

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2023–24 Budget Estimates

Melbourne – Thursday 8 June 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Ellen Sandell

WITNESSES

Ms Lily D'Ambrosio MP, Minister for Energy and Resources,

Mr John Bradley, Secretary,

Ms Elizabeth Molyneux, Deputy Secretary, Energy,

Mr Stan Krpan, Chief Executive Officer, Solar Victoria,

Mr Paul Smith, Deputy Secretary, Forestry and Resources,

Mr Alistair Parker, Chief Executive Officer, VicGrid,

Ms Anh Mai, Executive Director, Offshore Wind Energy Victoria,

Ms Vanya Kumar, Executive Director, Commercial and Investment Attraction,

Mr Matt Garbutt, Executive Director, Energy Sector Reform,

Ms Lyn Bowring, Executive Director, Energy Partnerships, Programs and Services,

Ms Judy Scott, Acting Executive Director, Earth Resources Regulation,

Ms Bronwyn Di Carlo, Executive Director, Finance,

Dr Graeme Emonson, Deputy Secretary, Corporate Finance,

Ms Alex Badham, Acting Executive Director, Energy Demand, Efficiency and Safety, and

Mr Ben Ferguson, Executive Director, Policy and Regulation, VicGrid, Department of Energy, Environment and Climate Action.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging as well as elders from other communities who may be here with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2023–24 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream today and other committee members.

I welcome the Minister for Energy and Resources the Honourable Lily D'Ambrosio as well as officials from the department that are here today. Minister, I am going to invite you to make an opening statement presentation of no more than 10 minutes in length. This will be followed by questions from the committee.

Bev McARTHUR: On a point of order, Chair, my apologies for not being here yesterday, but I did have the opportunity to observe the proceedings online like all the other good Victorians who might have had nothing

better to do, but good on them for being involved in our process. I thought it was probably instructive just to read out the objectives of this committee in budget estimates. We are pledged with:

- promoting the accountability, transparency and integrity of the executive and the public sector
- encouraging effective and efficient delivery of public services and assets
- enhancing the understanding of the budget estimates and the wider economic environment, and
- assisting members of Parliament in their deliberation on the appropriation bills.

I think, Chair, it is important that we bear this in mind when we have the opportunity to ask ministers and departmental officials questions. We are doing it in the interests and the reasons why we are even here, so we do not want to waste time with gratuitous points of order that might just ensure that we do not get answers from the ministers and the executive, who have given up their time also. Thank you, Chair.

The CHAIR: Thank you, Mrs McArthur. Your point of order is noted, and again, the committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community, as I previously said. In order not to waste any more time, I will now hand over to the minister, who will have 10 minutes for her presentation.

Lily D'AMBROSIO: Thank you very much, Chair. I am really pleased to be able to appear before all of you today. If I may just go through a number of slides, I will attempt to articulate the key features of the budget as it is being presented for energy and resources.

Visual presentation.

Lily D'AMBROSIO: The budget that was released about 10 days ago provides about \$1.6 billion in new funding for energy and resource initiatives. This includes funding for the related SEC portfolio. Over the next few slides I will take you through each of these initiatives.

On slide 3 we have allowed for the fourth round of the \$250 power saving bonus. That is \$400 million, and that of course has become more and more important to Victorians as cost-of-living pressures have continued to rise. Two rounds of the \$250 power saving bonus ran during the 2022–23 financial year. Round 3 ran from 1 July last year until 23 March this year, and that delivered about 1.83 million bonuses at an investment of \$457.5 million in payments. It includes more than 51,000 households who received over-the-phone or in-person support for the bonus through the community outreach program. Round 4, which we are in right now, commenced on 24 March this year, and 1.2 million households have thus far received that additional \$250 through the power saving bonus. We are also investing about \$16 million for renewable energy worker training centres. This will ensure that Victoria meets the workforce demand of the renewable energy transition that is well and truly underway in Victoria, and it creates also a strong pipeline of energy workers. This includes \$10 million to support the delivery of a renewable hydrogen worker training centre and \$6 million towards the establishment of a wind energy worker training centre. Through registered training organisations the centre will provide training in the offshore and onshore wind industry here in Victoria. In addition, the Victorian energy jobs plan will be developed, commencing this year.

Slide 5 talks about VicGrid. Fifteen million dollars is provided for the agency within DEECA to implement the *Victorian Transmission Investment Framework*, which will set out a plan for Victoria's transmission needs. That framework has been released today. The funds here will also establish VicGrid to deliver Victoria's transmission planning, investment and delivery functions. Some of that money will be allocated for planning reform to enhance the renewable energy approvals framework – sorry, \$5.6 million that will be allocated for that – and to deliver projects on time our funding will provide faster, smoother planning approvals for energy projects. That is work that will be carried out by the planning minister in another department but, importantly, with the support of DEECA, because of course we need to make sure that our planning processes, approvals processes, facilitate the delivery of the significant numbers of projects that we will see built in Victoria thanks to our renewable energy targets.

There is \$15.4 million over four years to deliver a safe and fair community transition to renewable energy initiatives. Included in this is \$8.4 million for an energy markets and networks team, and that will help to shape the national energy reform agenda in line with Victoria's energy interests. We have been a very, very strong leader at a national level of reforms to ensure that we have got a much more modern set of approaches, regulations and frameworks for delivering the ambition that we have. There is \$7 million for an energy safety

legislation renewal project in line with our election commitment to review regulatory and licensing requirements for renewable energy systems, and this is to make sure that the very ambitious transition that is underway will be met with fit-for-purpose, modern and up-to-date regulatory oversight, if you like, or framework.

On the next slide there is \$42.2 million over four years to slash bills with 100 neighbourhood batteries, and this will provide communities with multiple benefits, including improved reliability in outage-prone areas and enhanced local hosting capacity for solar energy. There will be 29 batteries initially installed across the state, 15 in metropolitan Melbourne and 14 regionally, and the balance of those of course will be determined after we have had consultation with distribution businesses, local communities, councils et cetera to make sure that they are best placed to meet our objectives. Our renewable energy storage targets included in this initiative will power around half of Victoria's current homes at their peak energy use and will help us to reduce our emissions by 75 to 80 per cent by 2030.

Next slide. We have \$16 million provided for Solar Victoria's zero interest battery loans to eligible households. We also have \$5.1 million to be provided to put downward pressure on gas bills, and this will include progressing policy and regulatory levers to promote electrification throughout 2023, provide technical advice and implementation of market interventions to enhance gas supply reliability and consult on supports for renewable gas. We are also going to be delivering an update to our *Gas Substitution Roadmap* by the end of this year, and also we will be building on the success of our community power hub program. That will support two communities to develop renewable energy infrastructure. Seventy thousand dollars will go towards boosting renewables in Benambra with Indigo Power, and a \$60,000 grant will enable Healesville Community Renewable Energy to educate locals about renewable energy and home energy efficiency.

On the next slide are some significant resources towards streamlining and reform approval processes for our resources sector. \$23.2 million will fast-track responsible development of the quarried resources. We need to build infrastructure and housing in this state, as well as embed Victoria as a major supplier of the critical minerals that we know globally are increasing in demand, and a lot of that goes towards the energy transition.

Sorry, I think I may have misspoken from my notes earlier when I talked about what our emissions reduction targets are. They are 75 to 80 per cent by 2035. Of course our 2030 target is 45 to 50 per cent reductions on 2005 levels, so I just wish the record to reflect that.

Going back to the resources sector, the *Mineral Resources Act* is the primary legislation for industry. We will be enabling an outcomes- and risk-based regulatory framework for the resource industry by reforming the Act. This will better align with community expectations, industry needs and contemporary risks. And to provide an immediate, significant uplift to the industry we are funding the earth resources approvals coordinator. This will help quarries and critical mineral projects reduce assessment times by providing specialist support and advice to enable swifter regulatory approvals. This has been welcomed by the extractive and minerals industry, which is really critical for our state.

Lastly, this slide really just does summarise the priorities set out in the budget and the portfolio, and no doubt a lot of these are very familiar to everyone here. But the following slide, lastly, builds on the government's long list of achievements detailed here, and some of those go towards: the increase in large-scale renewable energy and the billions of dollars of renewable energy investment; legislated renewable energy targets; we have launched a strategic extractive resources road map; the Victorian Energy Compare website was launched; and a number of other important reforms that we have achieved thus far.

The CHAIR: Thank you, Minister, for that presentation. The first set of 10 minutes is going to go to Mrs McArthur, and your time starts now.

Bev McARTHUR: Thank you, Chair. I refer to budget paper 3, page 28, output initiatives, 'A safe and just community transition to renewable energy.' We have heard from the minister that VicGrid will provide a fit-for-purpose framework that incorporates community and stakeholder engagement, and we are going to allocate \$15 million to coordinate this transmission planning. So I ask Mr Parker, the Chief Executive Officer of VicGrid: the completion date of the Western Renewables Link has slipped significantly since the project's inception. Unofficially residents have been told a number of different dates. So for clarity and for the mental

health of those who feel they are suffering from a nightmare without end, what is your current projected date of construction, Mr Parker?

Alistair PARKER: Thank you very much. Our current expectation based on the advice we have received from AusNet Services is that the project will complete late in 2026, but that may slip into 2027. There is obviously a lot of work –

Bev McARTHUR: Sorry, could you just repeat that? It is starting in 2026, or completed?

Alistair PARKER: The intention has been to complete it in 2026 –

Bev McARTHUR: When is it going to commence?

Alistair PARKER: but importantly they have to go through the EES process. In light of the recent changes to VNI West, they will need to revise that EES application. I expect that will go in later in the year, and only once they are through the EES process will it be clear exactly when construction will start. On the previous time line we would have expected that to have started by now, as you observed.

Bev McARTHUR: It will what?

Alistair PARKER: On the original time line we would have expected that to have started by now, but I would expect that to start in two years.

Bev McARTHUR: In two years?

Alistair PARKER: Yes. And I am being generous there in terms of –

Bev McARTHUR: So the people along this line will wait another two years before it will even get started?

Alistair PARKER: Yes, I am afraid, because it is just absolutely critical that the EES process is done properly, and as you know, it takes time to assess all the environmental impacts.

Bev McARTHUR: And just going to VNI West project, what is that date of construction?

Alistair PARKER: AEMO in the ISP have made it clear that they would see that desirably completed by 2028–29, and in the agreements we have signed, in the letter of intent with the Commonwealth, we have also reiterated that 2028–29 time line. But of course, again, that is absolutely contingent on the EES process.

Bev McARTHUR: And do you believe that the stakeholder engagement has been satisfactory for all the landholders and interested parties along the line?

Alistair PARKER: Well, certainly they do not believe it has been.

Bev McARTHUR: They do not?

Alistair PARKER: Yes.

Bev McARTHUR: Exactly.

Alistair PARKER: And AEMO has acknowledged that the initial consultation on this was not strong. They have certainly started planning to do a much better job of that, and we will support them in doing that. I think this is a really important point to make: the *Victorian Transmission Investment Framework*, which was published this morning, is a really extensive reform that is intended to engage with communities much earlier and in a much more respectful way and provide them with much more transparency around this and bring in questions of strategic land use and do that in a really consultative way. The feedback we have had from many people in the community as we have developed this is that if only we had had this, you know, 10 years ago, it would have helped very much with the consultation for these projects.

Bev McARTHUR: Minister, we know that other regional communities will soon be asked to bear the burden of transmitting power from the six renewable energy zones you have identified, so how many kilometres of new high-voltage transmission lines will be required in Victoria?

Lily D'AMBROSIO: Well, thank you for the question. I think what is really important for us to understand is that at a national level transmission infrastructure has been identified as a major priority to ensure that we have got an energy network, an energy system, which is of course interdependent, that is fit for purpose. And that is why of course the market operator, AEMO, releases its integrated system plan, which identifies not only of course renewable energy zones in our state but also in other states, together with the necessary transmission projects that they identify as being key to ensuring that we can unlock the new areas for energy production and enable those to continue on. Now, in terms of the kilometres of that, a lot of that really is dependent on what are initially regarded as draft corridors for particular transmission projects that then go through very significant community engagement and refinement in terms of final alignments of projects. So to put an actual number on kilometres for the whole of the transmission projects that we need to see built is not – we cannot do that, but certainly the ISP does give a really good sense. And also of course the work that we have done, that VicGrid has done, does indicate that we do need to make some significant changes to our transmission network to ensure that we can have stable, secure energy supply to all of our state.

Bev McARTHUR: Yes. And, Minister, you have said that it should be fit for purpose.

Lily D'AMBROSIO: That is right.

Bev McARTHUR: Is 'fit for purpose' using 40-year-old technology – above-ground transmission – when we know with the offshore wind proposals and other power sources coming from Tasmania that onshore connection will be done underground? Why does the rest of rural Victoria have to put up with ancient technology that nowhere else in the world uses when we should have a modern technology being used to ensure that we transmit the energy? You want renewables all over Victoria – well and good – but let us ensure that they are transmitted in a green fashion just as we are using on the supply side. These powerlines do have enormous impact on agricultural and domestic property values. They cause visual blight, they damage sometimes-precious ecosystems and they degrade the environment. They also make firefighting in bushfire-prone areas harder, and we could go on and on. I just want to ask, Minister, do you believe you personally really understand the impact these lines will have on our communities in western Victoria – for example, on businesses, on desperate families and on individuals?

Lily D'AMBROSIO: Thank you, but I must disagree with you on some of the statements you made earlier as a preamble to that question. The transmission infrastructure that proponents identify to be built are all subject to thorough EES processes. Whether they are above ground, whether they are underground and the types of technology – I am absolutely assured by proponents that the technologies that are proposed, whether they are underground or above ground, are all modern. To suggest that none of these technologies are used anywhere globally is not correct.

Bev McARTHUR: We know AusNet do not like putting transmission underground, so they are only above-ground operators.

Lily D'AMBROSIO: Yes, but I think it is important, though, to understand that the EES process, certainly when it comes to the Western Renewables Link project, has requested AusNet to propose an undergrounding option. I am confident that AusNet will be presenting their information.

Bev McARTHUR: It is very good, Minister, that they are suggesting that – and why wouldn't we be looking at that for all the transmission lines, not just in one area? Minister, let me go to another point. You recently increased compensation for landowners whose land will be affected by transmission line easements. How much will this cost for the Western Renewables Link project and for the VNI West project?

Lily D'AMBROSIO: I think what is important here is that the new payment structure that we have committed to as a government through our Victorian transmission investment framework is about making sure that communities who host –

Bev McARTHUR: How much, Minister?

Lily D'AMBROSIO: Look, these are all matters to do with what the final routes will be of each project.

Bev McARTHUR: Do you know from which budget it will come?

Lily D'AMBROSIO: Let me finish answering the question, thank you. We have been very clear – and New South Wales has done this also – that additional new payments will be made available to those property holders who host –

Bev McARTHUR: Perhaps we could take it on notice.

The CHAIR: Apologies to interrupt. Mrs McArthur, you are out of time. We will go to Mr Galea for the next 10 minutes.

Michael GALEA: Thank you, Chair. Good morning, Minister.

Lily D'AMBROSIO: Good morning.

Michael GALEA: Good morning, officials. Minister, I would like to also ask you about VicGrid and the implementation of the Victorian transmission investment framework. I might just ask you one question at a time. Can you explain what this framework is and how it will benefit communities and the renewable energy sector?

Lily D'AMBROSIO: Thank you for the question. What is important of course is that as we plan for achieving our ambitious renewable energy targets of 95 per cent renewables by 2035, not just in Victoria but in the rest of the country and globally we need to ensure that we have the transmission infrastructure in place to be able to take the power from those new sources to where it is needed – and that is about energy security. If we want the lights to stay on, it is really critical that we get transmission right. The VTIF, as we call it here in Victoria, is really a new approach for us to plan and coordinate investment in large-scale transmission infrastructure that we need to fully develop our renewable energy zones. The proposed approach has at its very heart community engagement and consultation from the start to the very end, right throughout the process, integrating land use, environmental impacts and community views in transmission infrastructure planning to better support the outcomes for local communities as well as more timely project delivery. It is also about reflecting local priorities, maximising the benefits of renewable energies infrastructure, minimising the negative impacts, balancing the important considerations such as environmental objectives, fostering community support for new investment, fostering renewable energy investment and ensuring we have a coordinated development of electricity infrastructure and transmission done and renewable generation infrastructure to deliver affordable energy that is reliable and secure for all Victorians no matter where they live. And this is about ensuring that we have an efficient provision of transmission services.

So all of this is putting at its very heart community engagement. This is about doing it differently, and I am absolutely committed and excited by the VTIF because it will do it differently and it will do it better. Communities, no matter where they are across Victoria, I think will look at this document, which has gone through community engagement, and realise that we are very serious as a government about ensuring that we have the proper processes in place to put their needs and their interests at the very heart of the planning for transmission but also to help unlock the billions of dollars of investment and the new jobs that will be created by developing up our renewable energy zones. And really, regional Victorians are going to be the big beneficiaries of that investment in jobs that will be created.

The VTIF document and VicGrid's role in this really is about the fact that at a national level our system has not worked. I have been a big critic of that for a number of years in my time as Minister. The RIT-T process, a national process that was set and forgotten really for a number of decades, has not served us well and has not served communities well. VTIF is a massive change to that, and I am really pleased that our government and VicGrid have now released this final VTIF, which will then be followed up with greater consultation and also community benefit funds and a number of other funds that will help support local communities get the most out of these projects once they are built.

Michael GALEA: Thank you, Minister. I also note that Victoria has the most ambitious renewable energy targets in the nation. How will VicGrid's work support us working towards those targets?

Lily D'AMBROSIO: Well, it is easy to have an aspiration and it is easy to claim that you want to achieve 95 per cent renewable electricity by 2035; it is another thing to do it. But I will say to this committee that every commitment that we have made, every target that we have set we have more than met, and this one will be no different. But we need to make sure we get it right. You cannot have the transition to more affordable and

cleaner power without transmission, but we need to get that right. And that is why with this VTIF framework and the role that VicGrid are playing we will have these conversations much more locally so that we actually get the best outcomes possible for local communities in the jobs in renewable energy and getting us to that 95 per cent target, especially with old generators that are leaving or will leave – and if they do not leave, they are actually becoming more and more unreliable as each year goes by, because they are ageing and they need to be replaced. So this will ensure that we have got a coordinated way of developing up that replacement power that will put downward pressure on prices, reduce our emissions considerably and create thousands of jobs also.

Michael GALEA: Thank you, Minister. And what work has VicGrid done to date already to advance Victoria's energy transition?

Lily D'AMBROSIO: We commenced this journey some time ago when we realised that there were some significant failings at a national level with agencies where we knew, with the policy settings and the ambition that our government set to grow renewable energy with our initial targets for renewable energy for 2020 and 2030, that transmission planning and facilitation were falling far behind. What VicGrid has done is develop up the government's REZ stage 1 project – that is our renewable energy zones – and our government in the previous budget allocated \$540 million at the time for a REZ fund to invest in a number of projects to improve the existing transmission infrastructure to enable it to carry a greater capacity and more renewable energy projects into the grid. And that has given a lot of confidence to the renewable energy sector to continue to invest in our state, knowing that they have got a government that has not just a plan but is putting its money where its mouth is in terms of grid improvements. \$480 million from that fund has already been invested in 12 projects to strengthen and modernise the state's grid, all of which are expected to be completed by 2025. Collectively these projects increase the capacity of existing lines, so again it is not just building lines for the sake of building lines – we are actually increasing the capacity of existing lines and strengthening transmission system hosting capacity, enabling up to 3000 megawatts of new renewable energy generation to be delivered across Victoria's grid. That is just on the existing transmission lines that we have. Those projects are the Koorangie energy storage system, the Ararat terminal station synchronous condenser and the Mortlake turn-in, and then there is a series of minor augmentations, which all taken together give us that 3000 megawatts of extra capacity that the existing transmission network can carry. Then of course there is the longer term planning, which is what has been released today through the VTIF document.

Michael GALEA: Wonderful. Picking up probably from Mrs McArthur's line of questioning from earlier, will VicGrid have staff on the ground in regional areas to support those communities?

Lily D'AMBROSIO: One thing we have understood from day one is that it is all very well and good for a national approach to set a framework for building transmission infrastructure, but we know that community engagement can be done and has to be done much, much better than what it has been done up until now. That certainly goes to many concerns that have been raised in terms of the way that AusNet Mondo have undertaken their community engagement –

Bev McARTHUR: Cowboys!

Lily D'AMBROSIO: and the same with of course AEMO. We are working with them, and we believe they will certainly present an improvement to the way that stakeholder engagement is undertaken. VicGrid will deliver tailored engagement locally on the ground, including establishing local reference groups as advisory bodies – that is not really being done in any sophisticated manner – and having a physical presence in local communities by employing local staff to build trust and confidence in the planning process. I am absolutely confident that VicGrid are well-equipped with the right framework and with the right approach, mentality and commitment to get this right, and they have already of course kicked off some of their preliminary community engagement when it comes to community consultations around the transmission infrastructure that we need to get our offshore wind energy industry off and running.

Michael GALEA: Thank you, Minister. In terms of those regional advisory bodies, that does sound quite interesting. I know Mr Parker mentioned there had been some lessons learned as well. If I might go into a little bit more detail on exactly what they will look like – the composition and where and when they will be set up – what is your intention as to starting –

The CHAIR: Apologies, Mr Galea, your time is up. Mr O'Brien, the next 10 minutes are yours. Mrs McArthur – apologies.

Bev McARTHUR: Thank you, Chair. Perhaps I could ask Mr Bradley: was the new compensation accounted for in the total costs used when calculating the viability of these projects? Ms Molyneux, sorry.

Alistair PARKER: I am happy to take that.

Bev McARTHUR: Mr Parker. Okay, thank you.

Alistair PARKER: Yes, we were aware of that, and the AEMO were aware of that as they were calculating the benefits of this project. So, yes. It is \$200,000 a kilometre, so as an example the Western Renewables Link is going to be in the order of \$40 million. But, yes, it has been taken into account.

Bev McARTHUR: Powerlines affect whole communities, Mr Parker, not just those directly on the easement. Will you be following the lead of wind power generators and Powerlink's new transmission lines in Queensland and offering compensation to neighbouring properties?

Alistair PARKER: Thank you for the question. At this stage what we are intending is that we will actually take into account the specific impacts on neighbours who are affected. Our preference would be as far as possible you avoid coming near to neighbouring properties and neighbouring houses and so on, but in extraordinary circumstances where you have to intrude on people's lives in that way, you would compensate them.

Bev McARTHUR: Thank you. Minister, the order you gazetted on 20 February this year under the national electricity Act allows disapplication of various regulatory processes to fast-track construction of the Western Renewables Link and VNI West. On what date did you first consider using powers under the Act to make this order? Just the date.

Lily D'AMBROSIO: Sure. Certainly AEMO – this is the VNI West, is that right?

Bev McARTHUR: Both. You gazetted an order on 20 February in order to fast-track construction of the Western Renewables Link and VNI West. What date did you consider using the powers under the Act to make this order?

Lily D'AMBROSIO: The NEVA order was made on 20 February, and that of course enabled two things to happen: AEMO to commence early work activities on VNI West, but it also enabled AEMO to assess and consult on alternative project options for VNI West which could facilitate, as you have indicated, accelerated project delivery, including alternative connection points into the Western Renewables Link. What is important here of course is that AEMO had raised with me a considerable period of time before then that they were considering some alternatives to what was underway by then – that is, the RIT-T process enabled nationally. That would present better options for local communities in terms of an alternative route to complete the VNI West and link to –

Bev McARTHUR: But the question, Minister, is: when did you consider it before you made the announcement on 20 February?

Lily D'AMBROSIO: Okay. Well, the consideration was made much earlier than that. AEMO announced on 2 December that it was assessing alternative routes, and certainly a ministerial order occurred on 20 February –

Bev McARTHUR: We know that.

Lily D'AMBROSIO: My assessment was made over a period of weeks before that, and of course there was some significant consideration made before that decision was made to make sure that it was the appropriate thing to do.

Bev McARTHUR: Okay. Thank you, Minister. So, Minister, when did you learn of the Supreme Court challenge to AEMO's application for a regulatory investment test process?

Lily D'AMBROSIO: I learned about that when it had occurred.

Bev McARTHUR: Did you introduce the order to allow AEMO to avoid reapplying the RIT-T test for the Western Renewables Link?

Lily D'AMBROSIO: No. What the NEVA order was purely about was AEMO having been very clear from December – months before – that it was considering alternatives that would provide better outcomes for communities and would be more responsive to a variety of community needs. So the NEVA order went very much to that, and that would then give AEMO greater flexibility to consider a range of other issues that were important to the community that otherwise could not be considered through the normal RIT-T process. This was enabling for them to have those consultations in a meaningful way.

Bev McARTHUR: Yes, we are aware what the orders mean. They require no consultation, no impact study and no parliamentary debate, so what assurance can you make that further projects will not be rammed through in the same way to the cost of communities, but also consumers who have now lost the checks and balances which required value for money in transmission network construction?

Lily D'AMBROSIO: That is not correct. I will say to you that the NEVA orders are very constrained in what they can do, but importantly this is about enabling a proponent of transmission projects to have better engagement and be more responsive to communities, including – of course economic impacts are always going to be central to this, but it also goes to the very question which is not allowed by a national process, and that is to consider land use issues, challenges for agriculture, challenges for environment and also of course to consider these in a way that is far more responsive to communities than what the current national system allows for. We expect of course also that EES processes are always going to be there. No NEVA orders circumvent or avoid normal planning processes and EESs. You can see that at every step of the way community will be at the centre of every decision point, and we are actually enabling communities to have a better say – a more important say – for their communities, taking into account the economic benefits of course as well as matters to do with amenity and land use planning, which are really critical to many of these communities. The assessment and planning approvals process will continue to apply, as I said, to both VNI West and WRL, and this will involve detailed assessments of the impacts and effects of the projects and opportunities to manage and minimise those impacts.

Bev McARTHUR: Thank you, Minister. The offshore projects in Gippsland – Marinus and Star of the South – all propose undergrounding of the transmission once it reaches land for their projects. That was verified in the renewables inquiry that was conducted by the upper house. Why do you think they are supporting underground transmission right along the whole line in many instances?

Michael GALEA: Chair – forgive me – on a point of order, is there a budget paper reference?

The CHAIR: Mrs McArthur –

Danny O'BRIEN: On the point of order, we have pretty much established that the minister is able to answer these questions.

Bev McARTHUR: Yes. It is on budget paper 3, page 28. Stop running a disruption racket.

The CHAIR: Mrs McArthur, I have allowed the previous line of questioning, although I am failing to see where you are going with this or how this is relevant. We are now asking you to point to a budget paper reference. Thank you.

Danny O'BRIEN: Money for VicGrid is about transmission lines.

The CHAIR: Mr O'Brien! Mrs McArthur –

Bev McARTHUR: The minister just announced \$15 million for VicGrid to improve their whole framework process. What we know is how the transmission in Gippsland, going underground from these two proposed major projects, is viable underground there but not elsewhere. Why is it going underground with those two projects?

Lily D'AMBROSIO: You are making assumptions here and assertions that are not borne out by reality. What I will say, importantly, is that –

Bev McARTHUR: But they committed to that in the renewables inquiry – that they would put the transmission underground. I can give you their answer actually, Minister.

Lily D'AMBROSIO: No, that is fine, thank you. I will not need that assistance.

Bev McARTHUR: Because they get social licence if they go underground.

The CHAIR: Mrs McArthur, please give the minister an opportunity.

Lily D'AMBROSIO: I think it is important that when we go around asserting that one approach is better than another approach we actually put the full facts on the table. There are pros and cons on either undergrounding or abovegrounding, and we have got to consider those and understand those. Decisions about whether these projects are undergrounded or not need to consider a number of factors. Both overhead and underground powerlines have pros and cons. Cost is a consideration, and I do take you to your previous question about cost-benefit.

Bev McARTHUR: And social licence, Minister.

Lily D'AMBROSIO: Absolutely social licence.

The CHAIR: Mrs McArthur and Minister, the time has expired. We will go to Ms Kathage for the next 10 minutes.

Lauren KATHAGE: Thank you, Chair. Good morning, Minister and officials.

Lily D'AMBROSIO: Good morning.

Lauren KATHAGE: Minister, I would like to ask about the power saving bonus. Budget paper 3, page 32, sets out the funding for the fourth round of the \$250 power saving bonus. Are you able to advise how many payments have been made since 24 March?

Lily D'AMBROSIO: Thank you. Look, the power saving bonus is absolutely proving to be so important to Victorians – more than it ever has been. We are on the fourth round. We have been the most progressive and have provided a significant amount of money through power saving bonuses – four rounds of that. The fourth round opened up on 24 March. As of the end of yesterday I can report that just over 1.5 million applications have been made by Victorian households – that is 1,524,000 applications – 53,000 of which have come from a community outreach program that we have got in place. We have had applications paid out in the order of \$1,410,000. Thus far we have had \$352.5 million paid out, and the program is continuing until the end of August, so those Victorians who are yet to make the application for the fourth round still have quite some time to be able to do that and get the benefits of having that bonus in their pockets.

Lauren KATHAGE: Thank you, Minister. Would you say that the power saving bonus has been successful in directing people to the Victorian Energy Compare website?

Lily D'AMBROSIO: I think what is important here is that the power saving bonus is tied to the Victorian Energy Compare website. Now, that website was built by this government. It is an independent, trusted website. All retailers operating in Victoria are required to submit all of their market offers to that website so that Victorians who want to compare what they are currently paying with their current provider can compare that with every other offer in the market on that website, knowing that there are no commissions, no frills and no particular products or businesses that are promoted ahead of others. This has meant of course that not only have people been able to apply for the power saving bonus through the Victorian Energy Compare website but once they are there they can very easily compare what they are paying right now on their bills with what offers they can be on. Many people will find that they can actually find a better offer by comparing, and that gives them the ability to make the switch or indeed, if they do not want to make the switch, just pick up the phone to their energy retailer and say, 'Listen, I've found a better offer by so and so. If you don't match it, I'm going to go to that other retailer,' and most of the time that means they get a better offer from their same retailer, so that is great; it is less hassle for them. We have had about 23 million visits to the VEC website since 2015. It is an

important way for Victorians to learn about the way that the market operates and to best use it to their advantage. Other than of course that one-off power saving bonus, this is about giving them the ability to be able to check periodically what they are paying to see whether they are getting the best offer possible in the market.

Lauren KATHAGE: Thank you, Minister. You mentioned earlier the community outreach program, and I saw it in your presentation as part of the \$400 million on page 28 of budget paper 3. Can you outline what it is and what sort of benefits it is providing?

Lily D'AMBROSIO: What is important here of course is that whilst most Victorians can easily find their way to jump on the Victorian Energy Compare website and make an application for the power saving bonus, there are many others in the community that have difficulties in doing that or indeed have many other complex needs that they need support for. This is making sure that we do not have people falling through the gaps in terms of getting the benefits of this program. So the community outreach program is able to help those people that may not have easy access to the internet to get that over-the-phone or face-to-face assistance with their application through one of the many outreach partners that we have engaged. We have had, as I mentioned earlier, 53,000 applications that have come through that community outreach program, meaning that those Victorians that do find it difficult to otherwise navigate the internet actually get the benefits of the program. We have had more than \$11.5 million paid out since 24 March through those partners, and getting that additional support that they need is really important. Of course most of the people who have used the community outreach program, about 74 per cent of them thus far, have been able to also get other types of energy assistance advice to help them, and that is particular to their particular circumstances too. All of this is about the fact that we have had an energy system that was privatised, multiple players and a system that, due to inherent complexity, can be very confusing for Victorians. Our aim from day one as a government has been to make it easier for Victorians and put power back in their hands so that the system works for them and not the other way around.

Lauren KATHAGE: Thank you, Minister. And I have seen in Whittlesea how the community outreach program for the power saving bonus has led to somebody accessing financial counselling and has provided general improvement across all their finances, so I think that is really great.

I would like to turn now to Victorian energy upgrades. In budget paper 2, page 43 covers some ways to increase work output and living standards as a result. It identifies that by upgrading to new energy efficient and more reliable equipment, businesses' carbon emissions and costs can be reduced. So how will this program help businesses save money? How is it going to reduce their emissions and reduce their energy consumption? How does it work?

Lily D'AMBROSIO: Well, the Victorian energy upgrades program has been in place in Victoria since 2009, and it is the most comprehensive scheme of its type in the country. New South Wales has a similar one, although it is not as comprehensive as ours. Its objective has been twofold: one is to reduce emissions in Victoria, and secondly, but not less important – equally important – is to actually reduce people's power bills, whether they are at the household level or businesses. And we know of course businesses have been a big participant in the Victorian energy upgrades program. Small businesses have been able to save significant amounts of money from the VEU program. In 2022 alone – that is the calendar year – more than 49,000 businesses received upgrades through the program, and on average each of them is saving right now \$3700 each and every year.

The program of course is easily accessible. It provides a range of incentives in the program to help them save on their energy bills – and we know that it is getting tougher and tougher. Cost of living does not just affect of course households, it affects the whole of the economy, and that is why the Victorian energy upgrades program has become more important than ever. And it is a very cost-effective program. The net benefits are there for all to see, and I encourage all small businesses out there to keep looking to that program to provide ongoing bill savings for their businesses.

Lauren KATHAGE: Thank you. And you –

Danny O'BRIEN: Sorry, Ms Kathage. What was the budget paper reference you just gave for that one?

Lauren KATHAGE: BP2, page 43.

Danny O'BRIEN: Forty-three. Thank you.

Lauren KATHAGE: So you touched on there the benefits for businesses, but saving money at the household level –

Lily D’AMBROSIO: Well, households certainly are big users of the Victorian energy upgrades program. More than 2.3 million households have benefited from participating in the scheme since the scheme started in 2009, and even just since 2022 more than half a million have benefited from it. So the energy efficient products that are installed through the program do help provide those ongoing bill relief savings, and the VEU program savings are expected to reduce Victorian electricity consumption by 7 per cent in 2025 and avoid about \$3.8 billion in energy costs. On average, households –

The CHAIR: Apologies for interrupting, Minister – I hate to be the bearer of bad news. Mr O’Brien, the next 10 minutes are yours.

Danny O’BRIEN: Thank you, Chair. Good morning, Minister.

Lily D’AMBROSIO: Good morning.

Danny O’BRIEN: Minister, I am interested in your comment just then to Ms Kathage that the government’s ‘aim is to make it easier for Victorians and put power back in their hands’ with respect to the power saving bonus. Most other states just give a credit on their bill. Why doesn’t Victoria do that and actually make it easier for Victorians instead of making them apply for the power saving bonus?

Lily D’AMBROSIO: Well, look, I think that I have dealt with that earlier, but I will say that Victorians have actually benefited from being able to explore the Victorian Energy Compare website. Whilst it is absolutely vital, you know, as I said earlier, we are on the fourth round of our power saving bonus, and just in the last 12 months alone people have been able to pocket \$500.

Danny O’BRIEN: Yes. Okay. Basically forcing them, pushing them, to the compare website is the idea.

Lily D’AMBROSIO: Well, it is not pushing them.

Danny O’BRIEN: No. Encouraging them.

Lily D’AMBROSIO: The fact is – yes – many Victorians that do visit that website have found that they can actually get a cheaper energy market offer, and it is about, again, helping Victorians understand the best ways to navigate a market that is really, really complex. We have many retailers in the market. We have undertaken surveys of Victorians that have gone to the Victorian Energy Compare website, and we have found that many of them have found it very, very helpful and useful to have ongoing reduction in their energy bills.

Danny O’BRIEN: The Victorian default offer is going up 25 per cent this year and power prices continue to rise. The power saving bonus is nice, but it is easy policy to take money out of general revenue and hand it over as a subsidy, and we know that is part of a debt that we are going to have to pay back. When will wholesale prices actually fall so that Victorians get real long-term relief?

Lily D’AMBROSIO: Certainly Victoria has actually led the charge in terms of establishing a Victorian default offer, and the Commonwealth nationally have followed that with their default market offer. That is about putting downward pressure on all market offers for electricity. We know that the cost of power has gone up globally because of pressures on gas – the use of gas, consumption of gas – which has pushed up prices globally but also of course in Australia. Regardless of the fact that costs have gone up, the VDO, as it is now, is still cheaper than the standing offer that it replaced.

Danny O’BRIEN: Can I come to the question, which is: when will prices actually come down?

Lily D’AMBROSIO: Sure. We are already starting to see a reduction in wholesale prices, which will then eventually flow through to retail prices. We are seeing futures –

Danny O’BRIEN: In releasing the VDO, the ESC actually said it is going up 25 per cent:

due to a large increase in wholesale electricity costs.

Lily D’AMBROSIO: That is right.

Danny O'BRIEN: So when is that going to change?

Lily D'AMBROSIO: Well, the VDO of course is based on a 12-month backward look, in terms of the setting of the VDO, and of course we will see that the futures prices will see Victorian prices becoming cheaper than other states, and we are looking at the financial year of 2024. The futures will see Victorian prices between \$30 and \$50 per megawatt hour cheaper than other states, so we expect to see –

Danny O'BRIEN: Hang on. Cheaper than other states – relative to now is the question. When are –

Lily D'AMBROSIO: Yes, in 2024.

Danny O'BRIEN: No, no. When are they going to go down? To some degree, it is not relevant to the question how it is to other states. Are they actually going to go down?

Lily D'AMBROSIO: Oh, I see. Yes. Well, I will certainly find that information for you, but my understanding is that, with the wholesale prices already starting to come down, that should be reflected in the future VDO, and certainly that is what I expect will happen.

Danny O'BRIEN: That will be next year – 2024–25.

Lily D'AMBROSIO: Well, we expect those future prices to start being reflected in retail prices into next year. Can I just say that –

Danny O'BRIEN: You talked about gas in your answer there, Minister, and in your presentation you had literally a dot point that said, 'Driving down gas bills,' and the entire dot point was about moving people across to electricity. I am a bit perplexed as to how that drives down gas bills, given particularly the Premier says on electricity, 'Supply, supply, supply is the answer to driving down prices.' It does not appear to be the answer for gas, so what is the future for gas in Victoria?

Lily D'AMBROSIO: Yes. Look, the fact is that the price of gas of course is tied to the global price, which is what we are seeing impacting Australia and of course Victoria. Now, the action that we are seeing of course is that the cheapest way to free up gas is for the Commonwealth government to implement a domestic reserve policy, and that is something that our government has been pushing for quite some time. The issue about the electrification – certainly electrification does present the opportunity to have lower bills, cheaper bills, by relying less on gas, which is a very expensive form of energy.

Danny O'BRIEN: So driving down gas bills by getting away from gas bills is really the policy.

Lily D'AMBROSIO: No. What I am saying to you is that there are a number of –

Danny O'BRIEN: That is what you just said.

Lily D'AMBROSIO: No. Let me finish.

Danny O'BRIEN: Get off gas and go to electricity – that will drive down gas bills.

The CHAIR: Mr O'Brien, please let the minister finish.

Lily D'AMBROSIO: You might want to try to pigeonhole people, but what I have said to you is that we have got a broad approach to tackling the question of gas. Despite a lot of the rhetoric, right now Queensland is a net importer of gas. If you ask the Queensland government whether they are carrying the burden –

Danny O'BRIEN: Can I bring you back to the question?

Lily D'AMBROSIO: The fact is too much of our domestic gas is going overseas to meet other contracts rather than meet the needs, and that means supply and availability domestically are what is driving the increase in prices for gas.

Danny O'BRIEN: Why won't you consider new gas in Victoria then? And I know where you are going to go; you are going to say that there is none onshore.

Lily D'AMBROSIO: Well, you are right.

Danny O'BRIEN: But you know – that is the media release from your own predecessor in 2020, and there are several others from 2021.

Lily D'AMBROSIO: Sure.

Danny O'BRIEN: For the record I will read it:

Onshore Conventional Gas Restart A Green Light For Jobs
Jaclyn Symes said it could:

... create up to 6,400 jobs –
and –

... generate as much as much as \$310 million annually –
the gas onshore in Victoria. Now, why is the government now saying there is none when just three years ago the government was promoting it?

Lily D'AMBROSIO: Well, you know, what I know the alternative is, is that you are promoting fracking, and that is what you want to do –

Danny O'BRIEN: No. No, that is your minister.

Lily D'AMBROSIO: But let me say to you –

Danny O'BRIEN: You can bring that lie up time and time again, Minister, because it is a lie –

The CHAIR: Mr O'Brien, there is a point of order.

Danny O'BRIEN: but there is the minister's comment.

The CHAIR: Mr O'Brien! Mr Hilakari, you have a point of order.

Mathew HILAKARI: If you could just please bring us back to the budget papers that you are referring to.

Danny O'BRIEN: I referred to the minister's presentation, Mr Hilakari.

The CHAIR: Thank you, Mr Hilakari. Mr O'Brien, I have not called you. On the point of order, you will come back to the budget papers, please.

Danny O'BRIEN: I have already given –

The CHAIR: The inquiry before us, Mr O'Brien.

Danny O'BRIEN: Can I move on, perhaps, to a question to Mr Smith on resources? Yes. With respect to stone and sand supply – I understand the government, I think the minister, actually referred to potential legislative change with respect to the *Mineral Resources (Sustainable Development) Act* – can you outline what the government's intentions are to reforming and modernising the outdated legislation to ensure that we have stone and sand supplies going forward?

Paul SMITH: Thank you for the question. The MRSDA reforms have been progressing over the last couple of years. I understand the minister will be shortly introducing reform to the Parliament to make significant changes to that Bill. I might ask if the minister would like to speak to that reform.

Danny O'BRIEN: I am very, very short on time, Minister, so if you could give me the briefest of brief overviews of what it is going to entail.

Lily D'AMBROSIO: I am sorry. Who are you asking?

Paul SMITH: I am happy to continue.

Danny O'BRIEN: Mr Smith, that would be great.

Paul SMITH: We have got some money in the budget, which is \$6.7 million over a four-year period, to progress the amendments to that Bill. That will shift the Bill to a more modern form, a risk-based approach, and introduce a duty model which aligns it with the environment protection legislation and WorkSafe legislation. It will streamline the work approvals process and put a lot of the decision-making in a streamlined sense to enable quarries, for example, to get new approvals to get sand and granite and basalt resources to market. We need –

Danny O'BRIEN: It will speed up the process.

Paul SMITH: That is correct.

Danny O'BRIEN: Can I just very quickly –

Paul SMITH: Yes.

Danny O'BRIEN: I have got industry complaining about the approval time lines for earth resources of 90 days. It is meant to be at 90 days, but they are more like 150 to 200 days in some cases. Can you take on notice perhaps how you are improving that?

Paul SMITH: Yes.

The CHAIR: Mr O'Brien, your time is up.

Danny O'Brien: Can I just get a yes?

The CHAIR: Mr O'Brien, your time is up. I will go to Mr Hilakari. Thank you.

Bev McARTHUR: Is that on notice?

Paul SMITH: I will take it on notice.

Mathew HILAKARI: Minister, thank you so much for your time, and thank you, officials, as well. I would like to take us to Solar Homes, if I could, and budget paper 3, page 158. Minister, it is a new measure which sets out a target of 52,000 applications for the solar PV rebates for owner-occupied households. I am just wondering if you could outline how we are going to get there and if there has been any uptake for that program already.

Lily D'AMBROSIO: Okay. Thank you. Our Solar Homes program remains a really important centrepiece of our assistance to Victorians to have the benefits of the energy transition. We know that we had a Solar Homes program that started, a \$1.3 billion program, and that is already delivering significant savings to Victorians that have taken up the offer. On average Victorians who have taken up the Solar Homes offer of solar PV on their rooftop are saving each and every year \$1073 – that is an average household – which is an amazing figure and is certainly higher than what was originally envisaged as an annual ongoing saving on Victorians' energy bills. We know of course that of the people who have actually taken up the program, about 57 per cent of the solar rebates are going to households with incomes of less than \$100,000 and around 7 per cent of those are earning less than \$20,000 a year. It is not just driving down people's energy bills each and every year, it is actually being enjoyed right now by those people who are less well off. Of course the fact is, though, you can still earn up to \$180,000 a year and be able to participate in the program. We have had a considerable number of people that have taken it up thus far. It has helped 225,000 households who have installed solar on their roof through that program, and more than \$470 million has been paid out in rebates since the program commenced in August 2018. The other interesting fact is that about 30 per cent of the rebates have gone to regional Victoria. The regional Victorian population is about 25 per cent I think or 24 per cent of Victoria, so we have had more rebates going to regional Victoria, which is really terrific too.

Mathew HILAKARI: It has certainly been well taken up in the community that I represent and those communities around that community. I would like to maybe take you to the hot-water rebate. There has been a really substantial increase from the actual to the expected outcome for 2022–23 from the previous year. I am wondering if you can just take us through some of that program.

Lily D'AMBROSIO: This is very pleasing, the performance of this rebate. It started off being a little bit on the slow side, I confess, but the program has been tweaked to enable a higher uptake of solar hot water systems, which is terrific, through this rebate. Just in the last year alone the uptake has quadrupled, which is really impressive. In this existing financial year we have had more than 4500 applications for hot-water rebates, and that is compared to just 745 in the previous financial year. It is due to a range of factors. Firstly, we can see a move towards electrification in Victorian households through our government's leadership. We know that running your hot-water system on gas is very, very expensive, much more expensive now than it has ever been, and those prices are unlikely to come down in any meaningful way into the future. Secondly, we have pulled a range of uptake levers to stimulate more demand, which has pushed the increase in the popularity of the program. In May last year eligibility for the hot-water program was expanded to permit customers to be able to claim both the hot-water rebate and the PV rebate. Customers can now access an additional rebate of up to \$1000 to reduce the up-front cost of an energy-efficient hot-water system. Solar Victoria also digitised the hot-water application process in March this year, so it is now a faster process and easier for customers to confirm their eligibility. Applications now have a median approval time of 1.6 days, and just under 63 per cent of applications are approved digitally with no manual review required. All of this is good news, because we know that heating your water in your home is very, very expensive, and to substitute out gas for electric means that you are saving in terms of the fuel swap but also of course getting a much more efficient heating system for your water. We have also supported upskilling for plumbers – that has been part of our program – and the training commenced in February this year. And that is to make sure that we have got a workforce that is ready and able to help deliver what is a world-leading program.

Mathew HILAKARI: I have met with a number of solar installers in my own community, and they have talked about how good this program is for jobs locally. What is it like on a statewide level?

Lily D'AMBROSIO: Certainly Solar Victoria is creating about 5500 new jobs over the life of the program. Remembering that the program was a 10-year program, we have actually seen 4500 new jobs created since 2018, so we are more than well on the way to meeting that expected job creation figure; in fact we have shot right up there in terms of that. We are supporting also the next generation of solar workers. I have been to a lot of small businesses where they have really prospered under the support of the rebates. I have also seen a number of young women coming into the workforce too, which is really, really encouraging. Solar Homes provides that long-term certainty – knowing that there is a pipeline of work so that businesses can actually have confidence in investing and bringing on new people. Apprentices also know that that program is there for the long run.

Mathew HILAKARI: Fantastic. And that is exactly what they talk to, which is having that long pipeline of work so there are not those lumps and those troughs that occurred in previous iterations of federal programs. Safety and auditing is an important element of any new program that is being brought forward. Can you talk a little bit about that?

Lily D'AMBROSIO: Yes. We were very, very mindful of the need to ensure that we had the safest system that we could have, and the best way to achieve that is to do two things: one is to provide training, but also to have a risk-based audit program that runs alongside of Solar Homes. That was part of our initial investment, which continues to be the case. In fact we are the only state that has risk-based auditing of solar panel installations in the country. Whilst you have the Clean Energy Regulator doing spot checks and audits to ensure that solar panels are installed, that is driven by the generation of certificates and making sure that there is no funny business going on. Ours is a risk-based safety approach. We have actually helped to drive significant improvements in the quality of installations and the safety of installations. We have actually set a new benchmark nationally for that, and I am really delighted that it has worked really, really well.

The risk-based audit program targets 5 per cent of solar systems and the electrical safety audit is to be carried out within six months of installation. The installations audited target installers with identified high-risk factors, and that is really important. If we see that there is a particular trend with a particular provider, a participant in the program, the risk-based approach makes sure that they are followed, if you like. If there is corrective action that needs to be taken by our internal regulation team, then that will occur. The point is you are going to have to have the teeth to make sure that you maintain the integrity of the program, but also the overwhelming majority of installers do a wonderful job in delivering the program for us.

We work together with WorkSafe, the VBA and Consumer Affairs Victoria. There is an ongoing relationship and a sharing of information to make sure that we have the best quality products that are installed in the safest way that is expected by people, so it is well run. I am really pleased to know that it is A-grade electricians that do the installing, and that is another important part of the safety features.

Mathew HILAKARI: Thank you.

The CHAIR: Thank you, Minister. Our next 10 minutes are Ms Sandell's.

Ellen SANDELL: Thank you, Chair. Good morning, Minister and officials.

Lily D'AMBROSIO: Good morning.

Ellen SANDELL: You have talked a lot about gas in our homes. Of course Victoria uses more gas in our homes than almost anywhere else, and it is a big driver of our emissions, but there is no new support in this budget for getting homes off gas. We are seeing the home heating and cooling upgrade program is cancelled, the ending of the solar PV for business rebate and Solar Victoria's funding has been cut 20 per cent. So how does the government intend to meet its targets to get homes off gas if there is actually no new funding for it and these programs have been cut?

Lily D'AMBROSIO: Well, look, you point to a number of things. There is no cut to Solar Homes. I mean, the fact is it is a 10-year program and the monies that are made available over that 10-year period can fluctuate depending on the demand levels and what is expected, so adjustments are made to fit that. If we see demand going up, then money is available to meet demand, and I think that is a really important thing to be said. Now, in terms of gas being a critical challenge for climate, I absolutely totally agree with you on that. Certainly we are developing up an update to our *Gas Substitution Roadmap*. You will be familiar that we were the first state to choose to embrace this challenge. We know how to decarbonise the electricity system. We are well on the way to doing that. We have got plans in place and targets in place. Gas of course, as you quite rightly say, is another big challenge.

Ellen SANDELL: Where is the funding in the budget, I guess, for that update? Will we have new rebates, and where will they be funded from?

Lily D'AMBROSIO: Sure. Thank you. Look, the Victorian energy upgrades program, for example, is moving to providing incentives only for electric appliances from now, and we are removing incentives for gas appliances for households. For businesses it is a little bit trickier because there are some types of appliances that are not readily substitutable, but that is a work in progress. Certainly for households, only –

Ellen SANDELL: The home heating and cooling program – why was that one cut?

Lily D'AMBROSIO: Well, the home heating and cooling upgrades program was very much a stimulus measure during the COVID period. There were a number of available rebates – payments available, subsidies available – for that program. The uptake of it was not as high as what we would have hoped, because it was very difficult getting access to people's homes during the COVID period, so it almost had a natural conclusion.

Ellen SANDELL: I understand that.

Lily D'AMBROSIO: But I do want to point to the fact that we are still rolling out significant investment in social housing, together with the housing minister, in terms of energy efficient upgrades and electrification measures in social and public housing, and that program continues to be supported through Solar Victoria. But the other point too is the rebates, financial incentives and the whole range of levers and measures that you can deploy to be able to move people towards greater electrification, making it easier for them. We are looking at a whole range of regulatory reforms also, which the road map did talk about, and we will have more to say on that with the update that we will release later this year.

Ellen SANDELL: In December you said that the funding from that heating and cooling program would be directed to other related programs, has that actually been the case? It is not clear from the budget papers.

Lily D'AMBROSIO: As I said to you, we are doing a lot of work around the VEU and ramping up the –

Ellen SANDELL: Specifically around that funding, has it been redirected to other programs, or is that for the update?

Lily D'AMBROSIO: Work within the department for professional services is really critical to getting the reforms that we need to happen under the road map. So a lot of work continues to be underway to identify new initiatives, new programs potentially, for the gas –

Ellen SANDELL: But that has not been redirected in this budget.

Lily D'AMBROSIO: Well, what I am saying to you is that we are looking at new ways to be able to meet the objectives that we want – reducing people's energy costs. Moving towards the electrification piece, energy efficiency is going to be a critical part of that. We have also got the Solar Homes battery loans, which provide a significant improvement to people's up-front costs of being able to get into solar batteries, and that has been welcomed by industry. So –

Ellen SANDELL: Sorry, Minister. Thank you. I might just ask another thing on that because I have got limited time.

Lily D'AMBROSIO: Sure.

Ellen SANDELL: On energy efficiency in homes, the government has said it will consider delaying the National Construction Code requirements that were set to begin in October. So is the government walking away from that pledge for 7-star energy efficiency minimums in new homes?

Lily D'AMBROSIO: No.

Ellen SANDELL: So that commitment stands?

Lily D'AMBROSIO: Yes. Well, the commitment stands to 7-stars, yes.

Ellen SANDELL: And when? Is it going to be delayed?

Lily D'AMBROSIO: Look, that is something that the Minister for Planning will have more to say on at the right time, but it is a consideration. I would not put it more strongly than that at this point, but there is a national commitment to it. I think most states, if not all of them, have signed up to that, so it is part of that national consideration.

Ellen SANDELL: The government has not delivered on the promise to make insulation a requirement for rental homes. That was a promise that was made that was supposed to come into effect last year, so why hasn't the government delivered on that promise?

Lily D'AMBROSIO: In terms of rental properties?

Ellen SANDELL: Yes. There was a promise to make insulation a requirement in rental homes by last year, but that has not happened.

Lily D'AMBROSIO: Look, I am not sure about that in particular, but I certainly would refer to the Minister for Consumer Affairs, I think. Can I just say though that we are having the gas substitution road map update later in the year, and you will find that there are a lot more initiatives that will come forward.

Ellen SANDELL: Thank you. I would like to ask about a different topic.

Lily D'AMBROSIO: Sorry, I do have an update. There is the developing of a regulatory impact statement – on that earlier question that you put.

Ellen SANDELL: Thank you. I would like to move on to talking about coal. Earlier this year the Treasurer travelled to Japan to announce support for a project that uses brown coal to create hydrogen and exports it to Japan. Given the project extends the life of coalmining in Victoria and obviously creates huge emissions, why is the government providing support to this project, as the Treasurer stated?

Lily D'AMBROSIO: Well, the government has not indicated any financial support beyond what has already been committed –

Ellen SANDELL: The Treasurer did say he was there to provide support, though. Those were his words.

Lily D'AMBROSIO: Look, I think the Treasurer was asked the same question in his presentation a few days ago, and I think I really reiterate his comments in that, you know, there is a due diligence process that is underway to determine whether any support is provided into the future. So there are many considerations to be had on this.

Ellen SANDELL: Okay. Thank you. So I imagine one of the considerations is whether it can actually store its carbon. My understanding is the project wants to use carbon capture and storage, presumably through the CarbonNet project. This budget confirms CarbonNet is on track to meet all its milestones. Are you confident that actually storing carbon through CarbonNet will work, and particularly in relation to the environmental impacts of that?

Lily D'AMBROSIO: Certainly all of these questions are part of our consideration – those questions and more – so there is not much more I can add to that other than that.

Ellen SANDELL: But the government is still providing support for CarbonNet. Are you confident that that is a project that is worth supporting?

Lily D'AMBROSIO: Well, look, certainly the budget papers indicate that, and that is as it should be. There is a commitment there from government for CarbonNet. But in terms of the future of this project and any Victorian government support for it into the future, that is a matter that is under consideration.

Ellen SANDELL: Thank you. Last year you announced that CarbonNet would receive funding from a Japanese oil company. Are any other coal and gas or oil companies providing support for CarbonNet – funding?

Lily D'AMBROSIO: Look, not that I am aware, but that should be a question directed to the Treasurer, who has carriage of CarbonNet.

Ellen SANDELL: Okay. Budget paper 3, page 171, lists the percentage of mining and exploration licences that are active. How many of Victoria's active exploration and mining licences are for fossil fuels such as gas?

Lily D'AMBROSIO: How many of them?

Ellen SANDELL: Looking for a number, yes. How many of those projects, the active projects, are fossil fuel projects?

Lily D'AMBROSIO: I might take that on notice, I think, because I am not sure that I would have those figures with me.

Ellen SANDELL: Okay. I would like to ask about a specific exploration licence. We understand that French geo surveying company CGG intends to map the gas reserves across the Otway Basin using a process called seismic blasting. Does the government consider seismic blasting safe for wildlife?

Lily D'AMBROSIO: Sorry. You have mentioned that they are seeking an application. Is that correct?

Ellen SANDELL: Yes.

Lily D'AMBROSIO: Yes. Well look, I do not have any information that I can share with you right now, so I am not going to prejudge its safety or otherwise, other than –

Ellen SANDELL: Well, what kinds of licences and approvals would they need?

Lily D'AMBROSIO: I would be very happy to come back to you and take that on notice so I can give you a full answer to that one.

Ellen SANDELL: Thank you. That would be wonderful. Yes, just the information about what kinds of licences and approvals they would need to undertake seismic blasting.

Lily D'AMBROSIO: Sure. I will do that. Thank you.

The CHAIR: Thank you, Ms Sandell. Your time has expired. We will go to Mr Hamer for the last session.

Paul HAMER: Thank you very much, Minister, and officials. I would just like to refer you back to your presentation in relation to the changes in the resource decision-making in the resources sector portfolio, and particularly building on the government's commitment in last year's budget in relation to the critical minerals industry. I was just wondering if you could provide me with an update on what the government is doing to unlock those minerals.

Lily D'AMBROSIO: Thank you. Minerals of course remain an important focus for our government as well as developing incentives and regulatory incentives to support the development of the minerals that we do have. Certainly we know of course that Victoria has economically significant deposits of critical minerals both on a national and a global scale. That may come as a surprise to many people, because we are typically not seen as a heavy resources state. But certainly with respect to critical minerals we are very much significant, as I said, not just nationally but globally with some particular minerals. And that is becoming more and more important because of the energy transition globally that is underway, which means that the resources that have been known to exist – some of those critical minerals that have been known to exist in Victoria – now have a significant additional value to them, so much so that they are more lucrative and prospective for mining.

We have got the potential to be a really important supplier for renewable energy manufacturing and other supply options. We need to get the right policy settings of course in place to unlock these opportunities, providing investment certainty for industry while we ensure of course responsible and sustainable extraction of minerals. This is particularly acute for Victoria given that we have a small landmass but we do have a large population, so it means that sometimes where critical minerals are situated can present challenges for some local communities. That is why it is really vital that whilst we encourage and find ways to facilitate critical minerals development or production we also ensure that we have got that social licence in place for new projects.

So sustainable investment in the critical minerals mining sector is really what we need to achieve, and I am very much committed to that. The department is working on a new framework for identifying and integrating economic considerations, land use, environmental, heritage and community values earlier in the resource development relationship process. Earlier and deeper engagement, as we know – we have seen that through transmission – is really important to make sure that we can get the benefits from minerals exploration and development.

We are also undertaking a suite of work to streamline our regulation and approvals processes, working closely with industry to understand the hurdles and barriers to development, and also uplifting our regulator in this budget. We have got funding to establish an earth resources coordinator, and that is on the back of the very successful initiative or pilot that we had with the quarries coordinator. That basically was someone within the department that could help prospective businesses navigate their way through a whole myriad of approvals, with the focus being on getting there sooner, more efficiently and of course ultimately getting the better outcomes in terms of the development of projects.

Paul HAMER: Thanks, Minister. You mentioned the approvals coordinator just there and a couple of the roles. What sort of impact do you think that will have on the broader resources industry?

Lily D'AMBROSIO: Well, certainly we have heard from industry loud and clear for some time now that they need assistance to understand better and to be able to therefore better navigate approvals processes. You will understand that there are many approvals processes run by different agencies, and we had the very successful quarries coordinator. That industry was very excited with the prospect of that, and it proved to be very, very useful and welcomed by the industry. So the earth resources approval coordinator will take all of the things that worked really well from that pilot and really turbocharge that and broaden that out to critical minerals in particular – not just critical minerals, though – and that will help to accelerate decisions for earth resources development. The coordination function will have both quarry and mineral work streams, working closely with the industry to identify where we can be unlocking additional resources for development and

guiding them through our approvals process – so fast-tracking their development while working with proponents to ensure they meet the highest standards that communities expect here in Victoria. It is very exciting, and I am very confident that we will start to see an even bigger jump in the projects that come forward that are developed and ultimately benefit our state with production of minerals and quarrying materials.

Paul HAMER: Thanks very much, Minister. Can I take you to budget paper 3, page 33, ‘Driving down gas bills for businesses and households’. There is a \$5.1 million line item in the budget. I am just wondering if you could explain what this funding is and how that is going to be used to help Victorians.

Lily D’AMBROSIO: I am sorry, which budget paper reference was it?

Paul HAMER: Sorry – budget paper 3, page 33. Just down the bottom there.

Lily D’AMBROSIO: Oh, yes. Thank you. Our *Gas Substitution Roadmap*, which I touched on earlier, is a really important nation-leading agenda for our state. We have provided some additional funding here that will continue to do the work on identifying opportunities for energy efficiency measures, electrification measures and certainly alternatives to fossil gas. So other gases are important too in the transition, it is not just about electrification or energy efficiency – biomethane and renewable hydrogen, for example, which are sustainable. So that will certainly be our focus – to work towards updating that road map, identifying a range of initiatives that were flagged in the original road map, identifying the ones that we have explored and will potentially bring forward but also identifying new opportunities too.

You will see that with these matters an important part of getting this right is making sure that you can have that conversation with communities. To simply turn around one day and decide, ‘This is what we’re going to do’ – everything we are going to do in terms of gas substitution and reducing bills really needs to have a conversation, taking people with us. We did that with electricity, decarbonisation; we will do that with gas. And when you do both of those, you start to see downward pressure on people’s bills, and that is really critical. As I said, we are leading the country. It could have been a too-hard-basket one, but we never shy away from a challenge because we are committed to achieving the outcomes that we have indicated – that is, in terms of our emissions reduction, reducing peoples power bills and of course making our way through that decarbonisation journey. But you cannot do that unless you take people with you or else you fail at the first hurdle, and that is something that I am not interested in doing. I want to get the outcomes, I want to get the results, and this funding will help us move to that next level. Sorry, Paul, I should be looking at you.

Paul HAMER: That is okay, Minister. So talking about the *Gas Substitution Roadmap*, I am just wondering if you could maybe update the committee just on some of the policy changes that have occurred through that road map in relation to this policy.

Lily D’AMBROSIO: Yes. Thank you. Casting the challenge was really important with the road map but also explaining to Victorians that the road map is going to be iterative, so we are going to add to it as we go down the journey of decarbonising gas. Now, what we have done so far is we have removed incentives from the Victorian energy upgrades program, incentives for gas appliances, and that has –

The CHAIR: Apologies, Minister, I will stop you there. Minister and department officials, thank you very much for appearing before the committee this morning. The committee will now follow up on any questions taken on notice in writing, and responses are required within five working days of the committee’s request.

The committee will now take a very short break before beginning its consideration of the State Electricity Commission portfolio at 10:15 am.

I declare this hearing adjourned.

Witnesses withdrew.