remind you that we have invited the department here tonight to give us an understanding of what the across-government position is and to see if we can obtain a definition that is going to help us with the rest of our inquiry. Would you like to rephrase your question?

Mr MELHEM — Just on that point — —

The CHAIR — Further to the point of order?

Mr MELHEM — If the position of Mr Smith and Ms Wood is to give us an overview, I think Mr Barber's question is quite relevant. It is trying to enlighten us. I mean, the question was quite relevant. Mr Finn is talking about how it is only in relation to the carbon tax implications for the health service.

The CHAIR — I would like to see if Mr Barber would rephrase slightly his question. He knows exactly what I am speaking about.

Mr BARBER — I am not sure I do, Chair. We have had a point of order from the witness and a point of order from Mr Finn saying that I cannot ask about climate change, I can only ask about the impact of the carbon tax on hospitals. If that is the case, then I do not have any further questions for the witness.

The CHAIR — Okay, if that is the way you are going to be.

Mr RAMSAY — I have no questions; in fact I question whether DEPI should actually even be here in relation to the carbon tax, and I suspect they are probably thinking the same thing themselves.

The CHAIR — We do not need any additional comments; thank you.

Mr MELHEM — I have no question.

The CHAIR — That is fine; thank you.

Mr BARBER — We will get you home in time for *My Kitchen Rules* at this rate.

Mr SCHEFFER — I must confess I am feeling a trifle restricted in what I can ask, but I will start off where Mr Smith left off, where you talked about, I think, the spread of risk that the policy was to deal with. I wonder if you could explain to the committee — and I know you pointed us to this document; forgive me, but I have not had the opportunity to read through it at this stage — and expand for us on what the spread of those risks are and how the department is addressing them across the state?

Mr SMITH — The spread of the risk was very deliberate in the sense that government made a decision to look at the policy and programmatic risk for government in its program delivery — so what are the things we need to do to make sure there is a continuity of delivery to communities. The second was risk to infrastructure assets and natural resources and natural resource-based industries. The third objective was to manage the risk to and protect our ability to respond to disasters and emergencies. So those are the three fundamental tenets behind the scope of the adaptation plan. Based on that we have taken, as I said, a multisectoral risk-based approach, and we have been inclusive across all aspects of government, service delivery and program design. In doing so we have prepared the plan in consultation with all relevant government agencies and have undertaken significant consultation with our local government colleagues as well to make sure that the roles and responsibilities are clear. That is supported by a COAG agreement about what roles and responsibilities are between the commonwealth and the states and between states and local government. In respect of implementation we have an interdepartmental committee which is driving that implementation across government.

Mr SCHEFFER — Through the Chair, that explains or goes towards explaining how you are dealing with the risk, but what are the actual risks? I do not want to put words into your mouth, but things like sea level rise, temperatures — —

Mr SMITH — Well, those things are here.

Mr SCHEFFER — Yes. I realise they are in there, but I am inviting you to speak about them to us.

Mr SMITH — I would refer you to what is currently documented in the government adaptation plan.

Mr SCHEFFER — Page?

Mr SMITH — If we go to appendix 1, page 82, that provides a fairly rich rendition — a cross-sectoral rendition — of risks to Victoria.

Mr FINN — Any mention of the carbon tax in there at all?

Mr SCHEFFER — So can you point me to — —

The CHAIR — Just a minute. Excuse me; just one at a time.

Mr SMITH — I would refer members to that list for that risk assessment.

Mr SCHEFFER — Through you, Chair,

they look like they are measures to address risk. I guess what I am after is: what is the risk?

The CHAIR — Answer as you like, and then I would like to make a comment.

Mr SMITH — I would refer the committee to the risks that are here provided as a guide for the various sectors. It is a starting point for detailed sectoral and region-specific risk assessment and management to build climate resilience. I think that is as good a summation of the risks available right now that I can provide to the committee.

Mr SCHEFFER — I just make the comment that it is difficult to know how to proceed unless we know what we are talking about. We can talk about mitigating anything, but unless we know what it is that we are mitigating — —

The CHAIR — As I suggested at the outset, we are here to get a framework with which we can go further in our inquiry so that we have an understanding of what tools are being used across the government to be able to come to this question. I think you have given us those tools and pointed us in the right direction this evening, for which I am particularly grateful to you both. It will certainly be helpful to us to be able to understand the framework in which this issue is in fact balanced right across all government departments. I would like to thank you for pointing us in both of those directions. I know that Ms Pulford has another question, if you could bear with us.

Ms PULFORD — This question goes to the responsibility for whole-of-government adaptation. Would you be so kind as to describe the Sustainability Fund and what, if anything, you know about the extent to which it is used for the health sector?

Mr SMITH — I would refer you to the legislation that creates and governs the Sustainability Fund and the guidance that is provided by the priority statement for that fund.

Ms PULFORD — Could you tell us a bit about that?

The CHAIR — Could you just enlighten us on that now? We do not have that information in front of us, so could you elaborate on that slightly for us, please?

Mr SMITH — I would refer the committee to the appropriate government website with the current statement, which is the priority statement. It is signed by the Minister for Environment and Climate Change and the Premier and sets out the priorities, which relate to investment in waste and resource recovery activities and climate-related adaptation.

Ms PULFORD — Without having seen that or having the website handy, does the Sustainability Fund go to energy use reduction in any respects?

Mr SMITH — In reading the government response to the review of the Climate Change Act, the decision was taken at that stage that mitigation measures would be a matter for a national system and that the state would therefore follow suit in a complementary measures environment, with adaptation as its principal programmatic space. In the review of complementarity, which I can provide further information about, there are complementarity principles for climate change mitigation measures. Those principles were created by COAG in November 2008. They were the things that were agreed to be the principles used by jurisdictions in making sure that their mitigation measures were complementary to a national system. Those reviews were completed, and the current government is investing accordingly.

Ms PULFORD — So no part of the Sustainability Fund is used to help hospitals reduce their electricity and gas bills?

Mr SMITH — That would be a matter for the health portfolio in respect of receipt of grants —

Ms PULFORD — That is why we are here.

Mr SMITH — from particular fund sources, which I am unable to comment on.

Ms PULFORD — So your department does not administer that fund?

Mr SMITH — No, Sustainability Victoria administers that fund.

Mr RAMSAY — I am just wondering if you could comment on what cost the carbon tax has had on health services in Victoria?

Mr SMITH — I am unable to provide that advice; that is not my area of expertise. The question of the impact of a pricing mechanism on service delivery in Victoria is really a matter for the sectoral service providers; they could most aptly provide you with more detailed advice about the input costs, energy potentially being an input cost that may have been affected by way of a national pricing system on carbon. I am unable to provide that information.

Mr RAMSAY — Are you aware that that is what the inquiry is about?

Mr SMITH — I am well aware of the scope and terms of reference for this inquiry.

The CHAIR — Thank you. We are here to ask for tools, and we have been given a list of tools. Thank you very much indeed. Mr Scheffer has one final question.

Mr SCHEFFER — I found what I am looking for, and it is at 1.1. It lists what the risks are, which is what I was after before. They include the number of days over 35 degrees centigrade, reduced rainfall, heavier rainfall days, reduced snow cover and so forth. Further on it states that:

Recent events (such as heatwaves, drought, bushfires and flooding) are consistent with scientific understanding of conditions that may ...

lead to warming and so forth.

Can you give us an idea what the mitigation against those risks costs?

Mr SMITH — Again, I would seek to confirm that question and its relevance to the terms of reference, with respect, through the Chair, in addition to which I have no further information available to me to add to that explanation of climate risk.

Mr SCHEFFER — Am I right in concluding that because these statements are made at 1.1 of this document that is the government's policy and position on risk from climate change?

Mr SMITH — That would be a reasonable expectation, given it is a government policy.

Mr SCHEFFER — Not that you can answer for the minister, but it would therefore be unreasonable to think that Minister Smith would not stand by 1.1?

Mr SMITH — If I were you, that would be a question I would put to Minister Smith, but I would not answer on his behalf.

Mr SCHEFFER — No, of course not, but I am making that as a point.

Mr SMITH — You may.

The CHAIR — Thank you very much indeed. You are the first people we have had appear before our inquiry. We wanted to get a framework which we can go on with for the rest of our investigations. Thank you very much. You have given us a good direction and framework upon which to base a number of the other questions we have for other departments. Thank you very much indeed for your time and for coming in to see us.

Mr SMITH — Thank you.

Witnesses withdrew.