

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2015–16

Melbourne — 14 May 2015

#### Members

Mr Danny Pearson — Chair

Mr David Morris — Deputy Chair

Dr Rachel Carling-Jenkins

Mr Steve Dimopoulos

Mr Danny O'Brien

Ms Sue Pennicuik

Ms Harriet Shing

Mr Tim Smith

Ms Vicki Ward

#### Staff

Executive Officer: Ms Valerie Cheong

#### Witnesses

Ms Lisa Neville, Minister for Environment, Climate Change and Water,

Mr Adam Fennessy, Secretary,

Ms Emily Phillips, Deputy Secretary, Water and Catchments,

Mr Paul Smith, Deputy Secretary, Land, Fire and Environment,

Ms Carolyn Jackson, Executive Director, Finance and Planning, and

Mr Alan Goodwin, Chief Fire Officer, Land, Fire and Environment, Department of Environment, Land, Water and Planning.

**The CHAIR** — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2015–16 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome to the hearing today the Honourable Lisa Neville, Minister for Environment, Climate Change and Water, as well as Mr Adam Fennessy, Secretary, Department of Environment, Land, Water and Planning; Ms Emily Phillips, Deputy Secretary, Water and Catchments; Mr Paul Smith, Deputy Secretary, Land, Fire and Environment; and Ms Carolyn Jackson, Executive Director, Finance and Planning. We also have Mr Alan Goodwin, Chief Fire Officer, in the gallery as a potential witness as well.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

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

Departmental officers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media are to observe the following guidelines: cameras must remain focused only on the persons speaking; operators must not pan the public gallery, the committee or witnesses; and 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 5 minutes. This will be followed by questions from the committee.

### **Visual presentation.**

**Ms NEVILLE** — Thank you, Chair. I have some overheads. Just to start, the clearest message, or the first message, that the government gave about putting the environment back as a key priority for government going forward was the establishment of the new department — a new department that brought together environment, land, water and planning, and local government, a department that had a Minister for environment and climate change but also had water being reintegrated back into that portfolio. Given the critical overlaps between those issues, that was really trying to send a very strong message that we need to be focused on all those issues to meet the challenges going forward.

The department is tasked with creating more livable, inclusive and sustainable communities. The new department, with all those elements to it, gives us some better opportunities to partner with all levels of government to better respond to climate change through risk mitigation adaptation strategies, to be able to work to accommodate population growth while maintaining world-class livability and protecting our heritage and natural environments for future generations, and also to be better able to assist local governments to support people, communities and growth at the local level.

Specifically, looking at going forward, coming into government and coming into this portfolio I identified a number of challenges that we needed to meet to be able to really place Victoria back as a leader in relation to environment, climate change and water. If you have a look at this slide, it shows you that we saw a dramatic decline in the funding for the environment and climate change output cost. We saw a reduction of 19 per cent in funding and an 11 per cent cut in staff numbers. We saw three-quarters of the staff in the climate change area go from that area, thus reducing capacity to respond to climate change. This budget begins the process of rebuilding and reinvesting in environment and climate change. In fact during that period there was no investment in climate change at all.

Perhaps one of the biggest challenges that we have inherited is the investment in Parks Victoria. Parks Victoria is responsible for 80 per cent of our coastline in Victoria and 18 per cent of public land, and what we saw for

Parks Victoria was substantial cuts and an enormous loss of capacity in staff. This of course has had a massive impact on the ability of Parks Victoria to maintain assets and renew assets, let alone build new assets that are required to ensure that our parks are meeting community expectations. Again you will see that the investment we have made in this budget starts the process of turning that around.

We also had quite a substantial amount of money through the environmental contributions levy. As you will see, both environmental contribution tranche 1 and 2 were fully expended. They were a smaller contribution in those times, but they were fully expended. When we came to government there was \$105 million left out of the \$406 million that was invested in the environment contributions levy. We have invested \$45 million in 2015–16. That builds on what is already allocated for this year, which is \$89 million, making this the biggest spend ever of the environmental contribution. The further \$60 million in this tranche will be allocated over the future budgets. Spending \$134 million in one year and having the capacity, given all the other challenges we have got in catchment management authorities et cetera, is a very difficult process, so that \$60 million will be spread over future budgets as part of tranche 4.

The budget puts climate change squarely back on the agenda, with a one-off allocation for this year of \$12.1 million in a package that tackles climate change, provides resources in schools, businesses and local government and also prepares Victoria for drought and also for flood. There is further investment in waste reduction programs and money for energy efficiency and productivity, and of course in other parts of government we have the \$20 million New Energy Fund. You may have seen the announcement today by the Victorian government calling on the federal government to get out of the way and allow us to build on the renewable energy target that they look like setting going forward federally.

The Sustainability Fund: again, this is the biggest ever one-year investment out of the Sustainability Fund for Victoria since it was first established. Interestingly, in the last four years only \$10 million of new investment in the four years was taken out of the Sustainability Fund. All allocations apart from this were reallocations of the previous Labor government's allocations over that forward estimate period. So again, it is the biggest, with \$41.3 million spent this year, with \$22.3 million of that new money.

Then we have specific programs, like the threatened species, \$6 million in this budget. This gets us, I suppose, through a period, because this year we will be doing substantial work on the biodiversity strategy for Victoria, which sort of never happened post-2010, a new flora and fauna guarantee act, the native vegetation review and also the private land conservation work that we will be doing, which will be an important part of protecting threatened species and improving habitat outcomes.

There is a commitment to revitalise and restore the 87-year-old Palais Theatre, with \$13.4 million allocated in the budget.

If we move on to the next slide, we see a substantial reinvestment in Parks Victoria, with a \$56.5 million funding package. That is made up of \$5.7 million for critical infrastructure. So, for example, we know at the Twelve Apostles the toilet system is about to collapse and they have not been able to fix that, which would be quite a dramatic outcome given its tourism attraction down there at the Twelve Apostles.

We have \$5.3 million for new facilities. This was an election commitment. Ten million dollars has been allocated as an immediate one-off sort of operating improvement — to Parks Victoria; \$13.5 million to Portarlington safe harbour, a project I am very aware of; \$19 million for the Grampians Peaks Trail; \$1 million to Harcourt mountain bike trail; and \$2 million to establish the new Canadian park in the former plantation land in Ballarat.

In the area of water, you will see a substantial, I think, \$603 million investment in water this year, of which \$45 million is from the environmental contributions, and this will go to riparian land, healthy waterways and managing water risk. But also, as I indicated previously, there is another \$89 million of environmental contribution initiatives that roll out in 15–16 and also funding for the Goulburn Murray water connections project and the Victorian farm modernisation project.

For planned burning, over two years, there is \$50 million to continue the program. As I am sure members of the committee are aware, we have asked the inspector-general for emergency management to do some work for us to give us, I suppose, the most up-to-date science around the risk and what the best method around planned

burning is. And whilst we are doing that work and making sure that that is based on the best science — the most up-to-date science — we have allocated the money over the two-year period to keep the program operating as it currently is. There is also continuation of managing safety risk by a program to remove fire-damaged trees, one of the biggest causes of injury to our firefighters.

Finally, there is the zoo. We have two components to that: one is about improving the visitor experience and also the animal welfare outcomes for the big cat row at the zoo. It is quite outdated, over 30 years old and is not delivering either for visitors or for the big cats themselves. The funding is also there to continue the free entry for kids under 16 for weekends, public holidays and school holidays for a two-year period. That was a program that the previous government implemented, and we are continuing that for the next two years. If you have not been to the zoo recently, you should go; it is fantastic.

**The CHAIR** — Thank you, Minister. I might kick off. In relation to your portfolio of environment, climate change and water, how does the 2015 – 16 budget acquit commitments made in *Labor's Financial Statement*?

**Ms NEVILLE** — Thank you, Chair. This budget actually provides all the funding required to meet all the LFS election commitments. We have committed \$36.9 million TEI and \$17.3 million in output funding towards the initiatives that we committed through the LFS election commitment process. That included the \$5 million to upgrade existing facilities in our parks around the state, as well as providing the money for some of our big projects like the Portarlington safe harbour, which is \$13.5 million, and as I said, that is something that is pretty close to my heart, that particular project. That will deliver both tourism and particularly aquaculture outcomes for the Bellarine Peninsula but also for the region of Geelong, and it has been a key priority for the council and the G21 region for a number of years.

It also delivers for the Canadian State Park — so \$2 million for the Canadian State Park over the four-year period. This particular area comprises 629 hectares of land, including bits of what is already the Canadian State Forest, as well as adjoining former plantation land, and it will provide a range of recreational opportunities for residents, user groups and the broader community. It has been something that the local community has been pushing for for a number of years, and it will involve also a rehabilitation program and a revegetation program through that area. So it will provide both a great recreation and community outcome but also contribute to the north-south wildlife corridor and provide enhancement around that landscape.

On the Palais Theatre restoration, this is \$13.4 million. This theatre was built in 1926 and it is on the Victorian Heritage register. As I understand, it attracts about 250 000 people every year and contributes or generates economic activity of more than \$36 million per annum through the staging of various performances and before and after-show spending in the nearby local businesses. So it is really critical both to protect our heritage but also to ensure this very valuable theatre continues to operate and provide the sorts of attractions that the local community and people from right across Victoria enjoy.

We also have the funding for the Grampians Peaks Trail. This is funding that comes from the regional infrastructure funds but comes through to Parks Victoria. For the Grampians Peaks Trail there is \$19 million. It is a 145-kilometre long-distance walking trail, and it will provide a whole lot of walking experiences through that, whether it is a 1-day, 3-day, 5-day or 10-day walk experience, also with tents as part of that experience along the walk. It is seen as one of the big opportunities to boost tourism and jobs in that local community.

It also commits to Harcourt Mountain Bike Park, with \$1 million towards that bike park at Harcourt, which is between Bendigo and Castlemaine. This will be really a world-class, state-significant mountain bike facility. As I indicated, we have delivered through on all our LFS commitments in this first budget.

**Mr MORRIS** — Welcome, Minister — welcome back to PAEC. Minister, can I refer you to budget paper 5, page 102, but also to the appropriation bills that are currently before the Assembly. I say quite plainly the machinery of government changes in this area are substantial and it is sometimes a little bit difficult to follow things through, but I am certainly aware that the administrative arrangements, the order that was gazetted, required former departments to provide sufficient information for the new departments to achieve continuity. When you look at the schedules, and particularly schedule 1 of the appropriation bill 2015–16, it indicates there that in 2014–15 almost 1.936 billion was appropriated for the department and this year 1.671 billion in round terms is proposed to be appropriated for the department, which on the face of it appears to

be a \$264.9 million cut. Can you indicate to the committee if there is from this apparent cut an impact on your portfolio and specifically the impact, if any, on output and asset initiatives?

**Ms NEVILLE** — Thank you, Deputy Chair. All I can say is that it is all completely machinery of government changes. There is no cut to environment, climate change or water. As I have indicated in the slides it is absolutely clear, and as you will see in the budget papers it is an increase. It is just all machinery of government changes.

**Mr MORRIS** — Minister, with your indulgence perhaps given that you have indicated it is outside your portfolio, perhaps Mr Fennessy or — —

### **Members interjecting.**

**The CHAIR** — Order!

**Mr MORRIS** — Yes, but if I am going to accept the answer, I would like to know. I will finish asking the supplementary without interruption, and then we will see whether someone wants to take a point of order.

Given that you have indicated that your portfolio is not affected by these savings, perhaps Mr Fennessy could advise the committee where the savings are.

**Mr FENNESSY** — Through the Chair, confirming the Minister's answer, the differences in our costs are all related to machinery of government changes as it relates to environment, climate change, water, also planning and local government, so it is all machinery of government. I will just confirm an additional detail from our chief finance officer.

**Ms JACKSON** — In terms of savings for the Department of Environment, Land, Water and Planning, they are a total of 1.5 million per annum. That is the only change in this budget.

**Mr MORRIS** — Thank you.

**Mr FENNESSY** — And that is across the entire department.

**Ms PENNICUIK** — Minister and departmental representatives, thank you for coming today. Could I turn your attention to budget paper 3, page 56, regarding threatened species, an allocation of \$6 million, and to page 59, which states that:

Victoria's biodiversity will be supported by providing funding for the protection of threatened species and their habitats.

The Minister would be aware that on 22 April the scientific committee of the EPBC Act relisted Victoria's faunal emblem, the Leadbeater's possum, as critically endangered. My question is: what part of that budget line will be devoted to securing the habitat of the Leadbeater's possum?

**Ms NEVILLE** — Firstly, this is an additional \$6 million on what is already rolling out. You may remember that the former government actually undertook the Leadbeater's Possum Advisory Group and allocated \$11 million as part of that, so that money continues to roll out through this process. We will be doing further work with organisations and with groups and stakeholders around the use of that \$6 million and where we can get the best outcomes with the use of that \$6 million. That will roll out from 1 July, and we will be working with organisations about that. In relation to the Leadbeater's possum itself, there is the commitment that was made by the former government around the advisory group, but in addition to that we recently — recognising that there were some limitations — announced some additional measures to assist in the protection of the habitat for the Leadbeater's possum, including fast-tracking a targeted survey to accelerate the identification of 200 new possum colonies.

The work that has been done in this space has been relatively successful so far. For example, we have been able to locate habitat and possums in colonies in Powelltown, where people thought they no longer existed. So doing this work and doing more of it helps us identify more colonies and therefore provide greater protection from logging in that area, if we identify the colonies that exist. VicForests has also commenced a program of remote camera surveys, so that before they are looking at any more logging in particular areas they use these methods to try to identify through those surveys where the habitat is and what protection of that habitat we need to

ensure. There are also infrared aerial surveys to identify old trees and map habitat within the Leadbeater's possum range to capture new information, leading to better forest planning and regulation.

There is also involvement of the community in the protection of the colonies through the purchase and loan of additional survey equipment so that the community can also be doing this and working with us and providing that information. Of course there is also work we are doing in Yellingbo, which is a little bit different even though that is also under threat; the Leadbeater's possum threat is a little bit different in Yellingbo reserve. I was up there recently, and their biggest threats are around pests — deer and wild cats, which are a big pest there — and obviously through the Yellingbo conservation forest and the VEAC inquiry there will be further protection in relation to the Leadbeater's possum there as well.

**Ms PENNICUIK** — Minister, thank you for your answer. Identifying the remaining possum families and groups is of course very critical. Both the scientific committee and the long-term studies by Professor Lindenmayer, for example, have pointed to the effects of logging and of fire on the only habitat of the Leadbeater's possum, which is the Central Highlands. Whilst those activities are going on, that habitat loss is continuing due to logging. Is the Minister going to be turning her attention to the creation of a great forest national park in the Central Highlands to preserve the habitat and to prevent any further loss, because we know that the possum requires older trees with hollow logs and certain other trees that are going to grow into older trees that have hollow logs and replace those that die eventually from natural attrition?

**Ms NEVILLE** — On that side of that question, what we committed to the last election was to see the establishment of an industry task force, which is being put together at the moment, and that industry task force will have members from the forest industry, from environment groups and also from the CFMEU. What we have said is that we want to see a consensus approach, and that is what that process will provide. It is about looking at how we resolve the longstanding issues around the future of the industry, the future of the forest industry, as well as the issues in relation to habitat.

**Ms WARD** — Minister, I was interested in your presentation that you put forward and your reference to climate change, particularly your note that there was no new funding provided for climate change in the budgets 2011–12 to 2014–15. What I am interested to know is: could you outline how the 2015–16 budget will actually put climate change back on the agenda?

**Ms NEVILLE** — Thank you for that question because I think it is one of the most critical issues that face Victoria, Australia and even the world. We are putting it back on the agenda. The budget delivers, in the environment component of that, a \$12 million package for 2015–16, and also money for energy efficiency. That is run through the energy sector, the DEDJTR, as well as the New Energy Fund. That is a really critical fund to commence the process of green investing in renewable energy in Victoria.

These contributions are really what we see as the start of a foundation to ensure Victoria is a leader once again, and people will remember that we led the way when we did the Climate Change Act. We had an emissions reduction target, we had a whole range of programs running out right across government and across the private sector in relation to both mitigation and also adaptation in regard to climate change.

We know it is not just an environmental issue; this is absolutely an economic issue. Certainly if you are talking to people from the UN, for example, on all the work that is going on in relation to the Paris conference at the end of the year, this is about making sure our economies are well placed to deal with the challenges but more importantly take advantage of some of the opportunities that will arise out of this. That is really what we are trying to do — make sure that we can take advantage of those opportunities. You have seen South Australia and some of the other states doing that over the last few years.

But we are also seeing some of the impacts of climate change. I have a coastal community that I represent and you can see it every single day through storm surges, loss of beach, coastal erosion, changes in habitat and changes in the wetlands that exist there. We are seeing higher than average temperatures, we are seeing more floods, we are also seeing more droughts, and all of these will have massive impacts on our economy, on our communities, on individuals, on families and on businesses.

This budget has \$10.1 million of the funding out of that \$12 million, which is going towards preparing for drought and climate change, planning for water-related impacts through drought, flooding et cetera, and

changing land use. We will be preparing a statewide drought preparedness policy for facilitating longer term adaptation to expected reductions in cool season rainfall, commencing significant technical work to inform Victoria's sustainable water strategies, the expansion of high-quality flood risk mapping of all our major flood plains, and enhancing access to information that supports accurate flood warnings, land-use planning decisions by council, public education, insurance pricing et cetera.

We have also commenced the process of changing the focus for Sustainability Victoria. Sustainability Victoria was always established to play a role in supporting particularly communities and businesses to adapt to climate change, and they have done really important work around energy efficiency, working with local communities and local government to do that. Unfortunately that focus was changed, so they are already refocusing their attention in this space.

There is the New Energy Fund, as I said, and those changes to the wind farm laws have already seen enormous interests from new wind farm developments. So we are starting to slow process of renewable energy being back on the agenda.

As I indicated before about the commonwealth, if there is a deal on the RET at the federal level, 33 000 gigawatts is not going to deliver really substantially in this space. It certainly does not deliver solar outcomes. There is a little bit of wind capacity but no solar capacity in that. We have a lot of jobs on the line in Victoria. We have 4000 jobs in this area, with the potential for much more growth. When we did the deal with the commonwealth way back in 1999 it was sitting at 41 000, which was the level, and that did drive new investment, so we are very concerned to make sure that we have a RET and a capacity to be ambitious, I suppose, over and above the federal level. That is why we have come out today asking the federal government to get out of the way.

We are also chairing the national adaptation group, which has come out of the ministerial environment meetings, so we are again starting to be in this space and starting to do work, and the budget commences that process.

Over the next 12 months we will be renewing the Climate Change Act and also looking at reviewing programs and policies that both go to mitigation and also to adaptation. There is much more work we need to do, but this starts the process.

**Mr T. SMITH** — Minister, I refer to page 98 of budget paper 3, the Sustainability Fund initiatives. There are two allocations, one of \$10 million for remediation of surplus government land, and one of \$300 000 for water efficiency. The Sustainability Fund was established to reinvest in support programs and initiatives that facilitate resource efficiency. In the 2015–16 financial year it is estimated the fund will hold more than \$400 million. Can you confirm how much of the Sustainability Fund remains unspent?

**Ms NEVILLE** — Thank you for the question. When I was going through that slide previously I was making it very clear that this is the biggest spend ever of the Sustainability Fund. I am very happy to provide that figure in a sec, but it is very important to understand that over the last four years \$10 million only of new investment came out of that fund — \$10 million. So the growth of this fund has occurred over the last four years. We are commencing the process of, firstly, starting to spend the money. Of course one of our election commitments was about the landfill levy and reviewing not the figures or how much is charged but whether it is being used strategically enough to deliver and also the Sustainability Fund, what it was designed to do, which was to reduce waste to landfill, combined with, obviously, in the Sustainability Fund, looking at climate change action and waste reduction programs. Certainly the message from the waste industry throughout the last four years has been: 'This fund has not been doing what it was designed to do, and that is to reduce waste to landfill and to assist with climate change'. Is this the figure you want, at the end of 2015–16? So it will be at \$403 million.

**Mr T. SMITH** — That is how much is in the fund?

**Ms NEVILLE** — At the moment in the fund there is \$331 million, right?

**Mr T. SMITH** — Yes.

**Ms NEVILLE** — Of which some goes to our agencies, like the EPA, because if you recall, it funds the EPA and Sustainability Victoria. After we expend our funding there will be \$403 million, which is in the budget papers.

**Mr T. SMITH** — So there is roughly going to be \$400 million in this fund?

**Ms NEVILLE** — Yes.

**Mr T. SMITH** — And yet you have only spent \$10 million so far? According to the budget papers you have only spent \$10 million. So in terms of the forward estimates, why is the remaining \$390 million not allocated for various projects?

**Ms SHING** — Is 10 what was spent over the last four years?

**Mr T. SMITH** — No, 10 spent in this budget.

**Ms NEVILLE** — In this particular budget, out of the Sustainability Fund is \$22.3 million being expended, which is on top of the other \$19 million, which takes us to a full expenditure of \$41.3 million in this year. As I indicated, aside from \$10 million that the previous government invested, everything else that has been allocated through the Sustainability Fund since it was established was done by the prior Labor government, including most of that 19 million. So with this budget spending, this year \$41.3 is being spent, \$22.3 new money, and we are starting that process of actually using the money.

The biggest build-up of this money has occurred previously, and we were left with the fund at \$331 million. Just to be clear, prior to it going to the Sustainability Fund, this funds the EPA, it funds Sustainability Victoria and it funds the regional waste management groups. The money that is collected from landfill levies goes out to that, and then this goes into the Sustainability Fund. We are starting the process; we have been left with a massive amount of money that the previous government spent \$10 million of, in four years.

**Dr CARLING-JENKINS** — This is obviously a very large portfolio, so you must love a challenge; I congratulate you for that. My concern today is the impact of your portfolio on households. I am going from the broad-picture questions that we have been asking to something quite narrow. I refer to budget paper 3, page 211, and the water rebate program. This water rebate program, which I understand was used to provide rebates on a range of water-efficient products and appliances for use around the home and garden and for small businesses, has been discontinued as from this year. I am just wondering if you could explain why the decision was made to discontinue that and if there are any replacement initiatives to assist Victorians?

**Ms NEVILLE** — Thank you for that question. I think that, as is often the case when you come into government — firstly, can I say I love the challenge and I am loving the portfolio, so thank you for that comment — when you come into government there are often a number of programs that have no money in the forward estimates, so they are ending as you come into government. You have to make some decisions about priorities and the way forward. I suppose some of the decisions that I had to make, if you happen to remember those slides, were around: I had Parks Victoria pretty much on its knees, I have got a whole range of other pressures — no money in climate change at all, which is probably going to have the biggest cost impact on families long term if we do not tackle it. So sometimes hard decisions are made, and this has been cut at this point. However, that is not to say there is not capacity in the future to look at opportunities for both water conservation and programs that provide assistance to families and to small business, like energy efficiency programs and what works best.

What I do know is that, for example, if you talk to the essential services commissioner about some of the water efficiency programs, they have been quite expensive compared to energy efficiency, so we do need to do some work on what we best deliver to consumers at the best possible price. We are doing a water plan as well for Victoria, and that process has commenced now. One of those issues that we will be looking at is the issue around conservation and support, to put in place conservation measures for families and for businesses. So I would not say it is completely off the table. Hard decisions were made. It was a lapsing program, but it is something that through the water plan process I will be keen to have members of Parliament's views on as we go through that process.



**Dr CARLING-JENKINS** — It is probably more of a comment. It is fair to say, then, that there is an ongoing analysis process at the moment but your department remains committed to motivating people to take on water-saving measures, for example.

**Ms NEVILLE** — Yes, absolutely. One of the things, if you have a look, is that there is no question that Victorians still believe they have a role and a responsibility to conserve water.

**Dr CARLING-JENKINS** — Absolutely.

**Ms NEVILLE** — They think it is a very valuable resource. So we want to look at how we best do that — how we tap into that and how we assist Victorian families and businesses to do that. We will be absolutely looking at that, through the department and through the water plan.

**Mr DIMOPOULOS** — Hello, Minister. You mentioned Parks Victoria in your presentation and also just then about it being on its knees prior to the election of the government. Just specifically to the critical infrastructure fund, budget paper 3, page 61: there is a line item there in a table, ‘Parks Victoria critical infrastructure’. I just wanted some background about exactly what is envisaged for that expenditure.

**Ms NEVILLE** — As I indicated before, Parks Victoria have had quite substantial funding cuts over the last four-year period, and it might be interesting to know that they manage 4 million hectares of public land, which is quite a massive area across Victoria. They employ about 900 people but on top of that have about 30 000 volunteers, who are participating in a range of projects. So there is no question that Victorians love their parks and they love their coast. In fact there are 96 million visits to Parks Victoria assets, whether that is a park, a pier or a jetty. That is an extraordinary amount of visitation every year.

If you have ever had time or interest to look back over the budget papers over the last the few years you will have seen a deterioration in the outputs and targets in relation to assets, both in our coastal area and in our parks as well. That could be a walking track that you have to close off because it is dangerous — to toilets that are no longer usable. As I said, we have a very critical issue at the Twelve Apostles at the moment that we need to get fixed — with the toilets. We know there are number of metropolitan parks that either have closed or are at risk of having to close — or large chunks of them — because they are unsafe. That is what it is really all about. It is about making sure that the infrastructure we already have is upgraded and is made safe so that those visitations can continue. And of course I indicated that there is money for new facilities as well. So we need to get some of the really bad issues right as well as investing in new facilities.

**Mr D. O’BRIEN** — Welcome, Minister. My question goes to the environmental contribution levy, which you referred to before. I take you to budget paper 3, page 56, which is the output initiatives, and there are a number of projects there funded through the ECL, as I understand it. You will be aware of the VFF’s commentary about unallocated funding, and I know you referred to this in your introduction. I believe the figure you said was \$60 million that still remains in that, unallocated. My question is: why is that not allocated over the out years?

**Ms NEVILLE** — Firstly, I would say this year there will be \$134 million spent out of the environment contribution, so that is quite a substantial rollout for the things that the environment contribution levy can be used for, from riparian land — so, for example \$20 million will be in riparian land management all up, when you combine what is coming through in 2015–16 and the new money. That in itself is a massive project. You probably know what is involved, Danny, in those sorts of things out in local regional communities, involving landholders and involving catchment management authorities.

So there were two reasons, I suppose. Firstly, we had to make an assessment of the capacity to roll out more and the ability for our agencies, places we know — catchment management authorities are already under pressure, and the Auditor-General’s report that was tabled last year showed that. Their capacity to deliver in addition to what we were rolling out was very difficult. Secondly, we were really also wanting to make sure of the priorities of that \$60 million and tranche 4, because tranche 4 is what starts next year — the fourth tranche of this. It will roll out through that period, and you will see that that has happened in tranche 1 and 2; there was a bit of that as well — that it would enable us to do some more of the work through the commitments that we had made around waterways and around riparian land.

For example, we are doing the riparian land strategy at the moment, so we have got a bit of a sense of where we have got to go with it, but there is still more work to do. So instead of sort of saying, 'Here is what we are going to spend on riparian land' when we had not completely locked down the strategy — it did not seem to be the smartest thing to do either. So they are the two reasons, really, why the \$60 million has not yet been allocated to specific projects.

**Mr D. O'BRIEN** — I can help you with some things I think that it could be spent on.

**Ms NEVILLE** — You might have written a couple of letters to me about the potential?

**Mr D. O'BRIEN** — I think I have. Don't try to pre-empt the question, Minister!

**Mr D. O'BRIEN** — I do refer to an article in the *Weekly Times* of yesterday in relation to this. And I note the VFF has called for — why could this money not be spent on, for example, the Macalister irrigation district but also the Werribee irrigation district? And the comment from you here — it is not a direct quote, but it says that the projects called for by the VFF do not meet ECL spending criteria. Yet in the fund that is being spent this year is funding for Goulburn Murray and Sunraysia irrigation projects. So my question is: why would we not be spending it on, for example, the MID?

**Ms NEVILLE** — Because VAGO, since the previous government allocated that money, have indicated their serious concerns about whether they are appropriate types of expenditure out of the environment contribution levy, so we need to see if that is the case. I mean, the report was brought down, so that is why the comments are in the *Weekly Times* about that. I understand that is what the VFF have suggested, but VAGO, subsequent to those allocations, have made those comments, so we need to do the right thing and have conversations with the Auditor-General about making sure we are spending on the accurate types of expenditure that are allowed.

Secondly, the Macalister irrigation project is not ready for stage 1B yet, so the business case has not been submitted to us yet, and the current stage 1A is due to finish in June 2017. So my view is there is plenty of opportunity for us to have the conversations, look at the business case, talk to the Commonwealth as well and talk to the Auditor-General as well around the use of the funding. Similarly with the Werribee irrigation project there is no business case that has been submitted to us.

**Mr D. O'BRIEN** — I won't get away with asking another supplementary, will I?

**The CHAIR** — Mr O'Brien, we are going to be here for the next hour and three quarters; there will be plenty of opportunities, I am sure.

**Ms SHING** — If only we could conserve our opportunities in the same way that we would like to conserve water!

**Mr D. O'BRIEN** — I accept that. I did not think I would get away with it this time.

**Ms SHING** — Your courage and endeavour is admirable, Mr O'Brien.

Minister, thank you and departmental representatives who are attending. I would like to discuss planned burns with you, if I may. Being from Gippsland it is an issue of significance to me, and also to Mr O'Brien and to Ms Ward in Eltham. One of the departmental objectives is to reduce the impact of major bushfires and the risks associated with those fires and other emergencies in relation to people, property, livestock and the environment more generally. Could I ask you to explain to the committee how this particular budget delivers on the objective to reduce and mitigate the impact of bushfires through planned burns?

**Ms NEVILLE** — Thank you for that question. I am sure all of us recall and have seen the devastation that is caused by large-scale bushfires through Gippsland, and through the 2009 bushfires as well. It was incredibly devastating, and out of that obviously the royal commission made some recommendations about increasing the type of planned burns and increasing the targets that need to be set for planned burns. During the period not all the targets have always been met, but the targets have continued to go up to where they are currently sitting at 275 000 hectares.

This budget continues that program, and it does so, yes, only for the two-year period, and the reason that we have made the two-year period is that Neil Comrie recommended to the Parliament that a review be done around the hectare-based system of planned burning to consider whether a more risk-based system would be more effective — not necessarily cost-effective, but effective in terms of the protection of life and property. The Minister for Emergency Services and I have referred that matter off to the inspector-general for emergency management, Tony Pearce, to do that. He has undertaken a public process and, I think, over 100 submissions have been received through that process. Those submissions, as I understand it, are available on the website. The Minister for Emergency Services and I have received that report, and I might ask the chief fire officer to talk a little bit more about planned burns. We have had the chief fire officers in talking to us, and we will be doing further consultation, and that report will be available for community input.

The reason we have decided on the \$50 million over the two years is to make sure that we have got the planned burning program running out and there is confidence in that while we are going through this process to assess what outcomes and what changes, if any, we might make to the planned burning system. But there is certainly no question that this is a really significant program. It causes angst on both sides. It is not without its controversies, but it is clearly something that the royal commission, following the 2009 fires, indicated we needed to be doing, and the work we are now doing is making sure that it reflects the most up-to-date science and understanding of what is effective in relation to planned burns. Could I ask the chief fire officer —

**The CHAIR** — Of course.

**Ms NEVILLE** — just to talk a little bit about this season's planned burning program. Parks Victoria and DELWP staff are the ones — there are hundreds of them — who do a magnificent job every year and are probably unrecognised in terms of the work they do to protect life and property.

**Mr GOODWIN** — Thank you, Minister and Chair. The Minister has outlined, I guess, the broad context of the burning quite well and what we do. We tend to think of planned burning quite often at this time of year when there is smoke in the air and we are actually lighting the burns. In fact the process is much more complicated and long term than that. We also tend to think about burning sometimes at this time of year, burn by burn, or season by season, when our planning, our strategy and our thinking of course needs to be longer term. For us the planned burning program as a whole is a 365-day program. The planning and the thinking needs to happen long before we light the burns. We do that through setting some key performance indicators for planning. We look to plan to 165 per cent of burns available, and therefore we have flexibility in the system. We also look to prepare burns — physically prepare the boundaries of burns — to 140 per cent of the program, again, to give us flexibility within that, depending on where we have had bushfires and so forth.

The mechanism by which we talk about planned burning to communities and within our own organisation is the fire operations plan. That takes in our strategic thinking, our planning, looking at areas that need to be burned, displaying them in a planning format so we can then have conversations with stakeholders, with communities and of course within our own organisation. There is a lot of work and thinking and hence investment in looking at planning around cultural heritage sites, around environmental aspects of the burning and around vegetation requirements of certain vegetation classes in Victoria, because we have the diversity of the Mallee through to what happens in far East Gippsland.

Our prominent focus quite often could be varied. It could be looking at fuel reduction, as the Minister has pointed out, to stop fires becoming large and uncontrollable, and therefore lowering the fuel content. There is also an ecological outcome — some our forest types and some of our vegetation requires fire to be healthy — and of course having a key focus on the protection of life, property and infrastructure going through to the environment as well.

I am making this point to make sure you understand that it is a holistic sort of program. It is quite varied. There are investments in certain areas. In relation to the expenditure, of course, when it comes to doing burns it is quite resource intensive in terms of, as the Minister pointed out, the expertise, if you like, for burning, which sits within the department including Parks Victoria. We also call on experts from Melbourne Water and VicForests as part of what we would call the network emergency organisation. But it is a collection of other government agencies that have expertise and trained and accredited people to help us do that to execute burning. Then there is the aircraft and community consultation. Quite often, depending on the area in Victoria where we are burning, in some areas there is more remote burning. They are, if you like, less resource intensive and there is less risk to

life and property, so it is easier and can be less expensive. Areas around populations, around communities, are more intensive in terms of the type of resources we need to apply to that burn, be it aircraft, machinery or, indeed, personnel.

It is quite difficult in the burning program at times. Victoria is quite diverse in terms of the public land, so in the east of the state there are large mountainous forest types as opposed to in central Victoria where there is quite a dispersed landscape of the public land and the interface with communities and landholders.

**Ms SHING** — Thanks, Mr Goodwin. That was very helpful.

**Mr MORRIS** — Minister, if we could go back to the Sustainability Fund — the reference is BP3, page 56 — and in particular the reference there to the waste reduction program, the \$2 million. There is of course quite a bit of history in this. In June 2011 there was an Auditor-General's report, which I think you alluded to in passing in another answer, that found that waste management under the then former government had ineffective planning, leadership and oversight, inadequate coordination and implementation and limited progress. I sometimes wonder who writes these things, but anyway.

So there was not much progress in reducing municipal waste, according to that report. Of course there have been substantial changes since that time. The former government implemented strong waste management practices, undertook substantial reform of the waste management sector and certainly had the intention of continuing — had we been given the chance — to drive improvements in that by utilising the Sustainability Fund. That was an important part of our plans.

As I mentioned, there is just \$2 million allocated. Obviously you are not going to use the whole lot for waste management, but the allocated fund is 0.5 per cent of the funds available. How do you intend to continue driving those improvements to waste management with such a relatively small investment?

**Ms NEVILLE** — Thank you, Deputy Chair, for the question. I suppose I feel I need to repeat what I said earlier. You did not invest in waste. You put in \$10 million over four years all up in the Sustainability Fund — of new investment. There are two things. Firstly, for four years — that is right — and previous to that no-one has got this right, about what is the investment we need to be making in both waste technology and our understanding around management of waste to reduce waste to landfill. We absolutely have to do it, whether it is from organics or e-waste, and one of our election commitments is around e-waste, which is growing faster than any other form of waste into landfill. We have a commitment to remove e-waste from landfill altogether. That is one big program that we have got underway.

Secondly — you may recall this had not been completed by the previous government — is the SWRRIP, the Statewide Waste and Resource Recovery Infrastructure Plan, which had not been completed by the time of the election. That program we are talking about again to industries and communities, and that will form the basis of the future investment in waste technology.

Putting aside the issue of landfill, which always is a concern for communities, this is in the end about finding long-term investments, about reducing landfill over time. We have to do that. We have to do it not just because communities do not like living next to landfill but because it leaves a long-term legacy of contamination that future generations are going to have to deal with. That is why we have got a commitment around e-waste, because it is growing so fast and we have to take hold of that. But organics is going to be one of those in the future as well that we need to really grapple with. Through the SWRRIP that work will come out soon, and that will drive the investment of the industry — where they are going to put their money, where it is going to be based — and there are going to be a lot of jobs in this. As unsexy, in a sense, as waste is, there will be lots of jobs and lots of opportunities for Victorians in this area.

In addition, in this particular budget there is the \$2 million, which equates in fact to what you spent each year of your \$10 million, but on top of that there is also another \$14.5 million that rolls out this year out of that other bit of the Sustainability Fund that continues to roll out, which includes the *Getting Full Value* program, which is \$5.1 million; other waste initiatives at \$5.2 million; and local government initiatives at \$1.5 million. There will also be the levy relief that will continue and the Detox your Home program that will continue. So there is a substantial investment this year around waste, but we have got to get this right and we have got to let the

SWRRIP determine the future allocation, where we best put taxpayer money into achieving the best outcomes out of the waste.

Just remember that the other component, the other key priority for the Sustainability Fund, is in fact climate change, which has also for the first time in four years money coming out of that to go into climate change.

**Mr MORRIS** — Minister, once the SWRRIP is completed, when we come back next year and we are looking at the next three spaces in the out years, are we going to see an increase on that \$2 million or are we going to see a significant investment out of that fund in the next few years?

**Ms SHING** — On a point of order, are you asking, Mr Morris, for the Minister to speculate in relation to a future forward estimates period?

**Mr MORRIS** — I could thump the table and say, ‘There’s no money in the out years; this is an absolute disgrace’. Given that the Minister’s initial response, the response to the substantive question, referred to the SWRRIP and that part of the answer was on the basis that the SWRRIP had not yet been completed, I am simply trying to establish what will happen as the next step beyond that.

**The CHAIR** — I think really questions need to be asked in a way which can ensure that the Minister can provide a factual answer. I think the question is asking the Minister to provide an opinion based upon a report that she has not received, so I think it is really difficult for the Minister to answer the question — beyond making some general comments, would be my sense. If she wished to pursue that line, if the Minister is happy to make some general comments, that is fine.

**Mr MORRIS** — Chair, with the greatest respect, and I mean that genuinely, surely the best way to go is for members to ask questions. If the Minister feels it is inappropriate or it is not able to be answered, then the Minister can say so, rather than having points of order before the Minister has even had a chance to open their mouth. We have had several occasions in the last couple of days where the Minister has said, ‘No, no, no, I’m happy to answer the question’. I am very happy for any Minister to say either, ‘I don’t have that information’, ‘I’ll get it for you’ or whatever the response is, but this constant seeking to intervene between the questioner and the questionee is becoming rather tiresome, I have got to say.

#### **Members interjecting.**

**The CHAIR** — Order!

**Mr D. O’BRIEN** — On the point of order, I would like to back up what Mr Morris has just said. This is getting very tedious. In this case in particular, and there have been a number of other times, a question was asked, the Minister has started to answer it — so the Minister has been happy to answer it — and government members take a point of order to try to have it ruled out, when the Minister was already trying to answer the question.

#### **Members interjecting.**

**The CHAIR** — Order! Mr O’Brien is still making his point.

**Mr D. O’BRIEN** — These are becoming frivolous points of order designed only to slow things down. I do not want to slow it down anymore. I am happy to move on.

**Ms SHING** — Further to the point of order, I am not raising these points of order to be frivolous or to slow things down. Let us be very clear about that and my motivation for this, Mr O’Brien.

#### **Members interjecting.**

**Ms SHING** — The reason for the points of order that I have raised is related to the fact that you are inviting speculation which does not provide you with the information that you have indicated very clearly you are seeking to obtain through this committee process. On that basis I have raised points of order, because they do not give you what it is you have clearly indicated that you are after through this process, and I am inviting you, perhaps, to look at other ways to obtain that information.

**The CHAIR** — From my perspective, I want to run a proper and professional and disciplined set of hearings, as I know, Mr Morris, when I have read the way in which you conducted yourself in the chair, you certainly did. I recognise the fact that these hearings are governed by the Legislative Assembly standing orders, and I know, and Mr Morris knows this only too well, that standing order 57(2) says:

All questions must be direct, succinct and seek factual information.

The concern I have, which I share with Ms Shing, is that you are asking the Minister to provide some assurances based upon a report she has not received, so it is difficult for her to provide that factual information. As I said, I am happy for the question to stand on the basis that you understand that really the Minister is only going to be able to provide a very general, generic, vanilla-type response. If you want your question to stand as is and you receive such a response from the Minister, we can move on and go to the next question. I am not trying to be difficult, but I would encourage you that we all just try to make sure that we abide by the standing orders and that we behave accordingly.

I will leave it to you. I know you have raised concerns about questions being edited, but if you would like your question to stand, that is fine, but I think that in fairness to the Minister all that the Minister could possibly do would be to provide some general comfort and assurance.

**Mr MORRIS** — If I did not want the question answered, I would not have asked it.

**The CHAIR** — As you are, Mr Morris. Minister?

**Ms NEVILLE** — I cannot pre-empt the budget process that has not yet begun, but what I can say is that there are a number of things that will inform future decisions. Firstly the guidelines for the Sustainability Fund, which include waste and climate change. The SWRRIP program will obviously help inform both industry as well as government about the key priorities going forward and the key direction in relation to waste. If you recall, Deputy Chair, the previous government changed the legislation, and that now makes the Minister and the Premier responsible for decisions around priorities out of the Sustainability Fund. The Premier and I will be leading the process for the new priority statement for the Sustainability Fund, and there will obviously be opportunities for a range of input into that, and that will set the future direction as well — the immediate direction in relation to the Sustainability Fund.

**Ms WARD** — Minister, in your presentation you mentioned our zoos, which I was very glad to hear about, being a friend of the zoo for a number of years myself. I would recommend anyone with children be a friend of the zoo; it is fantastic. Minister, could you turn your gaze to page 21 of budget paper 3 and please explain the importance of Parks Victoria's critical infrastructure initiative, which is outlined there?

**Ms NEVILLE** — Thank you, Ms Ward. There are two components. One is the critical infrastructure in relation to Parks Victoria, which is one of the issues that I have mentioned before, which is about where we have some significant capacity issues to repair and improve our existing infrastructure, like walking tracks, paths et cetera. One of the priorities for Parks Victoria over the next four years is how we get our current infrastructure up to standard so that we do not lose tourism and we do not have to contemplate any closures in metropolitan parks because they are unsafe; we do not want to see that. As I indicated earlier, 96 million visitations to Parks Victoria areas.

I notice you also mentioned the zoo, and can I say, it is not just for children. I have had the opportunity, as the Minister, to rediscover the zoo — —

**Mr DIMOPOULOS** — You have got another one in Parliament, Minister!

**Ms NEVILLE** — I will admit I have had the opportunity to meet a number of the animals there and decided it is for adults as well. This budget invests in a couple of things for the zoo, which is the free zoo program for children under 16, which the previous government had implemented. It has seen something like 1.13 million children visit the zoo as a result of that program since 2011–12. So it has been really successful in doing that. It has also seen actually an 81 per cent increase in zoo membership, so people have, families have rediscovered the zoo and I think now have become again regular visitors. We have seen big increases at Werribee and Healesville. Although the figures do not show Melbourne Zoo as high, that is because the time of the start of the collection of the figures was when we had the baby elephant, but we may see again a big boost, because we had

the baby gorilla, Kanzi — ‘a treasure’ that stands for — born recently there. Again, I would recommend going to visit Kanzi — very cute.

The other bit of infrastructure that we are investing in is the big cat row, which is where we have the snow leopards, the tigers. If you have seen the new lion enclosure, that is extraordinary, both for visitation and also, if you go out the back, in terms of the care and protection for the lions — there are three brothers that are there — and also for the staff who care for them. It is much safer and up to the standards in terms of animal welfare. Similar facilities will be built for our snow leopards and our tigers as well through the budget process. It will make sure that Victorian zoos are seen as some of the best in the country.

**Mr T. SMITH** — Minister, I refer you to budget paper 3, page 56, specifically the \$10 million for ‘Sustainable water management — riparian land’. Environment Victoria has called for a government commitment of \$40 million for riparian land management, and the VFF is calling for a \$45 million commitment. Why has only \$10 million been allocated?

**Ms NEVILLE** — As I indicated previously, this budget allocates \$10 million, and the money that is rolling out from the environmental contributions levy contributes for this year another \$10 million. So for this particular year there will be \$20 million spent on riparian land.

Mr Smith is looking a bit confused, so I will explain again. The \$45 million out of the environment contribution levy that is new for 2015–16 includes a \$10 million allocation for riparian land. Also in 2015–16 is the \$89 million environmental contribution levy that was previously allocated in past budgets, which includes another \$10 million of money that has not been spent for riparian land. That gets us to \$20 million.

We went to the election with a commitment to work with Environment Victoria to develop a riparian land strategy, and that process has commenced. There is an advisory group that has been set up, which is chaired by Christine Forster. The VFF, Environment Victoria and the catchment management authorities et cetera who sit on that are advising us on the best way forward in relation to riparian land management. In addition to that, because the strategy is not completely locked down, \$20 million was seen as quite a substantial amount in one year, and that is particularly the case when you have got, as I indicated before, the catchment management authorities. They are the big deliverers of this program. They work in partnership with landholders and local communities to deliver this program. It will deliver new jobs.

We know there are capacity issues for the catchment management authorities, because they were identified by the Auditor-General in a report that was tabled in Parliament last year, and we are starting the process of working our way through those issues to ensure the sustainability of catchment management authorities. But to find ourselves in a position of saying ‘We can deliver more than \$20 million’ was just not going to be realistic. We just could not deliver in terms of on-the-ground works that need to be done that deliver this strategy. Obviously one of the ideas about the strategy is about working out what the processes are and what delivers them in the best way. It is about signing up landholders, because that is a really critical component of this. You need landholders who will put their hand up and say, ‘We want to be part of this program’. A lot of that work can be done, and that will help determine future allocations to this election commitment.

**Mr T. SMITH** — Minister, in terms of the out years, and I suppose my colleague Mr Morris has already asked you a similar question, I was wondering if you could give me an indication of, in the out years, what sort of spending you would be undertaking on riparian land management?

**Ms NEVILLE** — It will be spending in line with what the budget processes are in future but also what will be determined through the riparian land strategy, how many landholders are interested and what is the capacity to deliver the program.

**Ms PENNICUIK** — Minister, I have been listening very carefully to your comments throughout previous answers to questions regarding climate change and what is in this budget for climate change. At the start you said this budget will enable us to better respond to climate change. You also said, in a response to a question from Dr Carling-Jenkins, that if climate change is not addressed, it will be the biggest cost to families, and it is the key thing to come out of the Sustainability Fund.

I have been listening to the amount of money that goes in and out of this Sustainability Fund. I noted that \$12.1 million has been allocated for climate change, and I furiously started to write down some of the things

you said in answer to Ms Ward. Some of it was to do with renewables et cetera but also mapping, land use planning and changes to legislation et cetera. What I would really like to know, Minister, is how did you arrive at the \$12.1 million figure, and what concrete measures are in this package of initiatives?

**Ms NEVILLE** — Yes, there are things in here that relate to floods and drought planning, because they are critical issues that are impacting on our communities right now. This is work that local governments, particularly, are talking to us about — about critical need and critical focus. Let us put the big picture. We went to the election; we had a Climate Change Act when we left government in 2010. It had an emissions reduction target that had the EPA monitoring it. We had a whole range of programs. We had the Sustainability Fund, investing in climate change programs, energy efficiency and assisting businesses to be more energy efficient, and all of that went. We lost three-quarters of the staff out of the department. We are coming from a base where we have to build capacity in climate change and put climate change back on the agenda.

We went to the election with a review of the Climate Change Act. Who is leading that process will be announced very soon, and that will be completed by the end of this year. We have also committed to review, as part of that, the emissions reduction target, and that will obviously be informed by what we hear the federal government does and, again I suppose we would be saying, ambition. We need to be making sure that there is international consistency in and around the targets, and we will be informed by that as we develop that policy. We also said we needed to review policy and programs so that Victoria is both in mitigation as well as in adaptation.

We have prioritised a number of things. We have prioritised how we assist communities that are already impacted significantly by drought — and we have got communities already in drought — as well as, on the other side, communities that have been impacted significantly by storm surges and flooding. We prioritised those activities that we knew are urgent, that are immediate and that have been calling out for resources for a period of time.

We also have got programs that are continuing the work that was being done with local government, with schools and with businesses in terms of resources and capacity and understanding and education. That work will continue. This is all for one year, because where we get to at the end of the year may be very different in terms of what the best impact for the money that we have got we can have as a state in relation to climate change.

I suppose the other big side of it — because it is whole of government; it is not just my section — is the renewable energy side. We have said that the priority here is we have to get back into the game in relation to renewable energies. That is why we have got the \$20 million New Energy Fund, which is about co-investment incentives for businesses to reinvest in renewable energy again. That is why we changed the wind farm rules and that is why we are in the space of trying to be able to legislate for a renewable energy target in Victoria, because we know that contributes significantly to mitigation and it also contributes significantly to jobs. We are also continuing in the space of the energy efficiency side, which again is about supporting families and communities and businesses to both reduce business or family costs, but also it contributes to mitigation.

The other work that is being undertaken at the moment is on some of the coastal sea level rise impacts, and that will require assistance from many coastal communities through adaptation programs. So this is a starting point. This is the first real investment in four years in climate change. We have picked those that are absolutely urgent while we do the work. We want to get back on the map to really build a contribution for Victoria in both mitigation and also in adaptation.

**Ms PENNICUIK** — Thank you, Minister. I hear everything that you say, and I preface my remarks by saying I understand the previous government did nothing in this space, or very little, but pretty well nothing. I acknowledge that something is being done. But \$12.1 million out of the full budget — and even you note there is still a lot of money in the Sustainability Fund — seems a very, very small amount of money to be spending on this issue, which you have said is important several times today. I still did not get the sense of why \$12.1 million, exactly why those projects and I did not really get a breakdown of the projects. Perhaps you would be able to provide the committee with more detail about projects for local government — this one here and that one there et cetera. My other question — and you raised the issue of staff — was how many more staff are going to be re-employed in that climate change section of the department?



**Ms NEVILLE** — I am happy to provide the full breakdown of the climate change \$12 million, which was released a few weeks ago, but in addition to that, I suppose, there is a whole-of-government approach. As I said, there is the \$20 million New Energy program as well. I think it is clear. These are the things we know that were on the table, that have been calling out for investment whilst we do the work, and we do need to work out what is the most effective thing that states and territories can do in this space? Obviously where you get the most effective impact is if you have leadership at a federal level driving these programs. We need to work out what it is in that context of where we are and what it is that we can best achieve and invest in.

What are the things that help determine that? Community consultation will be one, the Climate Change Act will be one and also the review of the emissions target. What are the things you need to invest in to reach a target, for example? What are the things that we need to invest in across government? They are the things that we will be doing the work in in the next eight months to achieve that, and yes, we are absolutely building capacity and expertise back into the department to make sure that the department of environment and climate change actually is a leader across government in driving this debate and discussion.

**Ms PENNICUIK** — Are you able to provide details of that?

**Ms NEVILLE** — Of what? Which one?

**Ms PENNICUIK** — Of the staffing.

**Ms NEVILLE** — That will be a matter for the secretary.

**Mr FENNESSY** — Can I make some comments?

**Ms NEVILLE** — Sure.

**Mr FENNESSY** — Through the Chair, some of my comments are that what we have been doing quite specifically is from a whole-of-Victoria point of view. We have got some very good partnerships with other entities through our portfolio, the research sector, the EPA and Sustainability Victoria, but in particular in the department right now we have got the planning function coming in, as you know, and the local government function, so a lot of our investment has been in local government partnerships. A lot of how we respond to climate change in an adaptation sense goes into the planning system. Even just with the creation of the new department, we have already got a much stronger resource base and more staff who actively work on climate change, and we also reaping the benefits of long-term state government investment in that broader capacity.

We are doing a lot of work with the Carbon Market Institute, which was seed funded five or six years ago, the Monash Sustainability Institute, which we have done a lot of co-funded projects with, the primary industries climate change council and the Melbourne Sustainable Society Institute. The opportunity, as I see it from a department point of view, is that one government department will have a lot of capability, but a good statewide response to climate change relies on us working with the private sector, through the Carbon Market Institute, the university sectors, where we have got long-term investments now, as well as other state governments, the commonwealth government, but particularly in Victoria with 79 local governments, where we have done a lot of long-term investment through partnership funding and the former local government sustainability accord. From the department's point of view, we have already got more staff working on it, and that is because it is not just an environment issue — it is a planning issue, it is a local government issue, it is a water issue — and then we have got primary industries and other parts of government.

**Ms NEVILLE** — I will just add to that. One of the bits of work that is happening at the moment is around the science component, which we need to do as part of the update to the Climate Change Act. We need to ensure that we have the foundations on which we are building our act and our activities are based on the most up-to-date science. In addition to that, the states have also voted to agree — all the states met two weeks ago — on a process to improve our adaptation responses. At the moment everyone looks at coastal adaptation, so New South Wales does a bit here, we do a bit here. We want to make sure that we actually have the best responses that we share across the states. What is the best response for coastal adaptation in particular areas? Some of that work exists, so how do we work across the states to pull that together? As well, the states agreed that we will continue to work on mitigation and adaptation together and have some shared responses across the boundaries. It is not political party-driven; it is across the range of states.

**Mr DIMOPOULOS** — Minister, you mentioned park infrastructure in national and state parks. In BP3, page 61, there is a line item re investment in facilities in parks. I am just wanting to take you a bit further than that and talk about the river red gum park and the Alpine National Park. I had an opportunity to contribute to the debate in the Assembly in relation to issues that impact on that park. I just want to see if you could talk a bit more about what we are doing to preserve that park for future generations.

**Ms NEVILLE** — Thank you for that question. I think it was a good day for Victoria last week when the legislation to ban cattle completely from the river red gum park and the Alpine National Park was passed. What was really good was that back when we passed the legislation in 2005 and then again in 2009, when we introduced the river red gum park, that banned cattle at that time, and when we purchased licences back in 2006 and 2009 from cattle licensees, the will of the Parliament was re-emphasised. There were attempts to get around that legislation, get around the will of the Parliament, back in 2005 and 2009, and the legislation last week reaffirmed that if you were going to let cattle back into our high country or into our river red gum area, you have to go through the Parliament, which I think is a really important statement in itself.

The reason that we were so determined to ensure that cattle were not allowed back in the Alpine National Park or allowed back in the river red gum area was because we know overwhelmingly the science — sorry, I should not say it that way; I should say — the scientific consensus says to us that cattle do significant damage to our national parks, to our riverways that run through our national parks, and that to achieve environmental improvements we needed to remove the cattle. Cattle do not belong in national parks. These are very small components of overall public land in Victoria, certainly overall land in Victoria, and they are national parks because they are of environmental significance of the highest level. To allow cattle in to destroy, which is what they did in many cases in the areas that they grazed, would undermine the values and the reasons that we establish national parks.

**Mr DIMOPOULOS** — And investment.

**Ms NEVILLE** — And investment; that is right. It is a good decision and it will have very long term benefits, I think, to both of those parks. We have already seen enormous improvements, in particular in the Alpine National Park, in areas that cattle used to graze. We are seeing the benefits now, and this hopefully will establish us well into the future to protect those parks from cattle grazing ever again.

**Mr D. O'BRIEN** — Minister, my question refers again to budget paper 3, page 56, specifically to the allocation for the Gippsland Lakes Environment Fund. This fund supports local jobs and conducts important education and research work, yet it only has funding for one year. It does come under Ms Shing's '5 minutes to midnight' criteria, I might add too. The question is: will you guarantee adequate levels of funding for this program over the forward estimates or will it be cut after this year?

**Ms NEVILLE** — Mr O'Brien, I probably need to just indicate that I cannot pre-empt future budget decisions. What I would say, though, is firstly there was a program that was funded by the previous government that finished. It was a regional development allocation of funding of just over \$10 million. That finishes on 30 June. The intention, as I understand it, was that program was to be a time-limited program.

**Mr D. O'BRIEN** — Actually we committed to it again, Minister. It was going to be — —

**Ms NEVILLE** — Sorry, that was an election commitment.

**Mr D. O'BRIEN** — Correct.

**Ms NEVILLE** — But in terms of forward estimates it was a program out of regional development that was to be completed on 30 June this year. The works that were going on have been quite substantial and very important to the health of the Gippsland Lakes. That is why we have recommitted the funding. As you will see, that funding has come out of the environment contributions tranche 3, and as I have indicated previously, obviously there will be environment contributions tranche 4 going forward, and that is something that we would be looking at working on with the local community, working with what will become the Gippsland Lakes Coordination Committee down there, about what the priority needs are to continue to improve the quality of the Gippsland Lakes. That is something that will be a process that we will be working with the local community about.

**Mr D. O'BRIEN** — My supplementary is again with respect to the funding that is sitting there in the ECL fund: why would you not commit to it over the four years? You have just admitted that it is good program. It is a good program. It has delivered good environmental outcomes. Why not commit to it for four years?

**Ms NEVILLE** — I did talk to you a bit before about that \$60 million and what we believe was capacity. But there are also changes being made here. Firstly, there was a particular program with particular aims and goals that finishes on 30 June. That is about to finish. There are a couple of clear things that need to be done and continue to be done in the Gippsland Lakes area, and that is why additional funding has been provided. But I think it is the right thing to work with the community, with the advisory group and with the CMAs down there. They will be leading that process with the advisory groups going forward and working out what are the priority works, if any, and what they are. We also know we have got some work being done on the mercury levels around fish and do we have issues there or not. That work is being done by the health department and the EPA at the moment.

**Mr D. O'BRIEN** — That just reinforces the need for it, Minister.

**Ms NEVILLE** — I am saying that work has been done. The studies have been done. There have been some comments made, and a group — the health department and the EPA — are working together at the moment on that. Let us see where that gets us. Are there particular issues that would determine the sort of action you would have as well? This is about making sure again that money that is taxpayers money is going to the right things that get the best outcomes. That is what I am trying to achieve.

**Dr CARLING-JENKINS** — Thank you, Minister. I would like to refer back to the climate change action package. We have spoken about it a little bit already today — budget paper 3, pages 56 and 57 — particularly around the target towards drought preparedness and also following up on some of the comments you have made that you have an obvious commitment to renewable energies. My question is about dams. Dams can be a source of clean power, as we know, using hydropower. Will you be revisiting the possibility of building another dam for Victoria as part of your action plan?

**Ms NEVILLE** — I indicated earlier that we will be doing a water plan for Victoria. The water plan will look at a number of issues from water conservation, it will look at how we can optimise the water grid we have, what is the modelling we need to do, how we get the best out of that grid. It will be looking at continuing issues around modernisation. For example, we have put a substantial amount of money into achieving water savings through modernisation of infrastructure. You can see the benefits of that up in areas like Shepparton, and that program will continue.

I would be surprised if through that water plan process a recommendation for additional dams occurred. What we are in Victoria is we are a state that has low rainfall and we will probably have less and less rainfall over time. What we need to do is make sure that we have the best use of our grid system, that we reduce loss of water through inefficient irrigation systems and channels, and we need to make sure that we have non-rainfall-dependent water, which we do. And we need to make sure our riverways and waterways are healthy. My understanding, from the evidence and the science, is that dams will not assist in that process. We need to continue to focus on a state that has low rainfall and less rainfall and what are the things that are going to get us the best water savings over time.

**Ms SHING** — I will confine myself to the briefest possible question in the interests of trying to be even pithier than Mr O'Brien. I note that on page 61 of budget paper 3 — —

**Mr D. O'BRIEN** — Sorry, I missed the sledge, Ms Shing.

**Ms SHING** — It wasn't a sledge; it was actually a compliment, Mr O'Brien. Look at us — we are getting along famously.

**Mr D. O'BRIEN** — I just assumed obviously.

**Ms SHING** — On page 61 of BP3 there is a reference to new facilities for parks and reserves, and funding to improve facilities. I would like to see how that sits in relation to the removal of camping fees and how it is that you propose to be able to fund those initiatives. Given that now we have a much more cost-effective way for people to access campgrounds, where is the money for that going to be coming from?

**Ms NEVILLE** — Thank you, Ms Shing, for that question. As I indicated before, we have huge visitations to our parks, coasts and national parks. We have thousands and thousands of families in Victoria, and probably tourists, who are camping in our national parks and along our coasts every single year. It really does provide for many a very affordable holiday. For many families in fact it is the only way they get to have a holiday. Unfortunately back in 2014 a new scheme was introduced that introduced camping fees for a number of basic camping sites in our national park area. These are sites that might have a drop toilet, but probably not much else. As well as quite an enormous increase in fees in places like Wilsons Prom and other sort of midway camping areas.

Organisations like Outdoors Victoria, for example, were really concerned. They provide to public schools a camping experience for public school kids in national parks, and they always used those national parks where there were no fees, so basic amenity. That was both ‘experience these national parks, learn new skills’, as well giving an opportunity — schools going on camps is a great thing for school kids. It also provided family holidays for people who would otherwise not be able to have any form of holiday.

I certainly received an enormous amount of letters, emails about the public worried about their right to holiday and utilise our national parks, because of the level of fees that were being charged — fees that were raising, in this case in basic sites, around \$660 000, but at the same time requiring Parks Victoria to divert their limited rangers — as we saw, we have significant staff cuts — to actually go and monitor whether anyone had booked and paid for that site.

Overall, when I had a look at this particular issue, in my view the 660 000 was being offset by the cost or the lost opportunity of Parks Victoria staff doing actually what they should be doing, which is the management and protection of our parks, to do this, as well as being a disincentive for families to go to camp in national parks. In fact the government’s own report at the time said that these fees would actually drive down visitation. So it seemed to me to be counterintuitive that in areas where there were only basic services being provided, and there was no ongoing cost to Parks Victoria really for maintaining them, to be charging people and therefore driving down visitations — often visitations by some of our most disadvantaged communities, who were getting a fantastic holiday in some of the most beautiful places in Victoria.

This is a decision that has been welcomed. People do feel, as they do, that they own these national parks. We are custodians of these national parks for communities now and into the future and for future generations. Enabling people to really enjoy and appreciate those national parks is, I think, one of our roles. We have made that decision in relation to those national parks, and it has been very welcome. I have also asked Parks Victoria to work with the department to ensure that we have the balance right around affordable holidays, amenity in some of our camping areas and affordability. That work continues to be looking at some of the other park areas as well.

**Mr MORRIS** — Minister — this should be pretty short and sharp, I think — in your presentation, page 11, you referred to reducing bushfire risk for communities, and there has already been some discussion around that subject. Can you give an indication to the committee that will be no reduction in the prescribed burning targets which have been identified in the five-year plans across the forward estimates period?

**Ms NEVILLE** — So the 275 000 hectares?

**Mr MORRIS** — The areas identified in the individual five-year plans.

**Ms NEVILLE** — Whereabouts in the budget papers? Which targets are you asking me to commit to?

**Mr MORRIS** — No, the five-year plans that are in place.

**Ms NEVILLE** — I am not sure what they are.

**Mr DIMOPOULOS** — Was that in the presentation?

**Mr MORRIS** — There is a reference to reducing bushfire risk in the presentation, and that is what we are talking about.

**Ms NEVILLE** — Okay. I will talk to what I think you are talking about. The budget, as I said in my presentation, provides funding of \$50 million over two years to continue the planned burning program and a commitment through the forward estimates, through the budget targets, of a target of 275 000 hectares over that two-year period.

What I have said, though, and what we have said very publicly, is that as a result of the recommendation from Neil Comrie to the Parliament last year, which indicated his concern that just using the hectare model was not necessarily delivering or reducing in the best way the risk to people and property. He thought we needed to have a review of just the strict hectare target and to look at risk and whether you could move to a risk model.

That is the question that both the Minister for Emergency Services and I have sent off to the inspector-general for emergency management, Tony Pearce, and asked him to go through a process on this. He has had 100 submissions through that process. As I indicated, they are on the website for people to see. The Minister and I have received the report and we have met, had an initial conversation together with the chief fire officers — all of them — and we will be releasing that report shortly for further targeted consultation.

As to where that goes, again, I might ask the chief fire officer to give it a bit of his view, because it is probably not necessarily a black-and-white issue here, so you might need to do a bit of both. I think the point is that what Neil Comrie had identified and I think what we will see through this process is that we need to get more sophisticated. What you have seen is that the department itself, through the way it goes about planned burning, has also become more sophisticated at developing the tools and skills. The chief fire officer can go through that and identify a bit of that with you.

But it is important to note that the whole idea around increasing planned burning by the royal commission was about protecting life and property, and we need to make sure that we do have in place the best system. So in the budget is the money. The reality is that — and Alan did identify this — if you move to a completely risk-based model, it may in fact cost more because you are closer to communities, and some of those issues around smoke probably get bigger as well. But we actually have to make sure that we are investing in the things that really do reduce risk, and that is what we are committed to doing. That will then be something that we will go through a community process on, and I am sure you will have an opportunity to have a say about that. But I think you will find that it is a very complex area and I do not think there will be any blunt instruments or blunt tools that get us the best outcome.

Is it all right if I just ask our chief fire officer to just talk a little bit about this sort of issue around risk and hectares, and some of the tools he is developing as well in terms of improving that?

**The CHAIR** — Of course.

**Mr GOODWIN** — As the minister has outlined the process by which the planning goes on, I will go to that part of your question first. I talked earlier about the elements of planning from strategic planning down into operational. For the strategic planning that we are currently doing we are now, and have been for quite a while, looking at what we would describe as a risk landscape-type approach to burning, so making sure that with our investment where we burn that we can understand and measure the outcomes of that burning in terms of risk reduction.

Overall as a concept, it is not a new concept. In fact the planned burning program for many years now has been about reducing risk, reducing fuels and stopping bushfires from becoming large and uncontrollable. But obviously with research, so the work that we have done through the former Bushfire Cooperative Research Centre and now the new Bushfire and Natural Hazards Research Centre, we have been able to have a more sophisticated view and understanding of the impact of planned burning, and therefore measuring and understanding where we can best implement planned burning across the whole public land estate. That is about the public land. We need to continue to work and understand the effort and the risk reduction we will get in including private land into the future, but certainly for our work we have concentrated on the public land estate where we can best invest.

The issues that we face in doing that are obviously things like hazardous trees. Since 2002–03 we have now had over 2.5 million hectares of public land in this state burnt by very severe bushfires. That might be slightly underestimating the size, but it is about that. That has had a dramatic effect on some of the high elevation

species that we have — *Eucalyptus regnans*, *Eucalyptus delegatensis* — and that huge hazard to us, to our firefighters and to the public has increased, so it is that thinking and those issues. Obviously the issue of smoke and dealing with industry stakeholders and the community around smoke has also been something that we have been working with through research with the CRC and so forth to further develop that.

The relationship with the community in doing our risk landscape work and approach to planned burning is really important. We understand fuel loads, we understand vegetation types and the risk; we now need to work stronger with the community on their values and what they understand to make a more holistic plan. I also mentioned earlier that it is important that we do not think as a department about tree to tree, or burn to burn; it has to be on a landscape scale for Victoria, making sure we are thinking forward into the future. That is our thinking and our planning.

The plans that I mentioned earlier from that strategic planning and risk landscape-based planning go into a fire operations plan that is a three-year rolling plan. That is describing where will actually apply fire in the landscape, hence we can communicate within the department to do the values-type work that we need to do, but also work with the community, and not underestimating the training, the knowledge sharing and the experience that we need to maintain for our people who implement the planned burning program but also that they are obviously integral to the fire response component that we put in place in the state.

I will finish by saying the Minister also mentioned earlier her admiration for the people who work in this program, our firefighters on the ground. As chief officer I obviously share that same view because of the hazards and risks we face.

**The CHAIR** — Deputy Chair, on a supplementary question?

**Mr MORRIS** — No. That is helpful.

**Ms WARD** — Minister, I think you are right: I think that Victorians do have a deep care and interest in what happens with our water. Can I ask you to look at chapter 3 of budget paper 4 and the capital program of public non-financial corporations in 2015–16. Can you provide further details on what investment is being made in the water infrastructure of our state?

**Ms NEVILLE** — Thank you, Ms Ward, for that question. This year, as you will have seen from the slides that I produced, \$603 million is being spent on effective water management and supply, and that includes in this budget — in this 2015–16 year — \$252 million to continue the Goulburn-Murray water connections project, which is of course part of the Murray-Darling Basin plan as well but is also delivering pretty substantial benefits to that northern Victoria irrigation area. I was recently up in Shepparton and saw some of the incredible productivity gains that have been made for the dairy industry particularly. And that is matched by the \$33 million for the Victorian farm modernisation project. We are doing the connections but then also all the on-farm modernisation that gives you the increase in productivity as well as achieving the water savings that we are committed to under the Murray-Darling Basin plan.

There is also the \$89 million, as I said, that continues to roll out in the environment contributions program as well as the new investment of the \$45 million that we have had a little bit of discussion about today, which includes the riparian land, the Gippsland Lakes, the Thomson River money — I know it is not quite addressing the question, but it is a very exciting thing to be able to deliver what was committed to in terms of environmental flows for the Thomson River and the benefits that will also have for the Yarra River. There is also the money to improve Victoria's waterways, wetland and estuaries and also funding to continue the program that promotes sustainable practices in irrigation water management as well. Of course the investments that we are making are ensuring that we are also continuing our compliance with the Murray-Darling Basin agreement.

In addition to that, what you will notice in the budget is quite substantial continuing investment by our water authorities. We do forget that each and every year right across the state there is really substantial investment, whether it is in new pipes, in sewerage or water infrastructure modernisation programs. So in this particular budget there is the commencement of new water infrastructure programs by our water authorities of \$1.7 billion, and that is right across the state. So very significant investments that are happening in our communities.

As I say, particularly in rural and regional communities the water authorities are often the ones that are investing the most in terms of infrastructure each and every year, so they can play a really important role in jobs and economic development in our local communities, and we need to make sure that we are getting the most out of that in terms of the benefit back for those local communities. Of course that \$1.7 billion is building on the \$1.3 billion of existing projects that are also continuing to roll out, so that is quite a lot of water infrastructure investment that is happening on an ongoing basis through our water corporations.

You can see — I will not go through them all, because you can see them in the budget papers detail by detail under each water authority — what infrastructure investment is being made. But all of these infrastructure upgrades are about making sure that Victoria is best placed, and our water authorities are best placed, to respond as we see rain levels falling as well as when we see some of the challenges we face through floods and storm surges. So that is what this infrastructure investment is all about. But, as I said, it has a positive benefit particularly for rural and regional communities.

**Mr D. O'BRIEN** — I do not suppose I could get a supplementary to Ms Ward's question. I am interested in the Thomson River funding, but anyway I will not ask a question about it, because I will lose out. My question, though, is about Landcare funding and in particular Landcare facilitators. In the previous four years Landcare facilitators received more than \$12 million, and there is a reference: budget paper 3, page 203. I read in your media release of 26 March that you have allocated just \$3.2 million over four years for 68 Landcare facilitators. There is a significant funding difference, obviously, there, so can you explain the impact on Landcare activities and whether any of these positions will be axed?

**Ms NEVILLE** — So the money that is rolling out is exactly the same amount of money; right? As you know, there is a Landcare facilitator program, and there are Landcare grant programs. In terms of the facilitator program, it is exactly the same money as the previous government had allocated, and we are continuing the program. Now the difference with the program was that because there was a delay in rolling out the program — it was a program that was always going to find 60 Landcare facilitators — the program was held off and rolled out later, so they then funded 68 facilitators, and our program will continue to fund 68 facilitators over four years.

**Mr D. O'BRIEN** — That being the case, I am no mathematician, but by my calculation \$3.2 million over four years, over 68 positions, is \$11 765 per year per position, or \$226 per week. I know we had a big cheer for the CPSU on the other side of the table earlier this morning. I am sure they would have something to say about that, on minimum wage positions. So my question I guess is: how are these positions being funded?

**Ms NEVILLE** — As I said, it is exactly the same funding. It is exactly the same funding over four years.

**Mr D. O'BRIEN** — It is \$11 000.

**Ms NEVILLE** — They are in the same position.

**Mr D. O'BRIEN** — So are they only part-time positions, or are they — —

**Ms NEVILLE** — They are all part-time positions. They have always been part-time positions. Some programs have come together, so some Landcare groups have sort of come together and consolidated that into full-time positions, but, yes, they are all part-time positions — and have always been.

**Ms SHING** — Thanks, Minister. I would like to take you to budget paper 3, page 12, where funding is provided for a whole-of-government response to the Hazelwood mine fire inquiry, and that is set out there. That is an area which I note covers a number of specific portfolios. I do not seek to ask you about what other portfolios will be doing in relation to the allocation of funding to address various components of the inquiry and the recommendations, but what I would like to do is to get some further information on any initiatives within your portfolio which are to be implemented as a consequence of the inquiry itself.

**Ms NEVILLE** — Thank you for that, Ms Shing. I had the opportunity recently to visit Morwell with the Premier and join the exceptional local member who is down there.

**Ms SHING** — It was good to see you there. Thank you very much.

**Ms NEVILLE** — Firstly, it was an opportunity to announce additional funding, and I will come back to that in a moment. I think what was really important was that it was an opportunity to meet the community, which is what we did, and to really acknowledge that that period for the community down there, during the Hazelwood fire — I think over 45 days the actual fire went — was very substantial. It had a significant impact on the community, both in terms of their health but also — and I should not say more importantly — equally importantly on their expectation and their sense of trust in government. I think all of that was lost through that period, and I think people had felt very let down during that period and continue to feel suspicious about whether they can rely on government, who is there to back them up in tough times, will they get the information that they need in future to make decisions about their own and their children's health.

I think that is what probably impacted most significantly on people; they felt that information had not been provided immediately, consistently, that it was often changing, it took delays to get information, so people could not make decisions about what they should do for them and their children. Should they leave? Should they stay? Should they be seeing doctors? That caused enormous concern, and that continues in the community.

Part of the visit was to announce the funding, but part of the visit was to also talk to the community about their right to know — and I suppose this goes particularly to the area of this funding, the \$25.4 million, that sits in my portfolio — as well as their right to be partners with government when these things happen, or their expectation, rightly, of government to walk with them in this journey when these things happen. That is part of what government needs to do: to step up and walk with communities at that time.

The reopening of the mine inquiry will happen, and there will obviously be significant work that is done around long-term health studies, the impact, looking at mine rehabilitation and all that sort of work. But one of the commitments out of the money was for the purchase of state-of-the-art air quality equipment. This was one of the recommendations that was made. We will be committing \$3.4 million in funding for the purchase, as well as money to operate this air quality equipment.

I had a look at some of it down there. It is mobile, it moves around, so it is not just for Morwell; it can be used across the state. Hopefully we will not have similar incidents, but if such a thing happened — and the recommendations from the Hazelwood coalmine fire inquiry recommended that we purchase this to the state where it can collect all relevant data, including data on PM<sub>2.5</sub>, carbon monoxide and ozone and that it is one that can ensure quick turnaround in terms of the information back to community. That is what this equipment does.

It means you can get it there very quickly if an incident has happened, it means you can get readouts pretty quickly, and hopefully that means, alongside not just the equipment, also a commitment to make sure the community gets that information as soon as it is available to government agencies so they are, as I said, able to make decisions about their own health.

**Mr T. SMITH** — Minister, I refer to pages 56 and 57 of budget paper 3 and the climate change action package, and I quote:

A package of initiatives will be introduced to support industry, local government and community organisations to invest in actions to reduce emission and adapt to climate change. Funding is also provided to ensure Victoria is prepared for drought and climate change by understanding and planning for the water-related impacts of drought, climate change, population growth and changing land use.

There are a lot of elements and a lot of stakeholders mentioned in that description, yet the budget allocation is just \$12.1 million. Minister, can you provide any greater clarity on exactly how you will be spending this \$12.1 million to meet the described goal of ensuring Victoria is prepared for drought?

**Ms NEVILLE** — Particularly on drought?

**Mr T. SMITH** — Yes.

**Ms NEVILLE** — Okay. Firstly, we had a broader conversation about this previously in an earlier question. I would say that this will be one component of what we will be doing to prepare for drought; the water plan will be the bigger bit of work, which will drive future investments, and this work is ongoing. Firstly, the biggest thing to prepare for drought, in my view, is to have done exactly what we did, which is to have built a water grid. Secondly, it is to ensure that we are supporting local communities in infrastructure upgrades to minimise



water losses through inefficient water management systems, and that is what we have done and we are continuing to do.

Thirdly, we need to have conservation plans, which if you recall, we had Target 155 in Victoria, and places like Barwon Water put in place ongoing by-laws that restrict the use of water. In Geelong, anyway, you can never wash your garage out or wash your car just using the hose, so all of those by-laws have been very important. They are some of the really significant ones.

Now we need to work with communities around how you prepare, because one of the things that happened in the last drought — and I can tell you now we are heading there. Not only is the weather bureau telling us that we will have an El Niño impact coming up; if you have a look at the water storage levels, so somewhere in the Wimmera–Mallee–Glenelg area, we are sitting at 29.5 per cent of water — around that figure.

Melbourne water is dropping. We are now under 70 per cent compared to last time. Geelong is now at about 57 per cent; it was in the 70s last time. We are seeing in a 12-month period significant changes. In fact an interesting statistic is that in 2014 we had inflows of 420 gegalitres into Melbourne water storages, and we used 407 of those. That is showing the significant gap that is starting to grow. That means we need to be working with communities to prepare for drought, and that involves a number of things. One, it involves — —

Sorry, I will take another step back. The other thing we saw in the drought last time was that because there was very little preparation for it, the impact on health and wellbeing and amenity and communities as a whole was significant. When you cannot water your football field and you cannot play football in local, particularly rural, communities, its impact is significant; if your school oval cannot be used by the schoolkids — all of those things had a significant impact, and we were not prepared. Communities were not prepared. So this is about being early — getting in before we hit the crisis.

It is often easy to take people with you when you are in the crisis, but we want to take communities with us before we get to that and work with local communities to prepare for that. That will be about immediate actions but also about setting in place the sort of infrastructure and investment that we will need to make in future, because this will become more and more regular as a problem due to climate change.

**Mr T. SMITH** — Minister, the broader question is: how on earth do you think you can solve the global issue of climate change with a one-off, \$12-million investment in one year in the state of Victoria?

**Ms SHING** — On a point of order, Chair, Mr Smith is asking the Minister to express an opinion rather than actually interrogating the budget papers that we are here to do.

**Mr T. SMITH** — We are, actually; that is correct.

**Ms SHING** — Yes, so again, I call you back to the standing orders that call for answers to be factual and relevant.

**Mr T. SMITH** — How about: will the \$12 million fix climate change?

### **Members interjecting.**

**Ms SHING** — There we go. Look at what you just did. All you have to do is skin the cat the right way the first time around and talk about what you do not actually believe in in the right way, and then we can get the answers that you are looking for.

**The CHAIR** — Order. Well done, Mr Smith; you think very well on your feet.

**Ms NEVILLE** — If only it would fix it. I suppose what I said earlier in a question that was asked of me about this is that this is — —

Firstly, what I know will not fix climate change is pretending climate change does not exist and doing nothing. That is what will not fix climate change. What will fix climate change is investing in the mitigation and adaptation programs, and we are one component of that. This is about what can a state and territory do to contribute to global efforts around climate change. That is where we want to be. What can we do? What is the ambition we can and should have?. That is what we are working on.

As I indicated previously, these were actions that were identified as something that we needed that were ready to go, that had been sitting there for a while and that we know are urgent. We will do the Climate Change Act review, the adaptation plan, which will also go to Parliament later this year, and the review of the programs and policies. But do not forget, sitting alongside that, one of the biggest mitigation issues will be around our energy efficiency and renewable energy in terms of what a state can do. So sitting alongside that is our commitment, through the New Energy Fund, to drive investment in renewable energies. Also sitting alongside that is the change in the planning laws, because the previous ones basically killed the industry off. The third one is our desire to be allowed to legislate for a renewable energy target because we know that is what drives investment and that is what drives certainty in this area. The more we can increase renewable energy and be reliant on clean energy rather than on coal, the bigger the contribution we can make to reducing emissions.

**Ms PENNICUIK** — Minister, if we could return to the issue of Parks Victoria, I think everybody knows that there was huge public concern over the last four years regarding the lack of investment and the reducing investment in Parks Victoria and, as your slide mentions, an 18 per cent reduction in staff, assets falling apart et cetera. In your budget you have some money for critical infrastructure and a small amount, I must say, of money for new facilities in parks and reserves. My question is: was there an audit carried out to identify the critical infrastructure that was needed, and does this funding cover 100 per cent of that audit? Because there is nothing beyond the \$5 million that you have allocated in this year's budget.

**Ms NEVILLE** — That is work that Parks Victoria have been working their way through now, so that will become clear as they have identified their priorities out of the use of that funding. As I said, there is also the \$10 million additional money that I have allocated to Parks Victoria to assist in their operating capacity. I think one of the key critical issues for Parks will be the Twelve Apostles. But we also have a range of — —

They have to cost out how many walking tracks they can fix, and where you have holes and dangerous areas. They are doing that work and we will come back to that. They have a sense of what the critical issues are. They have to work their way through which one goes 1 to 20.

**Ms PENNICUIK** — I take the answer as: they have \$5 million and they are going to then prioritise what they do with that.

**Ms NEVILLE** — This is an additional boost to what they already do spend on assets. This is over and above what they would normally spend on assets as Parks Victoria.

**Ms PENNICUIK** — Minister, of course 'parks' means national parks, it means state parks and it means metropolitan parks.

**Ms NEVILLE** — Yes.

**Ms PENNICUIK** — You were talking before about accessibility to parks and the fees for national parks. What I am probably asking from you is some sort of vision — we are talking about fixing critical infrastructure, new facilities et cetera — in relation to preserving what we have in national parks and their integrity as national parks, as you were talking about, and the same for state parks. For example, Minister, you would be aware that I have been concerned about over commercialisation of state parks and national parks, or the Greens have, and others in the community. Arthurs Seat is an obvious example of one that is in the public realm at the moment. So I am interested in your view of preserving the integrity and values of the parks we have and expanding those — of course we would like to see a new national park — rather than increasing commercialisation and taking away public space and public amenity and the integrity of what the purposes of those parks are.

**Ms NEVILLE** — Thank you for that. Firstly, we were very clear — and we will be introducing legislation this year — that we did not support 99-year leases in national parks. We do not believe that large-scale development should happen within national parks. Our position has always been around adaptive reuse, which is why Point Nepean, for example, has the current footprint and Mount Buffalo in the legislation has — and will continue to have — 50 years for those developments.

As I said before, the reason that something is a national park — I think national parks equate to about 18 per cent of our land in Victoria — is because they are iconic and they are protecting some of the best habitat, the best native vegetation and the best flora and fauna that exists in Victoria. And people go there because of that — people's experience. We already have the biggest visitation to national parks of anywhere in Australia, so

people love what we have, and the priorities must be about how we enhance and enable Parks Victoria to play a significant parks management role, which has partly been lost a bit. The US have much more of a park management arrangement than just an asset protection arrangement, so we need to start to move Parks Victoria back to being able to do the work that they were designed to do around parks management. That should be the priority of our national parks and maintaining them and enabling people to appreciate some of the most pristine areas in the world.

That is not to say that you do not build a walking track, because walking tracks, if you do it in the right way and in the right areas of national parks, can create access for people who may not otherwise be able to utilise or get access to a national park. So we have to get the balance right, and that is what it is. A 99-year lease commercial development on any large scale is inappropriate in a national park, and we will bring legislation to the Parliament later this year to stop the capacity to award those sorts of leases. Not that, can I say, anyone is out there clamouring either. If you have a look at Cradle Mountain in Tasmania, when they built the lodge there was an intention initially of its being built in the national park, but it was so expensive to get electricity and sewerage, in the end they did not. That is a good outcome that they did not build it in there, but that is also a particularly significant issue around cost for developers as well.

**Mr DIMOPOULOS** — Minister, my question is in relation to Target One Million and Lake Toolondo — before I read the budget papers I did not know that Lake Toolondo existed, but now I do — and specifically page 20 of BP3.

**Mr T. SMITH** — The tram track is still in mate; trust me.

**Mr DIMOPOULOS** — Sorry, Minister. On page 20 the government talks about the Target One Million package of initiatives to essentially expand recreational fishing opportunities, I think linked to the phasing out of commercial netting in the bay. I just specifically wanted to ask you to talk about the government initiative in relation to assuring Lake Toolondo continues to be a top recreational water reserve.

**Ms SHING** — Which you will no doubt spend a lot of time in from now on, Mr Dimopoulos!

**Mr DIMOPOULOS** — I also understand that it is one of Victoria's top trout spots, and I am a big trout consumer.

#### **Members interjecting.**

**Ms NEVILLE** — Maybe you could become a trout fishing person as well. Target One Million is not mine, luckily, but one small component of the whole fishing area was Lake Toolondo, and it was one of the first election commitments that we implemented when we provided water to Lake Toolondo to support trout fishing and other activities.

I had the pleasure with the Premier to go up to this apparently world-class trout fishing area, and I do like trout myself as well. I could not catch any on that day, because we still had to put the water in, but I did get to experience them starting the process of putting water in. It was amazing in a number of ways: one, just to hear the water coming in — you could really get that sensation; but also to be with the community, who were extremely happy. As I said before, water is such a big part of people's health and wellbeing and the social fabric of communities. You could really see it on people's faces that day that the water started to come into the lake.

The community are very aware and the trout fishing community are very aware that there will be certain times in drought where it is just not possible to do this. What they wanted us to do is work with them to look at whether it was possible to put water into Lake Toolondo, and it was. So what we were able to achieve was to see 5000 megalitres put into Lake Toolondo, and this was secured by Iluka Resources to VRFish. That was water they owned but they were not using. We also established the Toolondo Reservoir Recreational Fishing Advisory Group, which continues to meet currently, and that is about trying to find a longer term solution, if there is one, to continue to keep some water in that lake to keep the trout fishing options alive, as well as some research by scientists from Fisheries Vic and Arthur Rylah Institute into the effects of different water levels — what is the sort of what level you need to sustain the trout fishing in that area but also across other recreational lakes as well?

That was all completed on 5 March this year. I must say I still get lots of emails from the trout fishing community saying how fantastic it is, and I think this particular weekend, for example, the Greenvale angling club and the Craigieburn Angling Club and the Australian fly fishers state championships are being held at Lake Toolondo. I am not sure if you have been there; it is a very small town. It is near Horsham, but it is a very small town. In fact interestingly enough, just by the way, the person who lives across from the lake apparently used to live in my electorate as well. They have moved there, and now are very excited to have water in this lake.

**Members interjecting.**

**Ms NEVILLE** — But if you think about it, if you get 100 people there who all spend a couple of hundred bucks over the weekend, for a community like that that has really struggled, that is an economic boost as well. It cost \$120 000 in delivery costs to get the water there. For that, this community is happy and thriving, and the trout fishing community is also very happy. You might be able to buy some trout from it.

**Mr D. O'BRIEN** — Minister, my question goes to the climate change action package referenced on page 57 of budget paper 3. Recently you as Minister criticised the state's water authorities for lacking focus on climate change action and sacked all the board members as a result. Can I ask: what actions should they have been undertaking, and will water authorities receive some of the funding from the climate change action package?

**Ms NEVILLE** — Firstly, I would say that in April this year what I did was announce that all the positions were going to be up for reappointment. In September almost half of them were anyway; that was the rotation period. The reason for the decision was that in the statement of priorities for water authorities, prior to 2011 there was always a requirement for them to be doing works on preparation and support for communities around water infrastructure and water savings to respond to climate change. That was removed. Given the significant impact that climate change will have both on water supplies but also on water infrastructure, it seems that our water authorities, which are the suppliers of our water and the water infrastructure, need to be prepared and preparing communities. It is a significant issue; it is the issue that is confronting us. If we do not have the capacity within our water boards to be able to respond to climate change, then we are all going to be —

We need to have the best people with the best skills who can do that. It was not just about climate change. That was significant, but we had also had a period of time when urban water management was transferred to the Office of Living Victoria. There were significant issues identified by the Ombudsman about the operation and management of the Office of Living Victoria. That had basically taken from water authorities the policy and planning and management of urban water in Victoria into the Office of Living Victoria, so the capacity of our water authorities to be responding and dealing with those issues had also been diminished. I think we can still see the impact that that period of time has had on, firstly, water authorities — and they will tell you that; board members will talk about their experience at that time — and secondly, even in the department the staff who had confronted that period of time. It has been very difficult, so we need to rebuild capacity in our water authorities and our urban water management.

We also had issues around boards that had particular skill gaps, which were in my view significant. This is a \$40 billion industry, our water authorities, so it is not insignificant to the state of Victoria and Victorian taxpayers. In my view, in the context of that and for other reasons, it was the right decision to say, 'Let's go through a process of expressions of interest for all positions — —

**Mr D. O'BRIEN** — On a point of order, Chair, I did not ask why you sacked the water boards. I asked a very specific question about what they should have been doing — and you have answered that part — and will they receive some of the funding from the climate change action package?

**Ms NEVILLE** — Again, I think I am not pre-empting the future. They will probably be involved as water authorities are in local communities around drought preparedness and flood preparedness, and we will be working with them. They are two components of the climate change package. But you are making a link between the sacking of the boards and the climate change package. What I want is to have people on the boards who have capacity and understanding and knowledge — —

**Mr D. O'BRIEN** — You actually made the link, Minister.

**The CHAIR** — Order!

**Ms NEVILLE** — in relation to climate change, and that is the connection.

**Mr D. O'BRIEN** — I do not know that we actually got an answer as to whether the water boards will have access to the climate change package, but irrespective of whether they do or not, my supplementary is: will you be able to give a guarantee that water customers will not see their bills increase because of this increased focus on implementing climate change programs?

**Mr DIMOPOULOS** — You are so predictable.

**Ms SHING** — On a point of order, Chair, I fail to see the relevance to the principal question — —

**Mr D. O'BRIEN** — Speaking of which.

**Ms SHING** — I fail to see the relevance to the principal question in relation to the change of the water boards' governance structures and the involvement of climate change in the policy directions as was set out in the April decision of the Minister.

**Mr D. O'BRIEN** — Sorry, I am not sure what the point of order is — that the supplementary is not relevant to the substantive question?

**Ms SHING** — Yes.

**Mr D. O'BRIEN** — Once again, Ms Shing, through the Chair, I think you need to have a listen to my questions a bit better. It was specifically about water boards and the climate change action package. I am now asking whether in the light of the Minister's answer about the climate change action package, which really did not clear anything up, can customers expect to see their bills rise?

**Ms SHING** — You just indicated, through the Chair, that the supplementary was: can you guarantee that customers will not see an increase to their water bills as a consequence of that.

**Mr D. O'BRIEN** — I still fail, through the Chair, to see where is the lack of connection?

**Ms SHING** — Chair, I ask you for a ruling in relation to the point of order.

**The CHAIR** — Mr O'Brien was talking about a question around governance and capacity, effectively as I interpreted it, to run the climate action program. The supplementary question then went off on a tangent referring to guaranteeing no price rises. I think the supplementary does differ somewhat to the substantive question. Could Mr O'Brien consider rewording his question?

**Mr D. O'BRIEN** — To assist the Chair, I shall attempt to. Given the directive now to focus more heavily on climate change programs in water corporations, and the Minister's failure to confirm that they will be able to access the \$12.1 million, will she expect that water bills will go up?

**Members interjecting.**

**The CHAIR** — Mr O'Brien has asked the question. I will let it stand. I ask the Minister to answer the question.

**Ms NEVILLE** — The specific question is: will their not being able to get \$12.1 million or some of it mean water bills will go up?

**Mr D. O'Brien interjected.**

**The CHAIR** — Mr O'Brien.

**Ms NEVILLE** — Let us just be clear. This a \$40 billion industry. They will be working with us on these strategies, but not accessing 12.1 million will not see a rise in water bills. I am sure in a more complex answer — —

**Members interjecting.**

**The CHAIR** — Order!

**Ms NEVILLE** — Because water pricing is a very complex question, which I am sure you are aware of, which is set by the essential services commissioner and there is a water pricing process which each individual water authority goes through, that is what determines prices. I am not determining prices. But what I can say is that if we do not prepare our water authorities for climate change, then water prices will go up for Victorians. In 20 years I cannot imagine what it will be. If we have not prepared them through the infrastructure, through managing our water better and our water supplies better, then costs will go up. We need to ensure our water authorities are well placed. That is why I am making sure that through the water corporation board process we have the right people with the right skills, including skills to be able to tackle and manage and prepare for climate change, so that we have efficient and effective water authorities.

In addition to that, in the budget papers you will see that there has also been an allocation of funding towards looking at opportunities for better efficiency in our water authorities. That is about getting improved productivity so that we can continue to keep a downward pressure on prices.

**The CHAIR** — Dr Carling-Jenkins, I think this may well be our last question for the day.

**Dr CARLING-JENKINS** — I will try to keep it brief, then, Chair. Minister, I would just like to refer to budget paper 3, page 202. There is mention here of the percentage of Victorian schools accredited in the ResourceSmart Schools program. Less than 50 per cent of schools have been accredited under that program. Could you advise the committee of a basic outline of this program and if there is a plan to increase the number of participating schools, given this slow uptake?

**Ms NEVILLE** — Are you happy if I defer to the deputy secretary for the details?

**Dr CARLING-JENKINS** — Of course I am. It is a quite specific question on the program.

**Mr P. SMITH** — The amount indicated here in the outputs of 46 per cent will continue. The money that has been allocated will maintain that while there is a broader climate change policy and a new program developed by the new government. From the perspective of that being maintained, that is the percentage of Victorian schools accredited in the ResourceSmart Schools program. That level will be maintained over the next 12 months with the funding that has been provided in the budget. I think the ambition is how best do we provide those sorts of programs into schools beyond just 46 per cent, and how best do we get more broadly based involvement by all schools.

**Ms NEVILLE** — And, I suppose, review whether that program is the right way to do it — that is, is that the right target? Obviously often young people are way ahead of us as well. My son is way ahead on these issues.

### **Members interjecting.**

**Ms NEVILLE** — Not that they are necessarily doing much about it, but they are way ahead in their thinking about why we are not doing something. We need to make sure that we have the right resources and the right supports in schools and the right supports for teachers as well. So the process we will look at is whether schools are a venue to be working with and partnering with and what are the right programs to do that with. We want to keep it going, but let us have a look at it properly.

**Dr CARLING-JENKINS** — I appreciate your answer and understand that you are maintaining it and it is under review. Just a very quick question: could you qualify for me whether this is being implemented by government schools only or across both government and non-government schools currently?

**Mr P. SMITH** — From my understanding, it is across the school sector more broadly. There are 2200 Victorian schools in the system, so 46 per cent of that is a pretty good coverage.

**The CHAIR** — Thank you all very much for your time, the Honourable Lisa Neville, Minister for Environment, Climate Change and Water; Mr Adam Fennessy, Secretary of the Department of Environment, Land, Water and Planning; Ms Emily Phillips; Mr Paul Smith; and Ms Carolyn Jackson.

The committee will follow up on Ms Pennicuik's question on notice in writing. A written response should be provided within 21 business days of that request.

**Committee adjourned.**