

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2016–17

Melbourne — 20 May 2016

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Witnesses

Ms Lily D'Ambrosio, Minister for Energy and Resources,
Mr Richard Bolt, Secretary,
Mr Luke Wilson, Lead Deputy Secretary, Agriculture, Energy and Resources,
Mr Mark Feather, Executive Director, Energy Policy and Programs, Department of Economic Development,
Jobs, Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2016–17 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Energy and Resources, the Honourable Lily D’Ambrosio, MP; Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Mr Luke Wilson, Lead Deputy Secretary, Agriculture, Energy and Resources; Mr Mark Feather, Executive Director, Energy Policy and Programs; and Ms Sue Eddy is in the gallery — Lead Deputy Secretary, Financial Management and Technology Services.

All evidence is taken by the committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Comments made outside the hearing, including on social media, are not afforded such privilege. Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

Questions from the committee will be asked on a group basis, meaning that specific time has been allocated to members of the government, opposition and crossbench to ask a series of questions in a set amount of time before moving on to the next group. I will advise witnesses who will be asking questions at each segment.

All evidence given today is being recorded by Hansard, and you will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, presentations and handouts will be placed on the committee’s website as soon as possible.

All written communication to witnesses must be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee’s proceedings in any way and cannot photograph, audio record or videorecord any part of these proceedings. Members of the media must remain focused only on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing.

I invite the witness to make a very brief opening statement of no more than 10 minutes. This will be followed by questions from the committee.

Visual presentation.

Ms D’AMBROSIO — Thanks very much, Chair, and thank you very much for the opportunity to comment on this year’s budget vis-a-vis the portfolios of energy and resources. If I may start with the presentation on the screen, there have been significant achievements — major achievements — in the energy sector, in particular in the past 12 months. The government certainly has released a number of key policy documents, including the renewable energy road map, highlighting priority areas for accelerating of course the renewable energy industry in Victoria. We also of course have launched the first round of our New Energy Jobs Fund, for which we have received over 100 applications, and successful projects will be announced shortly. That is a significant amount of interest in that particular program. It just shows that there is a great eagerness and preparedness in the industry for assistance when it comes to growing renewable energy in this state.

We have actually set new targets for the VEET scheme for the period 2016 to 2020. That is going to encourage new investment in energy efficiency technology. New legislation came into effect on 1 January this year to improve consumer protections for Victorian energy users, and I will be able to say a bit more about that later. A new Victorian Energy Compare energy price comparison web tool was launched, enabling energy users to save hundreds of dollars off their energy bills. We also of course commenced our solar energy program for Victorian lifesaving clubs, and we kicked that off with a grant to the Frankston Life Saving Club, and that will help volunteer organisations reduce energy bills, while of course increasing the uptake of renewable energy.

Helping to protect Victorians through undergrounding of powerlines in high bushfire-risk areas and developing new technology to reduce those risks in powerlines has been a key piece of work for us, which we are rolling out. We also released our new energy technology sector strategy in March of this year, and that is about promoting the industry and the supply chain around renewable energy but also the energy efficiency market, and we aim to be very much a leader in that area.

We have finished a trial for Australia’s first home energy efficiency rating tool, with the Residential Efficiency Scorecard that will be released later this year — again, another great initiative that will help reduce bills.

To bring forward new investment of course and to drive the uptake of renewable energy and of course to create jobs, the government is using its purchasing power. We launched the renewable energy certificate purchasing initiative, and that is about getting businesses to create new renewable energy generation, and some news will be announced in coming weeks regarding that tender process. So these initiatives highlight significant progress for the government in supporting our energy sector.

If I may turn to the resources part of the portfolio, there has been significant heavy lifting in these last 12 months. As part of our response of course to the reopened Hazelwood mine fire inquiry, a new mine fire and emergency unit has been established in Traralgon and is now staffed. In addition we have allocated \$2.2 million for a new high-tech research project in the Latrobe Valley, and that is to do with batter stability, which is so important — critically important — and we are becoming more aware of how important batter stability is in terms of the whole region of Latrobe Valley in terms of where mining activity is occurring.

New regulations have been implemented for risk-based work plans. This fulfils one of the commitments that we made, that we would do this before the end of 2015, again in response to the Hazelwood mine fire inquiry. We have also looked at targeting funding for our TARGET project, and what that is about is a co-funded exploration grants program that was opened up in 2015. We know that exploration activities in some of our resources could need some facilitation, so we have been very keen to ensure that that TARGET program continues. And we will be again having more to say — some announcements — about those winners, if you like, in terms of that assistance or conducting further exploration in parts of Victoria.

In terms of supporting the government's new coal policy this year, we undertook an independent review of previous governments over the last 15 years, I might add, in terms of all coal development assistance that has been provided by government over a long period of time. It is a good point now for us to consider what has worked, what has not worked, and that will inform the development of a coal policy, which will be undertaken with full community consultation in the second half of this year.

I might just skip over a couple of items if I may and go through to the support for long-term resource planning, and it is still on the same slide, I believe. So to support long-term resource planning and Victoria's infrastructure development needs, an analysis of Victoria's extracted resources demand and supply has been finalised, with results soon to be released.

We do need to remember that the resources that we have here, in particular resources that are acquired through quarrying — mineral sands and the like — really do very much underpin the economic advantages that our construction sector actually has in Victoria vis-a-vis other states. So I do not want to spoil the release of that analysis, but it tells a very, very good story, and it actually will allow us to plan better the identification of resources for construction purposes to maximise our economic benefits to this state.

If I may move to the next slide, which really talks about the key funds and programs that have been identified in this year's budget. There have been four major new energy and resources initiatives to help deliver improved energy efficiency outcomes and reduce pressure on energy bills. There is a \$24.2 million allocation from this budget. That funding will go towards supporting our VEET scheme to help vulnerable energy consumers, to boost business productivity and also to provide information to home owners to support energy efficiency outcomes. We know that the cost of energy is an issue for many Victorians but it is also an issue for businesses, because as we are in a globally competitive environment the productivity benefits of actually doing more with less energy is critical to so many businesses. That is why we have committed to also assisting businesses and, of course, other consumers in terms of improving their energy efficiency.

Of course, importantly, as part of our \$51.2 million Hazelwood mine fire inquiry response, 13.8 million has been allocated to a regional rehabilitation strategy for the Latrobe Valley coalmines of which 12.6 million is allocated to my portfolio of resources. That is about addressing geotechnical modelling, regional scale risk assessment, assessing potential water sources to fill mine voids, and informing rehabilitation standards and land-use planning needs. We have accepted all recommendations of that reopened mine fire inquiry and this money certainly goes towards the implementation of our commitments, if you like, to those recommendations.

To increase renewable energy generation in Victoria, driving new investment and creating jobs, there is \$12.4 million of funding. This will support the transition of Victoria's wholesale electricity generation stock to renewable energy, encourage more households to install solar energy and battery storage systems and to help community energy projects. We have also committed \$7.7 million to modernise our earth resources

management in Victoria and improve not just the community's confidence in how our earth resources are regulated but, importantly, provide the certainty to businesses that they need to be able to invest and conduct their activities in this state. So improving standards and developing a new model for information sharing are vital ingredients of modernising our earth resources.

If I may perhaps just turn to the next slide. The government is receiving strong support from the community and industry in relation to delivering on our commitments and managing new initiatives. The VEET scheme of course is helping improve energy efficiency and create new jobs and it has certainly been recognised by the Energy Efficiency Council and the Property Council of Australia too. We know this works. We know that it has broad appeal and we will soon be releasing our energy efficiency and productivity strategy. Our Renewable Energy Action Plan of course will be released also later this year; the \$12.4 million in the budget will assist in delivering some aspects of that plan.

If I may just expand a little bit more, our project for reforming our earth resources regulation has also been supported actively by the Victorian division of the Minerals Council of Australia and other stakeholders. We know of course that the Hazelwood mine fire inquiry has had broad support in terms of the government's responses. We are getting on with that. It is vital that we deliver on every single commitment that we have made, every single recommendation, and that means of course that the money is allocated for us to commence that work. Some of that has already commenced from last year's budget and we will continue to do that so that we can actually get confidence in the community for how our resources are managed in the valley.

The CHAIR — Thank you, Minister. We will commence with government questions. Ms Ward, until 1.22 p.m.

Ms WARD — Thank you, Minister. Welcome everyone. Last day, last couple of hours; we are nearly there.

The CHAIR — Not quite the last hour, Ms Ward.

Ms WARD — Minister, in your presentation, on page 3, you refer to the 12.4 million driving growth in renewable energy, which is a pretty interesting area to discover, but what I am particularly interested in is: how are you encouraging consumers to actually engage at this level? How are they participating?

Ms D'AMBROSIO — Thank you for the question. People know generally that of course Victoria's energy retail market is very, very competitive. It was the first market to have been deregulated a number of years ago and, in fact, we have I think at the last count about 17 active retailers in the market. That is across electricity and gas. So that is exceptionally competitive, and what that means of course is that there are many products on offer out there, many choices to be made by consumers. The important thing of course, though, is that competition of itself is very important and choice is very important but we know that sometimes there can be a lack of opportunity and a lack of information for consumers to be able to make well-informed and the right choices for themselves in terms of deals. So information asymmetry is often how it is referred to in the energy sector — —

Ms WARD — Information asymmetry?

Ms D'AMBROSIO — Yes, information asymmetry. I will try not to use jargon —

Ms WARD — No, it is all right.

Ms D'AMBROSIO — but it is often referred to as that. Now one of the many tools and many initiatives that our government is committed to to ensure that customers are better placed to understand and make well-informed choices in terms of the offers that are available to them is the introduction of Victorian Energy Compare and this year's budget provides some additional funds for that. Victorian Energy Compare is an Australian first. It is an independent energy comparator website. It contains every single market offer that is available — —

Ms WARD — So how is it different from the My Power Planner website that was available before?

Ms D'AMBROSIO — That is a very good point. For a start it requires all of the offers to be made available. We changed regulations, legislation, not long ago to require the energy retailers to make available every single offer. Importantly it is very, very successful and actually people know about it. What we had under the previous iteration of it was a very low level of understanding or knowledge of the existence of that website, so it was

there but very few people used it. Since we launched this website six months ago it has attracted 115 000 users; that is extraordinary. We know from the information at hand that 9 out of 10 Victorian households are paying too much for their energy. That is 90 per cent of all consumers, residential customers, that are paying far too much.

Ms WARD — So how much could Victorians potentially save by going through this process and using the website?

Ms D'AMBROSIO — We know through the assessments that we have made in terms of the website — we have done many trials in the website before it was released out to the market — that 9 out of 10 Victorians can save over \$600 on their energy bill, and if you break that down — —

Ms WARD — That is \$600 over the year?

Ms D'AMBROSIO — Yes, over one year. That is a considerable amount of money. Energy bills typically on average, collectively between electricity and gas, are about 2800.

Ms WARD — Well, for some families that would be a quarter; that would be that quarter saved.

Ms D'AMBROSIO — Yes, absolutely, and I will share with you that I was actually at a forum in my electorate on public transport. Before I was introduced to speak on a request for a tram extension they said to me, 'By the way, I actually jumped on the Victorian Energy Compare website, and I found that I could save \$900'.

Ms WARD — Wow!

Ms D'AMBROSIO — That is a true story. So that came out of the blue. We want to see more people utilise that website. The other thing that is very important of course is that people can access the website through different languages.

Ms WARD — So people from diverse backgrounds are able to — —

Ms D'AMBROSIO — Absolutely, which is very, very valuable. We are also looking at extending it to include solar offers, because we know that there are many offers out there for people with solar generation that can actually save even more money, so that is going to be the next iteration of our Victorian Energy Compare.

Ms WARD — You are talking about people from different backgrounds being able to access it, but how are they going to actually know about this website in the first place?

Ms D'AMBROSIO — We have hosted quite a number of community workshops right across the state, and indeed I believe, Chair, you had a workshop in your own — —

The CHAIR — I have had two actually.

Ms D'AMBROSIO — You have had two?

The CHAIR — They were outstanding.

Ms D'AMBROSIO — They are very good, and it is the case that we have had 21 already. The majority of these workshops have been held in regional Victoria too, but also we have got more scheduled in the coming weeks. They will be in Ballarat, Glen Eira and —

Ms WARD — How are people finding out about the workshops? How are people being reached out to?

Ms D'AMBROSIO — Well, we are relying on information through local newspapers, local media — social media also is very important. There are certainly a number of other organisations out there that are actually working in with the government department in presenting these workshops, so the — —

Ms WARD — How are older people adapting to this?

Ms D'AMBROSIO — The Consumer Utilities Advocacy Centre in particular has been a really good partner in terms of delivering these workshops, and they can very readily identify the pensioners and perhaps vulnerable consumers to attend these workshops. It is very, very easy to use, believe me. In the workshops that I have been involved in myself I sat there and actually had older people, people with perhaps English not as a first language — with a language other than English — sit down and actually go through it with me, and it was just amazing. It is very, very simple — 5 minutes effectively. If you have got your energy bill, you can sit there and it is easy to navigate; it has been proven time and time again. The important thing here is that it is also independent, unlike other web tools online — —

Ms WARD — So who is administering it?

Ms D'AMBROSIO — The government. Our department is administering it with the Essential Services Commission, which is very important in that regard too. We want to ensure that it works well, that people know about it and that people actually get the positive outcomes that they need, and that means saving money.

Ms WARD — Going back to your earlier comments around helping people understand renewable energy as well, could you explain a little bit more around that?

Ms D'AMBROSIO — In terms of the renewable energy in terms of the budget items?

Ms WARD — Budget items, but also understanding it through this website as well. I would assume that some people find it very challenging to work out what the feed-in tariff is, what their actual bill will end up being at the end of it and what is best value for them.

Ms D'AMBROSIO — No, absolutely. What is also unique of course about this is that feed-in tariff offers are also available through this website. As I indicated earlier, with those who have solar energy generation or are intending to put solar energy on their homes, this website will also include offers that are made available by all retailers in feed-in tariffs.

Ms WARD — So you would be able to work out what your solar panel investment is, what you need to pay for it and if you want to do a battery, and then go into the website, have a look at the different companies, what they have got, and work out what is going to be best for you?

Ms D'AMBROSIO — Absolutely, and you can make that choice with great confidence, because retailers are required to provide to us all of their offers, and so people can have confidence in this website — that they will end up getting the best deal that is possibly available to them in the market.

Ms WARD — I understand that the website does not allow you to rank offers or to have an idea of what the ranking could mean. Is the website a serious way of approaching the best outcome for consumers?

Ms D'AMBROSIO — Well, look, ranking is very important certainly, and that is why this year's budget will allow us to provide more effort to refine the website so that ranking can occur. Some people would like to have the opportunity to rank in order of price and competitiveness, and that is a functionality that we will be adding to thanks to the budget this year.

Ms WARD — What about an understanding of customer service as well? It is good to understand how much things are going to cost, but what about customer service delivery as well?

Ms D'AMBROSIO — Yes, compliance is very important in terms of the retailers, and we know that there has been a lot of decreased confidence over a number of years in terms of retailer behaviour, if you like, in terms of offers and protection for consumers. What will be very important of course is that we want to encourage better performance by retailers through transparent reporting. That is a power that we have now given to the Essential Services Commission that will also be able to be reflected through the Victorian Energy Compare website, through the budget changes that will allow us to do that.

Ms WARD — So that also means with this website that the very fine print at the bottom, which people do not generally read, will help them through that process as well to make sure that they have not got a three-month deal that sounds fantastic but then six months down the track they are slapped with a massive bill?

Ms D'AMBROSIO — That is right. The confidence that people will have from this website will be unique, and people can utilise it and change products or retailers in fact. They can stay within their retailer, and also there are no exit charges too that are related to this.

The CHAIR — Order! Mr O'Brien, until 1.32 p.m

Mr D. O'BRIEN — Good afternoon, Minister.

Ms D'AMBROSIO — Good afternoon.

Mr D. O'BRIEN — Budget paper 3, page 16, and your presentation, of course, outlines the decision to triple the brown coal royalty rate. Can you guarantee, Minister, that that will have no increase whatsoever on household bills?

Ms D'AMBROSIO — Thank you for the question. I will just turn to my page on that — —

Mr DIMOPOULOS — That is unexpected. Where did you come up with that one?

Ms D'AMBROSIO — What is that, sorry?

The CHAIR — Order, Mr Dimopoulos!

Ms D'AMBROSIO — The question? It is unexpected, yes.

Mr D. O'BRIEN — We have found it better just to ignore them, Minister.

Ms D'AMBROSIO — Thank you for that question, and I know that this question has been asked of other ministers — in fact our Treasurer and I think our Premier also. I think what is really important for us to remember is that the move is long overdue in terms of the increase in the coal royalties. The last time we had a review of the royalties for coal in this state was in 2006. Since that period other states along the eastern seaboard actually reviewed theirs and increased them. So New South Wales and Queensland, both states, in 2012 did a review and increased their coal royalties.

It is very important also for us to remember that royalties are paid to access, use and extract resources that are managed and that are owned by the state, and that is very important on behalf of the community. We know that the rate of the coal royalty that has been increased, certainly, will bring Victoria into the broad range of what exists at the moment, what applies at the moment, in New South Wales and Queensland.

In terms of the pass-through costs, as you have indicated, we are very clear that there will be almost no impact, if any, on consumers in terms of costs. We know that because we have to understand that our energy generators — the mines obviously pay for it, but the coal royalties are based on the generation of course. We know that they operate in a national market. It is the national electricity market — a highly competitive one. Our brown coal electricity that is generated from the Latrobe Valley is amongst the cheapest, and in a competitive environment where energy is fed into one network, price competition and competitiveness is very important. So we anticipate — we are very confident — that through that competitive national market there will be virtually no impact on prices that go through to consumers.

Mr D. O'BRIEN — Is that a guarantee of not a single cent increase as a result of this decision?

Ms D'AMBROSIO — I remind the member that the government does not own the assets. We have not owned the assets for a long time.

Mr D. O'BRIEN — No, but you own the revenue initiative.

Ms D'AMBROSIO — We do not own the assets. It is a competitive market, and price pressure in a competitive market means it is a very highly competitive market. We anticipate that there will be virtually no increase that will flow on to consumers. There is no reason why the companies in the valley would pass on these costs to consumers.

Mr D. O'BRIEN — So you would appreciate that the companies themselves know the market pretty well. AGL has estimated that the cost to each household from this increase would be in the order of \$25 per annum. So who is right? You or AGL?

Ms D'AMBROSIO — Look, we have done our assessments. We are very confident of our assessments, and we have made decisions based on those assessments. There will be virtually no impact on consumers. It is a very competitive market. With the increase in these royalties, we will still have amongst the cheapest electricity that is fed into the national electricity grid. It is very competitive.

Mr D. O'BRIEN — Minister, you are quoted in the *Latrobe Valley Express* as saying that for Hazelwood and Loy Yang A alone it is \$55 million a year in extra costs. You are on the record as saying that that would have no impact on jobs. You are now saying it will have no impact on prices. How can that possibly be absorbed by the company on either of those things?

Ms D'AMBROSIO — I think that if not in that same article you may be referring to but certainly in others that were produced around the time of the announcement, the generators themselves indicated that they do not expect to see any job losses as a result of the increase in these royalties. So we are absolutely confident, and it has also been indicated and verified by the generators themselves.

Mr D. O'BRIEN — Sorry, I missed that last bit.

Ms D'AMBROSIO — As I said, the generators themselves have indicated that they anticipate there to be no job losses as a result of the increase in the royalties paid to the state.

Mr D. O'BRIEN — Okay, but they also said there would be an increase in prices to consumers, so you believe them on one thing but you do not believe them on the other?

Ms D'AMBROSIO — Well, I could ask you the same question. What I can say to you is that we have done our analysis, and we are very confident there is no reason for these businesses to pass on any of these costs in a competitive market where the increases in the coal royalties only impact and affect the generators in Victoria. So in a competitive environment we anticipate that we will certainly still have the cheapest electricity that is generated by coal generators in the NEM.

Mr D. O'BRIEN — Magically a \$55 million cost is just to two of them and magically there will be no impact on anyone.

Ms D'AMBROSIO — Competition gives you great results in terms of margins and — —

Mr D. O'BRIEN — Can I ask a question of the secretary? Has the department done any modelling on how this additional cost will be absorbed without any of these impacts on jobs or prices?

Mr BOLT — Thank you, Mr O'Brien. The department gave advice to the minister and to cabinet, and in that process modelling was done. It enjoys cabinet confidentiality.

Mr D. O'BRIEN — Can you tell me, then, without going into the details of it, what the cost of the modelling and any consultants for that would have been?

Mr BOLT — Off the top of my head, I cannot.

Mr D. O'BRIEN — I am happy to take it on notice, including who it was performed by and when — whether it was the department or consultants. I am happy to take that on notice, if we could, Mr Bolt.

Mr BOLT — The minister might want to add to my answer there.

Mr D. O'BRIEN — You have said you are happy to take it on notice?

Mr BOLT — I will take on notice the question, Mr O'Brien. I cannot think of any particular barrier to provide that information, so I am happy to do so, but I do not have it with me at the moment.

Mr D. O'BRIEN — No, I understand that. Secretary, the Treasurer has said that he would brief the Essential Services Commission to ensure that costs were not passed on to consumers. Who has responsibility for electricity prices? Is it the minister or is it the Treasurer?

Mr BOLT — So the statement of fact there, Mr O'Brien, is that retail prices, as the minister indicated earlier in her presentation, are not regulated in Victoria. So there is no regulatory power to prevent pass through, but there is the power of the market to discipline the ability of one generator to pass-through costs that other generators do not bear. As the minister was indicating, that is expected to be a significant and virtually a total clamp on the pass-through of these costs.

Mr D. O'BRIEN — So neither the Treasurer nor the minister has power from a retail perspective?

Mr BOLT — No, there is no current regulatory power over retail prices, and that is a policy that was adopted some many years ago and has survived since then.

Mr D. O'BRIEN — So when the Treasurer says he will brief the Essential Services Commission to ensure that costs are not passed on, he really cannot do anything about it, can he?

Mr BOLT — There is no regulatory power to discipline retail prices, Mr O'Brien.

Mr D. O'BRIEN — Okay, thank you. Minister, when did you consult with industry about this announcement of tripling the brown coal royalty rate, including the generators?

Ms D'AMBROSIO — Mr O'Brien, governments have a role to develop up their budgets and we make decisions —

Mr D. O'BRIEN — That is what we are here for, yes.

Ms D'AMBROSIO — in the best interests of consumers. As I said earlier, it is incumbent and responsible — —

Mr D. O'BRIEN — AGL says it will be a \$25 hit to consumers every year.

Ms D'AMBROSIO — I dispute that, and I have said to you that is just wrong. We considered this very carefully.

Mr D. O'BRIEN — You know the business better than AGL does?

Ms D'AMBROSIO — We considered this very carefully. We considered the analysis. We sought analysis, and we are very confident that in a competitive market these costs will be absorbed by the businesses that are very profitable, and I know that they are very, very competitive also.

Mr D. O'BRIEN — I come back to the question: when did you discuss this or consult about this with the industry?

Ms D'AMBROSIO — What I have said to you is that governments have the entitlement and obligation to act in the best interests of consumers, of the people of Victoria, in all budget — —

Mr D. O'BRIEN — Would it be fair to say from your answer then that you did not consult with them at all?

Ms D'AMBROSIO — As I said to you, you need to listen to what I have said.

Mr D. O'BRIEN — You have not answered the question, so I am only taking you back to this.

The CHAIR — Order! Mr O'Brien, the minister is answering your question.

Mr D. O'BRIEN — No, she's not, Chair. She is not answering the question. When did she consult with industry?

The CHAIR — Order! The Minister, to continue in 5 seconds.

Ms D'AMBROSIO — Thank you. As I have said to you, we have made a decision based on the fact that these royalties have not increased — —

The CHAIR — Order! Ms Pennicuik, until 1.39 p.m.

Ms PENNICUIK — Good afternoon, Minister, Secretary, and departmental secretaries and staff. Thanks for coming on a Friday afternoon — on the home stretch.

Minister, if I could refer you to budget paper 3, page 144, there is a reference in the footnote there regarding the total output costs. It says:

The ... expected outcome is lower than the 2015–16 target mainly due to the timing of payments for projects including CarbonNet and Advanced Lignite.

That is around \$50 million. The two projects for Advanced Lignite are Ignite Energy, which is to develop synthetic crude oil, micronised refined carbon and synthetic chemicals — \$20 million; and Coal Energy Australia, producing various products including low-volatile solid fuel at \$30 million. I also notice that the target for 2016–17 is 172, so my question is: is that money being carried forward, and is that what that relates to?

Ms D'AMBROSIO — Ms Pennicuik, apologies, but can you just give me that reference number.

Ms PENNICUIK — I beg your pardon.

Ms D'AMBROSIO — I have heard the question, absolutely.

Ms PENNICUIK — Budget paper 3, page 144.

Ms D'AMBROSIO — And which item are we looking at, sorry?

Ms PENNICUIK — Sorry, I have got the wrong page number there. Sorry, I have given you the wrong reference page number. Anyway.

Ms SHING — Anyway? It's only a budget paper reference.

Ms PENNICUIK — I have got the figures right here, because I have got a photocopy of it, but the wrong page. I do apologise for that.

Ms D'AMBROSIO — That's fine.

Ms PENNICUIK — But suffice it to say that the expected outcome was around \$40 million less for 15–16. The target is about \$50 million more, which seems to account for those two projects, and I wonder if you can say: is that money being carried forward?

Ms D'AMBROSIO — You are talking about the CarbonNet and Advanced Lignite projects?

Ms PENNICUIK — Yes.

Ms D'AMBROSIO — Perhaps with the Advanced Lignite — —

Ms PENNICUIK — In particular the two, Ignite Energy and Coal Energy Australia.

Ms D'AMBROSIO — Yes, thank you for that. You will be aware that last year sometime — and I will find my note in a minute in terms of Advanced Lignite — one of the three Advanced Lignite projects that were awarded contracts, if you like, by the previous government fell over and walked away from the project. No milestones requiring funds had actually been met, therefore the money that had been put aside by previous governments that was contracted was money that was not spent. So that is one of those. There are two remaining projects, as you correctly point out.

Ms PENNICUIK — Yes, and just while you are holding that thought, Minister, documents that were released in the Legislative Council suggest that milestones in those projects have not been met either, or one or two may have been extended. So if you could comment on that.

Ms D'AMBROSIO — Yes, absolutely. The milestones for the remaining two projects are due around about September. I think they might be both together, and I will just check my notes on that.

Ms PENNICUIK — Ignite Energy was meant to meet milestone 1 by 24 April but apparently has not. It has got another milestone due later this month.

Ms D'AMBROSIO — Yes.

Ms PENNICUIK — Anyway, I can read it all out, but you probably can see it yourself.

Ms D'AMBROSIO — Yes.

Ms PENNICUIK — Others due later this month. One due on 31 March not met.

Ms D'AMBROSIO — That is right, yes. What I would say to you is that no public funds have been given to either of those projects to date. No milestones that have triggered payments have been met, and they are contracted projects. Certainly we are mindful of the fact that contracts are contracts. They have been entered into by previous governments, and we will have more to say if and when project milestones are met. We will certainly make sure the community is well aware of how those projects are progressing.

Ms PENNICUIK — So the key question was the increase of around \$50 million for the targets this year, as opposed to the expected outcome. Is that carrying forward anticipation of that \$50 million?

Ms D'AMBROSIO — As I said, these are contracts. These are projects that have been signed as contracts by the previous government. It is important that governments, where they can, see through those opportunities. Importantly those contracts are live contracts, and no money has been handed over. Project milestones are set. We will monitor those project milestones. If they are not met, then depending on the nature of the particular contract and the milestone, it may mean that certain projects continue or do not continue. So certainly the funds are there —

Ms PENNICUIK — So is that a yes, that the funds have been carried forward?

Ms D'AMBROSIO — to allow for the possibility of funding milestones, or milestones that trigger funding, actually are able to be given over.

Ms PENNICUIK — So will you be extending milestones?

Ms D'AMBROSIO — I am sorry?

Ms PENNICUIK — Are you planning to extend some of the milestones that are coming up because some have not been met?

Ms D'AMBROSIO — I certainly do not have any plans to extend those. Those milestones are set there. According to the contractual arrangements, milestones are placed and then conditions are attached to those milestones.

Ms PENNICUIK — Thank you, Minister. We have only got about 45 seconds remaining, so I did query the finance minister regarding his extension of the Essential Services Commission — you probably read this in the transcript — review of the feed-in tariffs. That leaves the tariffs expiring on 31 December and no feed-in tariffs covering because the review has been extended. Do you have any comment on that? He suggested I refer it to you.

Ms D'AMBROSIO — Of course. Thank you. Of course feed-in tariffs are an issue. We went to the last election with a commitment to review the feed-in tariff arrangements, so we — —

Ms PENNICUIK — But what will happen once they expire and there is no regulation?

Ms D'AMBROSIO — Sure.

The CHAIR — Order! Briefly.

Ms D'AMBROSIO — That is why we have got the Essential Services Commission, having been given the inquiry or the review — —

Ms PENNICUIK — To report after the expiry of the — —

Ms D'AMBROSIO — No, not at all. There are two parts to the Essential Services Commission's work. One is to consider — and they have released a draft report, out for consultation. They have separated out the network value, because as the Essential Services Commission informed and advised me, the two pieces of work were quite significant and unique. No-one has actually ever done the work in this country on trying to determine the network value of distributed generation. So those two things have been separated out at the request of the Essential Services Commission. We intend to have the Essential Services Commission finalise the first half of their work by the middle of this year. The government will respond in a timely fashion to allow for any adjustments that may need to be made to the tariffs beginning on 1 January next year, followed by the network reforms — —

Ms PENNICUIK — Thank you for that answer, Minister.

The CHAIR — Order! Mr Dimopoulos, until 1.49 p.m.

Mr DIMOPOULOS — You are welcome — for the minute, Sue.

Ms PENNICUIK — Thank you, Mr Dimopoulos.

Mr DIMOPOULOS — Minister, I just want to bring you back to the Driving Growth in Renewable Energy initiative of \$12 million — budget paper 3, page 27. We have seen over the course of the last government a stalling of wind farms because of the onerous planning restrictions, utility-scale renewable projects coming to a virtual standstill as well and higher supply charges for families and households wanting solar energy infrastructure. There are a whole bunch of barriers if you want to allow the community to fully embrace alternative energy sources. What is this budget and your government or your portfolio doing to eliminate these barriers?

Ms D'AMBROSIO — Thank you very much, Mr Dimopoulos, for the question. If I may just start from the end, you mentioned unfair supply charges imposed by some retailers — not many, but importantly there were a handful that had got into the business, if you like, of charging a supply charge for those customers that had solar panels. We made it very clear in the election period that we would take steps to prevent retailers from unfairly penalising those households who were trying to save money and produce clean energy from being slugged with a supply charge. So one of the first things that I was able to do in government — thankfully — was to be able to draw a line under that and change legislation to prohibit retailers from being able to impose those unfair penalties on households that really want to try to get ahead and minimise their energy bills. So that was something that we were very committed to doing.

The feed-in tariff review certainly was a very important part of trying to reduce energy costs but also helped promote the uptake of small-scale renewable energy. We inherited a system whereby there was not really a modern feed-in tariff regime that really, truly paid people fairly for the value of the electricity they were generating using their solar panels.

That is why, noting of course that a number of the old schemes that were established by the previous Labor government were due to expire the end of this year — and Ms Pennicuik pointed to those — we were very keen to ensure that we got to the point of understanding what that real value was, because we do not think that those people who are wanting to reduce their energy bills and do their bit for the environment, if you like, are actually getting a fair share of the value of that. We have also, of course — —

Mr DIMOPOULOS — Minister, sorry, just on the review, where is that at, can you remind me?

Ms D'AMBROSIO — Sure. Last year, myself, with the assistance of our finance minister, who has the ultimate responsibility for the Essential Services Commission, requested that he provide a terms of reference to the Essential Services Commission, which he did. That was terrific. Working together with him we requested the Essential Services Commission do a review into the true value of solar energy to the consumer and also what the value of that is to the broader network, because we need to understand the network in this way: that the more distributed energy that you produce — so in different locations, many locations, that is, distributed

energy — the less pressure you actually have on the grid and you can prolong the life of and delay the need to upgrade the grid because people are producing their own energy in a location less reliant on the grid. Therefore there is less need to expand the grid to meet growing demand. So there is a value to that; we just do not know what that value is.

But importantly the Essential Services Commission has been very innovative in their thinking, judging from the draft report, where they are looking at ways that consumers can get the real benefits as producers of electricity generation, especially in the times when electricity demand and supply may perhaps present some difficulties in actual spot pricing. In very, very hot periods of summer, having excess electricity from solar panels pumped into the network can actually be a real benefit at that particular point in time rather than big retailers buying electricity from the spot market, which at that particular point might actually mean that the cost of electricity, because of the demand growth, is exorbitant. So it actually has a real value there. That is what we want to try to get to. I am very confident about the work that the Essential Services Commission is doing. We certainly look forward to the consultation that is happening right now and the final report. Then of course the government will consider what the next steps are.

Mr DIMOPOULOS — I am sorry I interrupted you. You were heading to tell me a bit more about what other barriers you are removing to enable people to access renewable energy?

Ms D'AMBROSIO — Yes. Of course, yes. Importantly we have had a very traditional system that has served us very well in this state for many decades in terms of the licensing of energy retailers. They are quite onerous licensing requirements for good reasons. Energy is an essential service. Typically it has been large businesses that have been in this business of applying for licences to buy and sell electricity.

With the advent of renewable energy, distributed energy generation — of course the new technologies that are coming through, with battery storage technologies — we are starting to see new opportunities, new markets being created, new business models being created. With smaller businesses, who may not necessarily be able to be a big energy retailer but can provide a whole range of different services that sit along being able to sell electricity, getting them to be able to enter the market has been really problematic. So with power purchase agreements, new services that are available for customers that have got solar panels matched with battery storage and other technologies that sit alongside of that, the barrier has been quite significant. Businesses have to actually go through a very rigorous and very, very detailed application process for licences.

Mr DIMOPOULOS — It is a barrier to entry.

Ms D'AMBROSIO — Absolutely.

Mr DIMOPOULOS — So we are trying to deepen the market.

Ms D'AMBROSIO — Absolutely.

Mr DIMOPOULOS — Rather than having a commander-controlled North Korean style system that Mr O'Brien wants us to guarantee everything from the government into the market.

Ms D'AMBROSIO — You could say that. Yes, Mr Dimopoulos.

Ms SHING — Agrarian socialism writ large!

Mr DIMOPOULOS — Yes. The free marketeers on the other side.

Mr D. O'BRIEN — I am getting a lecture from the Labor Party about the market?

Mr DIMOPOULOS — Yes, exactly. That is my point: go and live in North Korea. I am sorry, Minister.

The CHAIR — You are a member of the National Party, Mr O'Brien.

Ms D'AMBROSIO — What we have done of course is freed up the opportunity for those businesses. I will give you an example of that. We have got Macedon Ranges Sustainability Group. We were gladly able to assist them in establishing a community solar farm at Woodend at the old timber mill.

Mr DIMOPOULOS — Fantastic.

Ms D'AMBROSIO — They were not able to, if you like, act as a retailer in that electricity being generated in a mega-power station they have got on the roof of the timber mill to the other small tenants, if you like. So what we did as a government to help not just them but others in this area is to actually change and provide a general exemption for particular types of businesses that wanted to act as a retailer. They are now able to actually do the work without actually having that onerous barrier to them.

The CHAIR — Order! Mr O'Brien, until 1.59 p.m.

Mr D. O'BRIEN — At the risk of inflaming the already white-hot outrage on the Twittersphere in relation to asking questions about coal, I am going to go back to it again, Minister. A little shout-out to all my followers on Twitter too, who have piled in — —

The CHAIR — Have you said hello to your wife, Mr O'Brien? Please continue.

Mr D. O'BRIEN — Budget paper 3, page 25 outlines the \$40 million Latrobe Valley transition program and, as we have already discussed, the tripling of the brown coal royalty. Is it the government's intention to shut down the brown coal power stations in the Latrobe Valley, and what is the time line for doing so?

Ms PENNICUIK — Good question, Mr O'Brien.

Mr D. O'BRIEN — I thought Sue might like this.

Ms D'AMBROSIO — Thank you, Mr O'Brien, for your question. I have had this question asked of me a number of times by a number of different people over the period that we have been in government. I have been very clear about this. Any decision that is made by any generator in the Latrobe Valley, or anywhere else for that matter, is a decision for them and is a business decision. That is straight. That is it. That is exactly it. It is a market. They own the assets; they make business decisions about their prospectivity and whether they have a place in the market.

Mr D. O'BRIEN — Is it the government's intention then to just keep putting the taxes up higher on them?

Members interjecting.

Mr D. O'BRIEN — Again, just ignore those, Minister. Just answer my questions, please.

Ms D'AMBROSIO — Mr O'Brien, I am happy to repeat the answer that I gave previously about coal royalties. Victorians deserve a fair share from the resources they own.

Mr D. O'BRIEN — No-one argues that.

Ms D'AMBROSIO — I think you argue that.

Mr D. O'BRIEN — The 300 per cent increase is hardly fair. I will go on. The increase will raise \$252 million as per the budget papers. Given that will directly hit the Latrobe Valley, how much of that money is going to go back to the Latrobe Valley?

Ms D'AMBROSIO — I have said to you these royalties were increased because they had not moved in 10 years. In a competitive eastern seaboard market, the National Electricity Market, where other states — —

Mr D. O'BRIEN — But that is not the question.

Ms D'AMBROSIO — But it is important, Mr O'Brien, for the context.

Mr D. O'BRIEN — But it is not relevant to the question.

Ms D'AMBROSIO — The context is very important to understand.

Mr D. O'BRIEN — We have already had the context several times, Minister. I am just asking: how much of that money is going to go back to the valley?

Ms D'AMBROSIO — Royalties are collected. They go into consolidated revenue, as all royalties do. You will know that we have variety of resources that come out of the ground from Victoria. Coal is one of those. We have other resources: mineral sands — —

Mr D. O'BRIEN — Ninety per cent of our power.

Ms D'AMBROSIO — Royalties are applied to most of our resources here in Victoria. They all go into consolidated revenue. Our commitment to the Latrobe Valley is one about diversifying the economy to maximise the opportunities for them to have future industries come into the valley. That is why our commitment to the valley through the \$40 million Latrobe Valley transition fund is so important. We have heard the valley. We know that from many of our involvements in the valley — many of the visits that I have made to the valley in my time as the minister for not just energy and resources but also industry — I hear loud and clear. Unfortunately those cries from the community that have been made now for a number of years have been lost. They are not going to be lost on me.

Mr D. O'BRIEN — Cries for what?

Ms D'AMBROSIO — They are not going to be lost on our government. We are committed — —

Mr D. O'BRIEN — More taxes on their major employer? Is that the cries you are talking about?

Ms D'AMBROSIO — We are committed to delivering — —

The CHAIR — Order!

Ms D'AMBROSIO — To helping them deliver and develop up a diversified economy, an economy that actually gives them a real future — a future in future industries.

Mr D. O'BRIEN — We agree, Minister, so what is — —

Ms D'AMBROSIO — What is your question? Is it an industry question or is it earth resources?

Mr D. O'BRIEN — No, no. The question was: how much of the money is going to go back to the Latrobe Valley?

Ms D'AMBROSIO — Well I have said to you the money goes into consolidated revenue. We have got a significant boost in our budget to the valley. We have got a \$51 million-plus figure that is attached to the Hazelwood mine fire inquiry; we have got a \$40 million Latrobe Valley transition fund; and let me remind you, Mr O'Brien — if I may, with great courtesy and respect — that it is our government that re-opened the mine fire inquiry because the previous government left it undone. It did not answer the questions that were being asked by the community. It did not get down to the bottom of what actually caused the mine fire —

Mr D. O'BRIEN — Arsonists caused the mine fire.

Ms D'AMBROSIO — and it did not provide the real solutions that we now have. I am very pleased to say that myself, the Premier, the Minister for Health and Ms Shing were in the valley to announce our response from the budget to the mine fire inquiry, the re-opened one.

Mr D. O'BRIEN — Minister, thank you. You are way off topic now.

Ms D'AMBROSIO — Our commitment to the valley is second to none.

Mr MORRIS — Chair, if I could address a question to the secretary, and the budget paper reference is BP3, page 144. Mr Bolt, the 2016–17 target total cost for the energy and resources output is \$172.1 million. Can you tell me how much of that is directed towards the government's renewable energy action plan?

Mr BOLT — That figure should be available, but I should defer to a colleague more familiar with it, if either of my colleagues can answer that question?

Mr WILSON — Sorry, that was the renewable energy action plan?

Mr MORRIS — Yes.

Mr WILSON — Yes, 12.4.

Mr MORRIS — Thank you. I am just wondering how much funding has been committed to establish and meet the government's 20 per cent VRET target by 2020?

Mr BOLT — I am not sure if that is a line item in that 12.4 million.

Mr WILSON — No, it is not. It is new funding.

Mr BOLT — At this stage my best understanding is that would largely be policy advice and a small component of that total.

Mr WILSON — That is correct.

Mr MORRIS — If there is further information, can we have that on notice?

Mr BOLT — If we can illuminate or elaborate on that response, we will do so.

Mr MORRIS — Thank you. Can you tell me the total amount that was spent on modelling and consultation for the VRET and indeed where those funds went?

Mr BOLT — That, I suspect, is also best taken on notice.

Mr FEATHER — I can take that on notice — —

Ms D'AMBROSIO — We can give it to you — —

Mr BOLT — Yes, that is right. If we can find that information, we will certainly provide it to you, Mr Morris.

Mr MORRIS — Okay. Can I just ask one more specific question about this? Has there been any consultation on how VRET will impact on energy-intensive businesses — small businesses like bakers and butchers and obviously large businesses like aluminium smelters? Has there been any specific consultation on those issues?

Mr BOLT — That is a policy matter, a matter for cabinet and for the minister. She may wish to elaborate on that — or not?

Mr MORRIS — Sorry, without wanting to get into a debate about policy — and I am just questioning this because it is important in terms of how we frame future questions — I did actually ask whether consultation had been conducted, not whether it would be.

Mr BOLT — So the best answer I think I can give is that that matter is being given explicit consideration and will form part of advice.

Mr MORRIS — Okay. Thank you. Where are we at for time?

The CHAIR — Two minutes.

Mr MORRIS — Budget paper 3, page 144, Minister. Have any funds been allocated in the budget for the coming year to provide measures for backup facilities for generators to assist Victoria's energy supplies should the CFMEU be allowed to take protected industrial action at AGL Loy Yang? Of course that action would see 50 per cent of Victoria's electricity generation effectively switched off.

Ms D'AMBROSIO — Thank you very much, Deputy Chair, for your question. Look it is a very, if I may say, emotionally laden question. I understand that there have been negotiations occurring between AGL and the relevant workforce representatives in the valley. I understand and certainly encourage the parties to conduct themselves in a way that is working towards a peaceful resolution of their disputes. I am in regular contact, and so is my department, with AGL, and they have certainly not been as alarmist as you are, nowhere near, in terms

of the prospects of them not being able to resolve this matter peacefully. So we are looking towards, and would expect that there would be, some peaceful progress made in terms of resolving their EBA negotiations, which do not put any impact on consumers. Can I just say, importantly, that we have a significant level of oversupply in the national electricity market, which you may be aware of.

Mr MORRIS — I am, but this is 50 per cent of Victoria's supply, so it is a critical component.

Ms D'AMBROSIO — Yes, I understand that, but it is a national — —

The CHAIR — Order! Dr Carling-Jenkins, until 2.05 p.m.

Dr CARLING-JENKINS — Thank you, Minister. I applaud your commitment to this portfolio and for braving the last afternoon of PAEC. I would like to follow on from earlier questions that Ms Ward was asking around the saving energy growing jobs fund, budget paper 3, page 32, particularly focusing on the strategies to reduce energy price pressure. I note the intention there is to help vulnerable households to reduce their bills, and that is the part that I am particularly interested in. You have already spoken to the new Victorian Energy Compare price tool which has been developed to help people who can change their providers.

I note that you mention that 9 out of 10 consumers are paying too much. I would just like to note that many people living within high-rise buildings or apartment complexes often have no choice in their providers and there are certainly many people within my area of western metro that are in this situation. So I wonder if you could talk around the initiatives that you will be implementing to help that growing number of Victorians who are living in apartment complexes?

Ms D'AMBROSIO — Thank you very much, Dr Carling-Jenkins, for your question. You are right. We do not all live in standalone housing. There are a number of people who are renters living in standalone housing, and then in apartments you have got both people who own the apartment or people who rent. There are certainly a number of barriers that exist for them in being able to take up the opportunities of new energy technologies, including solar and certainly other types of technologies.

Look, we are very keen as a government to do more in this space. These issues that you raise these are the very issues that we are looking at having some responses to — initiatives, both in our energy efficiency and productivity strategy and also our renewable energy action plan. Obviously that plan and strategy are not finalised; they are still very much out there for being developed. We have had consultations. We certainly do want to make it easier for power purchase arrangements to occur. As I mentioned earlier, we have already allowed for those businesses that want to enter into power purchase arrangements for those who rent to be able to offer renewable energy arrangements to those types of people, those very people that you represent. We want to be able to do more than that, of course, and that is why we have done that.

In terms of the environmental upgrade agreements, that is something that we are also looking at. We certainly last year changed legislation to allow the expansion of the EUAs to be made available to commercial buildings outside of the Melbourne City Council and this budget gives us some additional funds to actually assist those local governments to be able to get those types of offers available to consumers who either cannot afford the actual up-front fee of putting solar panels or other technologies on their home or indeed are just not able to because of rental arrangements and — —

Dr CARLING-JENKINS — Or living in apartment blocks where it is just simply not an option?

Ms D'AMBROSIO — Or living in apartments, yes. So whilst I would like to be able to be able to divulge a lot of the ideas that are going to come out of our action plan, be assured that we want to ensure that we remove as many barriers as we possibly can for renters and people living in apartments and that will become evident once we release our action plan.

Dr CARLING-JENKINS — Okay. I look forward to that, Minister, and I understand that it is an area that we all are grappling with. I just thought it would be interesting to raise. I guess, too, there is that other side of working with developers during the planning process, is there not, to ensure that the apartments that are being built are much more energy efficient?

Ms D'AMBROSIO — That is very important also, certainly, the energy efficiency. We know that whether we look at existing homes, whether they are apartments or public housing or the like, that the energy efficiency

of homes is very, very poor; absolutely. We need to improve not just the standards but importantly the compliance. Compliance is so important in this. We can set very good standards, much stronger standards, and we have done that under previous Labor governments. Compliance is going to be an important element of that. So I am very keen to ensure that we are able to present some new initiatives and policies that will help deliver that. Our home care program from the budget will target vulnerable consumers in terms of the energy efficiency of their homes. Those who live in public housing also will be included in that.

Dr CARLING-JENKINS — If I had had time — —

Ms D'AMBROSIO — Sorry.

Dr CARLING-JENKINS — No, that is fine. That would have been my next question, around assistance for people in public housing. Maybe that is something we will take up at another time.

Ms D'AMBROSIO — I am happy to provide that.

Dr CARLING-JENKINS — Take it on notice. Thank you.

Ms D'AMBROSIO — Yes. I am happy to provide that.

Dr CARLING-JENKINS — Thank you.

The CHAIR — Order! Ms Shing, until 2.10 p.m.

Ms SHING — Thank you, Chair. I thought my time would never come. Thank you, Minister, for your presentation and for answering the questions that have been put by my colleagues on the committee to date. I would like to take you to budget paper 3, page 25 in relation to the Future Industries Fund, which has been a very significant part of the way in which we develop new and emerging industries and sectors, including — as relevant to Gippsland most particularly — new and renewable energy technology on the one hand and food and fibre technology on the other. I understand that we have got a number of sector strategies that have been developed to reach priority. You have referred to that process in other forums. What I would like to get is some further information on the growth that could be expected in these target priority sectors over the coming years and over the forward estimates period in particular and how this will actually manifest in improvements to the bottom line economically and in the employment or other community-building efforts and endeavours as that fund is implemented.

Ms D'AMBROSIO — If I may, that is particular to the valley?

Ms SHING — No. Well, let us start with the valley and then Gippsland more broadly — I do have a bias there; it is surprising to hear, I know — and then perhaps to other parts of the state that would benefit from the other components of the Future Industries Fund, too.

Ms D'AMBROSIO — Absolutely. That is fine. Can I just start with the valley, because I think it is always important when you mention the valley that we start with the valley. Future industries are as relevant to people in the valley as they are to every other part of the state, whether it is Ballarat, Bendigo, Geelong or metropolitan Melbourne. We need to start talking more about the opportunities that are available to them to actually help diversify their economy. We know that the future industries that we have identified in government — you have mentioned some of them; there are many others, of course — have got the potential, if properly nurtured and supported, create 400 000 new jobs by 2025.

We have spent a lot of time, as you may be aware, Ms Shing, in consulting with a lot of industry players, communities, research institutions and the like to ensure that the sector strategies that we released a couple of months ago actually reflect to the fullest extent possible all of the capabilities and the opportunities that are available to us as a state to grow these sectors. So importantly our \$40 million Latrobe Valley fund, transition money, will be put to good use through the prism of future industries. So it is about presenting new opportunities for people in the valley so that they can actually share in the opportunities that we know are available to all of the state, whether it is investment opportunities in terms of industry or skills development, which of course is always an important feature of this, and other ministers certainly are doing a great job in ensuring that the whole state grows in that respect and that the jobs are created.

Ms SHING — Minister, in relation to the consultation with industry that you have referred to as well as with business associations and unions of course — I am going to say the dreaded U word which usually causes people to jump up and down a lot — what has that consultation involved in relation to developing those strategies as they are place based and fit for purpose? How has that process been undertaken?

Ms D'AMBROSIO — The sector strategies identify a whole range of opportunities and also challenges, because it is always important that where there are gaps in information or knowledge we need to plug that so we actually maximise the outcomes in terms of investment and jobs growth. So often that will mean a place-based understanding, and not all of the future industries that we have identified will be relevant in every single location of the state. There are localised capabilities.

Ms SHING — Have you got an example?

Ms D'AMBROSIO — Well, food and fibre you mentioned.

Ms SHING — Yes.

Ms D'AMBROSIO — Absolutely. That whole Gippsland region is second to none in terms of quality and capability and the investment and the jobs that have been created in that sector. It is not exclusive to that of course. Sometimes capabilities are transferable and we need to recognise and acknowledge that. Capabilities —

Ms SHING — But it warrants that record investment in relation to developing new industries.

Ms D'AMBROSIO — Absolutely, and that is where we as a government are very committed to ensuring that we maximise the opportunities and the capabilities of our people by trusting them and being able to make funds available in a way that is strategic and targeted to maximise outcomes in that stream.

The CHAIR — Order! The Deputy Chair, until 2.15 p.m.

Ms SHING — Thanks, Minister.

Mr MORRIS — Just a quick one to Mr Bolt, which of course will be on notice. The minister earlier referred to the 21 community workshops that were held with regard to the energy compare website. I am wondering if you can provide us on notice for each of the workshops the cost, including a breakdown of catering, venue hire and consultants, and the date, location and number of attendees.

Mr BOLT — That can be provided.

Mr MORRIS — Minister, just coming back to the conversation we were having 10-or-so minutes ago with regard to the potential for action in the valley with Loy Yang, you indicated that you had been in regular contact with AGL. Have you met with them?

Ms D'AMBROSIO — Yes, I met with representatives of AGL quite periodically, and I think we have a very open door-policy in my office. In fact that is a hallmark of this government. We opened the door to businesses when we got elected. For four years for business the door was closed. You could not get a meeting with anyone. AGL, I have met with on many, many occasions.

Members interjecting.

Ms D'AMBROSIO — It is true.

The CHAIR — Order! Government members!

Mr MORRIS — Thank you. Have you met with them specifically with regard to this threat to the energy security of the state?

Ms D'AMBROSIO — The times when I have met with AGL, on all occasions I discuss a variety of issues, and certainly that has been an issue that has been discussed on the many occasions that I have met with them. In fact they talked to me when I was in opposition about an impending EBA that was coming two years down the track, and yet here we are.

Mr MORRIS — When was your most recent discussion with them?

Ms D'AMBROSIO — I will need to have a look at that. They often talk to myself. At other times they will speak with my exceptionally capable staff in my office, and I am happy to — —

Mr MORRIS — If you can let us know, that would be good.

Ms D'AMBROSIO — If I can get some information on that, I will let you know.

Mr MORRIS — Thank you. Just so we have got both sides covered, Minister, have you met with the CFMEU or any other unions with regard to this dispute?

Ms D'AMBROSIO — No.

Mr MORRIS — Thank you.

Mr D. O'BRIEN — Minister, just back on the brown coal royalty rate: will the government make any compensation available to consumers as a result of Labor's new carbon tax?

Ms D'AMBROSIO — It took a while to get that phrase in, but I am happy to explain what a royalty is. A royalty is a levy — —

Mr D. O'BRIEN — Yes, we all know what a royalty is.

Ms D'AMBROSIO — No, you do not. I do not think you do.

Mr D. O'BRIEN — No, we do. We do.

Ms D'AMBROSIO — I do not think you do. A royalty — —

Mr D. O'BRIEN — No, we understand. Please, Minister.

Ms Ward interjected.

The CHAIR — Order! Ms Ward!

Mr D. O'BRIEN — Please do not patronise us like that. We understand.

Ms D'AMBROSIO — A royalty is a levy that is placed on the use of a natural resource that is owned by the people of Victoria. In fact the royalties exist right throughout the commonwealth, and they are probably called very different things in some of them.

Mr D. O'BRIEN — The world. Yes, we all know that. We understand that.

Ms D'AMBROSIO — Yes, that is right. So that is what we are talking about here; is that right? Coal royalties?

Mr D. O'BRIEN — Yes, and I am talking now about the increased cost to consumers as a result of this new carbon tax. Will there be any compensation?

Members interjecting.

The CHAIR — Order! Government members!

Ms D'AMBROSIO — Thank you. The coal royalty increases, as I said, are able to be absorbed by these very profitable businesses. The businesses feed electricity into a national electricity market, one that transgresses all of the states along the eastern seaboard, including South Australia, and it is a very competitive market. The way that the market operates is that people bid electricity into the market, and that gives you the most marginal of outcomes in terms of, finally, pricing that flows through eventually to consumers. And I say to you that the market we anticipate will behave in a way where we believe that these businesses will be — —

Mr D. O'BRIEN — That is not what the market is saying.

Ms D'AMBROSIO — Well, it is a market.

Mr D. O'BRIEN — That is not what the market is saying. AGL is saying 25 bucks a year for every household.

Ms D'AMBROSIO — I am saying to you — —

Mr DIMOPOULOS — They have got no vested interest.

The CHAIR — Order! The minister, to continue.

Ms D'AMBROSIO — Our analysis — —

Mr D. O'BRIEN — I thought Labor would actually have a vested interest in ensuring that utility prices are kept low.

Mr DIMOPOULOS — They are finite resources, mate — our finite resources.

The CHAIR — Order! The minister, to conclude her answer.

Members interjecting.

The CHAIR — Order! Do you want the minister to conclude her answer in 8 seconds?

Ms D'AMBROSIO — Yes, in 8 seconds, under the previous government electricity and gas prices actually went up. In this government they have gone down by an average of up to 5 per cent.

The CHAIR — Order! I would like to thank the witnesses for their attendance, the Honourable Lily D'Ambrosio, the Minister for Energy and Resources; and Mr Bolt, Mr Wilson, Mr Feather and Ms Eddy. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 14 calendar days of that request.

Witnesses withdrew.