

PAEC 2020-21 FINANCIAL AND PERFORMANCE OUTCOMES

Department of Environment, Land, Water and Planning

Responses to Questions on Notice

Question on Notice 1

Mr D O'BRIEN: Have you forecast a spill on the Yarra system this year?

Ms VAUGHAN: Well, the principles that are applied is to avoid spill.

Mr D O'BRIEN: Sorry, say that again.

Ms VAUGHAN: The principles that are applied is to avoid the risk of a forgone harvest or spill.

Mr D O'BRIEN: I am just wanting to know whether there is a risk of a spill this spring in particular, with those storages, as I said, already pretty high.

Ms VAUGHAN: One of the benefits we have in Victoria is the water grid, where we are able to actually move water around between the different storages to ensure that we are managing the system, if you like, so that we are able to avoid those—I will call them operational spills.

Mr D O'BRIEN: I understand all that. I know in my own area Southern Rural Water manages most of the storages. They forecast risks, and they look at, you know, 'Is the Macalister or is the Thomson likely to spill this year?'. I am just wanting to know whether there is a forecast risk of spill in the Yarra system at all.

Ms VAUGHAN: Not to my knowledge, at the moment, Mr O'Brien. I can get back to you on that, if you like.

Mr D O'BRIEN: Yes

Response:

Melbourne Water is responsible for managing storages and has confirmed that there is plenty of capacity in the Thomson and Upper Yarra storages to capture inflows this season. This means that Melbourne Water is not expecting any spills in Upper Yarra and the Thomson in the foreseeable future and these storages will harvest future expected flows.

Recent rain has meant that two smaller storages – Maroondah and O'Shannassy - are spilling and are currently at 100 per cent. Spills from these storages are common given their relatively small size. These storages are spilling into the Watts and O'Shannassy Rivers, both tributaries of the Yarra River.

With the commencement of summer and warmer weather Melbourne Water is confident that there will be no spills from the Yarra system due to the supply of desalinated water.

Question on Notice 2

Mr D O'BRIEN: Okay. Can I ask—presumably for information on notice for this, Ms Vaughan: can you provide the breakdown of the source of water supplied to each of South East Water; City West Water, or Greater Western Water as it is now known; and Yarra Valley Water—that is, was it from Cardinia or from the Yarra system or from elsewhere? Are you able to provide that information on notice?

Ms VAUGHAN: I would have to take that on notice, Mr O'Brien, yes.

Mr D O'BRIEN: Of course. If it is possible, to provide it for the last five or 10 years as well if it is available.

Ms VAUGHAN: Five or 10?

Mr D O'BRIEN: Ten. Thank you.

Response:

South East Water, Greater Western Water and Yarra Valley Water hold bulk entitlements for a share of water in the Melbourne Headworks System to supply to their urban customers.

The three urban water corporations also receive an allocation of desalinated water proportionate to their desalinated water entitlements.

Where Melbourne Water supplies each urban water corporation from depends on the physical location of each urban water corporation's supply points.

Table 1 shows the allocation of pool and desalinated water to the three urban water corporations since the current entitlements were established in 2014.

Source of water	Retailer	Allocation of water on entitlements (GL)						
		2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Desalinated water	City West Water	-	-	12	4	6	31	33
	South East Water	-	-	16	5	8	42	45
	Yarra Valley Water	-	-	18	6	8	45	47
Subtotal		-	-	46	15	22	118	125
Greater Yarra System - Thomson Pool	City West Water	88	64	126	91	78	131	115
	South East Water	119	87	170	123	105	176	156
	Yarra Valley Water	126	92	181	131	112	188	166
Subtotal		333	243	478	344	294	495	437
Grand Total		333	243	524	359	316	613	562

Notes:

1. Source: Victorian Water Register and Water Corporations' annual reports. At the time of data City West Water remained separate.
2. The amount of desalinated water allocated for 2018-19 includes 7 GL delivered in June 2019 which was brought forward desalinated water deliveries from 2019-20's desalinated water order

Question on Notice 3

Mr D O'BRIEN: Ten. Thank you. Continuing just on desal, page 83 of Melbourne Water's annual report shows that operating expenses for the desalination plant increased by \$17.5 million last year. Why is that?

Ms VAUGHAN: Again, I would have to take that one on notice, Mr O'Brien.

Response:

The Victorian Desalination Project (VDP) delivered 125 GL of water during 2019-20 and 2020-21 financial years – helping to build a buffer in storages against drought.

Melbourne Water's 2020-21 annual report that shows the Melbourne Water's VDP operating costs for 2020-21 was \$17.5 million more than 2019-20.

Approximately \$10 million of this reported increase from 2020-21 compared to 2019-20 was not related to an actual increase in VDP operating costs, but an increase in Melbourne Water's costs due to the proceeds from the sale of Renewable Energy Certificates (RECs) being fully expended in 2019-20. The remaining increase of around \$7 million reflected actual increased operating costs due to electricity network related charges and CPI increases.

The overall typical household bill was estimated to be \$6 per annum lower than in 2019-20 when other price adjustments were made through regulatory processes.

Question on Notice 4

Mr D O'BRIEN: Okay. Well, if you are taking it on notice, if you could also provide what the impact of that increase would be on water bills and what the total cost of the 125 gigalitres ordered this year will be as well.

Ms VAUGHAN: Sorry, can you just repeat that last one?

Mr D O'BRIEN: What the total cost of the 125 gig order this year is.

The CHAIR: Sorry, do you mean in reference to the last financial year in question?

Mr D O'BRIEN: The order placed at the start of this year.

The CHAIR: So this calendar year?

Mr D O'BRIEN: Yes. Thank you.

Response:

The total cost of the 125 GL order for 2021-22 is \$76.7 million. If this cost was passed on fully in isolation from other factors, this would be equivalent to around \$31 in an annual household bill for a typical customer using 150 kilolitres. However, Melbourne's average annual household water bills are expected to be \$33 lower in 2021-22 than in 2020-21 due to other adjustments to prices.

Question on Notice 5

Mr HIBBINS: Can I just get some further details in terms of the specific species? The VAGO report indicated that there had been I think \$20.2 million allocated to interventions on 10 species in total. Are you able to provide the committee with information on just exactly what these 10 species were, how they were selected and how much was spent on each one?

Ms LAU: I do not have the data for me on each of the species broken down. I am happy to provide that on notice. We do publish the icon species on our website. There are a range of them that I might not be able to recite right now, but we can provide that to you on notice.

Response:

The Icon Species program has allocated \$2.65 million to 19 threatened species between 2016-17 and 2020-21. In addition, Victoria's Faunal Emblem Program has allocated \$4 million between 2018-19 and 2020-21. These diverse projects were delivered by a range of government and non-government organisations, to secure and improve habitat and undertake direct interventions such as captive breeding, gene mixing and translocation of threatened fauna.

Further funding has been allocated for Victoria's iconic species program through the 2021-22 budget and an additional \$2 million over two years has been committed for the Faunal Emblems Program to continue to support the recovery of the Leadbeater's Possum and the Helmeted Honeyeater.

Species included in these programs were selected as they:

- are at risk of extinction or rapid population decline;
- have a high profile in Victoria;
- inspire and motivate the community to care for and become involved in biodiversity conservation;
- either do not benefit substantially from landscape scale management actions or require additional direct interventions to recover.

Since the release of the Victorian Government's biodiversity policy *Protecting Victoria's Environment – Biodiversity 2037* in 2017, the Victorian Government has committed over \$400 million to biodiversity and the natural environment. The investment covers a range of initiatives which cumulatively seek to halt the decline in Victoria's biodiversity. This includes landscape-scale threat reduction and species-specific interventions that collectively benefit Victoria's vulnerable, endangered, and critically endangered species, preventing further decline and providing the opportunity for threatened species to recover and thrive.

Icon Species and Faunal Emblems Project funding

Species	2017 - 2021
Australasian Bittern	\$50,000
Australian Fairy Tern	\$25,957
Baw Baw Frog	\$220,000
Brush-tailed Rock Wallaby	\$260,000
Burrnan dolphin	\$49,940

Eastern Barred Bandicoot	\$250,000
Eltham Copper Butterfly	\$50,000
Helmeted Honeyeater*	\$2,200,000
Hooded Plover	\$216,500
Leadbeater's Possum*	\$2,200,000
Mountain Pygmy-possum	\$200,000
Murray Hardyhead	\$50,000
Orange-bellied Parrot	\$255,000
Plains Wanderer	\$239,850
Regent Honeyeater	\$175,000
Southern Bent-wing Bat	\$50,000
Southern Purple-spotted Gudgeon	\$59,670
Southern Right Whale	\$48,125
Spotted Tree Frog	\$50,000
TOTAL	\$6,650,042

* Includes Faunal Emblems program funding.

Question on Notice 6

Mr HIBBINS: Thank you. Now, the questionnaire also highlights VC194, which is obviously to fast-track delivery of key infrastructure projects. Has the minister designated any projects or state projects under this scheme?

Mr LYNGCOLN: There are a number of provisions for streamlining. I would have to probably take on notice that specific one. But, yes, there are new provisions that have been put in place to streamline particular types of projects, but I will take on notice a list of which projects have been designated under that provision.

Response:

The planning scheme amendment known as VC194 inserts two new particular provisions at clauses 52.30 and 52.31 into all Victorian planning schemes. The purpose of the clauses is to facilitate state projects and local government projects respectively.

As of 18 November 2021, the following applications have been approved by the Minister for Planning under clause 52.30:

- Bendigo Tramways project – Vic Track;
- North Shore car park – Vic Track;
- Epping Ambulance Branch Project;
- Dja Dja Wurrung Corporate and Community Centre, Bendigo;
- Dennys Place Breakthrough Project, Geelong;
- Suburban Rail Loop East (Cheltenham to Box Hill) Initial Works; and
- Werribee Open Range Zoo - Sky Safari (Gondola) Project.

Data for projects approved by councils under clause 52.31 is not currently reported to DELWP. As part of Government's planning reform program, a focus will be on support to local councils to improve reporting on local permits.

Question on Notice 7

Mr BRADLEY: As the member is very aware, the staff have been working from home, managing to juggle homeschooling, impacts of COVID and working online to deliver an incredible performance, and we are very grateful for their efforts over that period of time. We have increased our FTE by 340, which does include not only staff to deliver some of those significant budget initiatives that I referred to earlier, including the renewable energy program and the Recycling Victoria agenda, but also we have seen project firefighters with contract extensions, who are obviously working to help significantly in the field, providing bushfire recovery support, and staff engaged in the Working for Victoria program.

Mr D O'BRIEN: Sorry, Secretary, you just said it increased by 340, but that is not what the annual report says. It says 444 FTE and it says a reduction in the number of field staff. Which is right?

Mr BRADLEY: On the issue of the reduction in field staff, the Deputy Secretary has some more information to be able to speak to that for you, if you are happy for her to answer that.

Mr D O'BRIEN: Before we go to that, though, can you answer the question on why there is a discrepancy. You are telling me 340 additional staff. The annual report says 444. I am happy to take it on notice, if you—

Mr BRADLEY: Yes, I am happy to take it on notice. I am sure it is the categorisation, the classification, of staff. I am talking about FTE staff of 340, which increased beyond 2019–20, but we can clarify that on notice if that assists.

Response:

This was addressed in the hearing:

Mr BRADLEY: Mr O'Brien, before you go on could I just confirm—and Xavier can speak to this if you would like that—that that page you are referring to in the report does reflect 340 is an increase in the FTE. It might be a headcount versus FTE issue that we are stumbling over.

The net change in full-time equivalent (FTE) workforce numbers disclosed in DELWP's Annual Report between 2020-21 (4,869 FTE) and 2019-20 (4,529 FTE) shows a net increase of 340 FTE which includes both executive and non-executive staff.

Question on Notice 8

Mr D O'BRIEN: Okay. Thank you. I have a question for you now, Secretary. Page 314 of the department's annual report indicates that the number of field staff employed by the department was reduced from 718 down to 585 full-time equivalent in the last year. What frontline roles are no longer being performed as a result of that 133 FTE reduction?

Mr BRADLEY: Thanks, Mr O'Brien. I might ask the Deputy Secretary for Forest, Fire and Regions to comment, but certainly over the course of the financial year—and it might be that is an indication that this is not fully reflective of the staff that were involved—if anything we extended our project firefighters and increased our resourcing over the course of 2020–21 to deliver some of those really important works and respond to the COVID disruption that I was referring to earlier. So the Deputy Secretary might be able to—

Mr D O'BRIEN: Secretary, that is not what the annual report says.

Mr BRADLEY: It might be—

Mr D O'BRIEN: A reduction of 133 FTE in field staff—page 314.

Ms FERGUSON: Mr O'Brien, I will happily look into that, but it might be a timing issue, because we did not reduce the number of field staff over that period. I suspect it could be a point-in-time accounting issue in terms of when our project firefighters, which are seasonal staff contracted for a part of the year, depending on when that counting was done—it might reflect a variation in terms of the numbers of people on board at that particular time.

Mr D O'BRIEN: Well, it is as at June 2021, comparing the previous June, 2020. So it is apples and apples in terms of timing.

Ms FERGUSON: I will happily look at that, but we have not reduced. As the Secretary indicated, we extended a number of our project firefighters to support preparedness based on the COVID-safe working requirements and continue to support recovery.

Mr D O'BRIEN: Well, I am happy to take that on notice, but that is what the annual report says: a reduction of 133 field staff.

Response:

The net change in full-time equivalent (FTE) field staff numbers disclosed in the Annual Report between 2020-21 (585 FTE) and 2019-20 (718 FTE) shows a net decrease of 133 FTE. This reported reduction reflects point in time movements in temporary, rather than permanent field staff employed in the agency. There has been no reduction in permanent field staff of the agency in this period, and no reduction in permanent front line roles being performed.

The temporary increase in field staff in June 2020 included:

- approximately 338 short-term Project Fire Fighters (PFFs) for the 2019-20 season who were extended beyond their usual end date in May until the end of September 2020. This

represented 263 more being employed than usual at that time and reflected the ongoing activities following the 2019-20 Black Summer bushfire season; and

- approximately 63 Working for Victoria staff temporarily employed in field roles.

It is noted that the total field staff numbers in both 2019-20 and 2020-21 were both substantially higher than normal (at 718 FTE and 585 FTE respectively, compared to 437 FTE in 2018-19).

Question on Notice 9 (Parks Vic)

Mr JACKSON: Thank you again for the question and further advice, Mr O'Brien. Again, I can confirm that, one, the bridge is an insurable asset. So two things, we have to go through the insurance processes to do that. We are looking at a bridge of around \$7 million to \$8 million. We are designing a bridge that was put in many, many years ago, as you have acknowledged, and we have to bring the bridge to today's standards. So not being an excuse, the process will be—firstly, I can point off, we are not saying it is traditional owners holding up any project. It is one of many approval processes that we need to go through. Just because the bridge was there in its past use, we need to make sure we look at all regulatory approvals and processes, design and insurance. So we acknowledge that it has been a challenging time. It is a priority. I must say that again: it is a priority for us to get that done. But we are going to tender, and then that will allow us to do one to Point Hicks. So the bridge is going to tender, a complex design. It is a new design compared to the old bridge, and it is an insurable asset. So we apologise for any inconvenience, but we do acknowledge that it is a very important part of our capital program.

Mr D O'BRIEN: So when will that tender go out?

Mr JACKSON: I would have to take that on notice on the date, but I can assure you that it is ready to go out, working with the department, who are the roading department.

Response:

The rebuild of the Thurra River bridge is a joint effort between Parks Victoria and DELWP. The work required includes a reconfiguration of the road and bridge due to the lack of bedrock in the ground to make the new bridge safe, stable and suitable for the heavy loads – including cars towing caravans – for the campground and lighthouse the bridge services.

Parks Victoria will finalise the detailed design for approval by the forensic engineer on behalf of the loss adjuster in early December 2021, following which Parks Victoria and DELWP will progress the tender, design and construction of the bridge as soon as possible. The rebuild of the bridge is still expected to be completed by the end of 2023 (as stated on the Parks Victoria website).

Question on Notice 10 (Parks Vic)

Mr D O'BRIEN: I just find it extraordinary, Secretary. I do not know whether you can take on notice whether there has been a similar example of a bridge in a Parks Victoria facility or asset that has taken four years to rebuild. I bet you there is not one anywhere in the metropolitan area. It staggers me that this is taking so long. If you can provide any further information on notice, that would be welcome.

Response:

Parks Victoria is responsible for the delivery of complex recovery projects, including those in environmentally and culturally sensitive areas. These complex projects often start with hazardous tree removals and site cleanup, before the damage can be fully assessed and submitted to the insurer who also need to attend site and agree to the financial coverage. Only at this point can design and then rebuilding works begin. This can involve multiple regulatory approvals and extensive stakeholder engagement and community consultation.

Unavoidably, some recovery projects on land managed by Parks Victoria have taken similar durations to complete due to the complexity of the environment due to challenges in managing and protecting the sensitive environments leading to longer than anticipated delivery times.

Question on Notice 11

Mr D O'BRIEN: Can I go back quickly, sorry, to Deputy Secretary Vaughan. Page 61 of the annual report indicates the government was intending to commence six flood studies in the financial year but did not actually start any. Can you tell me where the locations of those proposed studies were?

Ms VAUGHAN: Locations? Just give me a minute. I will get those. Apologies, Mr O'Brien.

Mr BRADLEY: While Ms Vaughan is just bringing that material together for you, Mr O'Brien, I just would recognise that while there has been a delay in achieving that target due to the ongoing impacts of the bushfires and the pandemic, which led to delays in launching the risk and resilience grants—that is the mechanism by which we work with the flood management sector to access government funding—we have now released the applications in May 2021, and successful applicants were notified in July. We got about 20 flood project proposals through that process, and they have been nominated and approved to receive funding from the 2021 round, including flood studies for nine townships. So while we have not achieved the outcomes we wanted in 2020–21, in 2021–22 we will exceed that BP3 performance measure target of six new flood studies.

Mr D O'BRIEN: So there will be nine this year, in the current financial year?

Mr BRADLEY: Yes, nine.

Mr D O'BRIEN: Have you got the list of those towns?

Ms VAUGHAN: I have not actually got them in front of me, sorry, Mr O'Brien, but I am happy to provide them on notice.

Mr D O'BRIEN: On notice, that would be good.

Response:

The nine studies which have been nominated to receive funding from the 2020-21 Risk Resilience Grants Program are:

Project title	Location
Winton Flood Scoping Study	Winton
Korong Vale Flood Study	Korong Vale
Flood Study of Myrtleford and the Ovens and Buffalo Rivers	Myrtleford
Marnoo Flood Study	Marnoo
Stawell Flood Investigation	Stawell
Teesdale Flood Study	Teesdale
Harcourt Flood Study	Harcourt
Katandra West Flood Scoping Study	Katandra
South Warrnambool Flood Investigation	Warrnambool

Each year we target to fund six flood studies. This target is dependent on local government submitting proposals to the risk and resilience grants program, so we do not have specific locations at the start of each year.

In 2021-22, Emergency Management Victoria will be putting out a call again for submissions to fund further flood studies and other flood mitigation activities, this will occur in the first half of 2022.

Question on Notice 12

Mr D O'BRIEN: Right. Have you had any of the disaster recovery costs?

Mr BRADLEY: Yes. Certainly we can talk to you about a range of things involved with disaster recovery both on the energy side and then also in relation to forest fire in regions. We might turn firstly to the Deputy Secretary in relation to the prolonged power outage payment program.

Mr D O'BRIEN: I am aware of that one. I was more interested in the clean-up side of it. But what I would ask in the short time I have got left is about the issue of power outages, particularly for business, and in my case particularly the dairy farms. Is there a funding program at all within the department that provides resilience for energy? Obviously when your house goes out, it is terrible. You have got to throw the milk and the frozen meat out. But when the dairy farm goes out and you cannot milk cows for four or five days there is an animal welfare as well as a business issue. Is there a government program at all to assist farmers with that?

Mr BRADLEY: There has absolutely been a program around increasing resilience particularly in bushfire prone areas and storm-prone areas through microgrids and the Neighbourhood Battery initiative, which I realise does not go to dairy farmers. But also in response to the 2019–20 bushfires there were three sites and about \$17 million that was invested in your part of the world, Mr O'Brien, in the Gippsland region for three towns to create microgrids in those locations.

Mr D O'BRIEN: No, a microgrid is not much help when the sun is not shining at 5 o'clock in the morning when you are getting up to milk the cows. That is the question I am asking, so perhaps you can take that on notice.

Mr BRADLEY: Happy to, yes.

Response:

DELWP's programs to support households and businesses in recent storm recovery have included:

- The Business Recovery Energy Efficiency Fund, which has provided grant funding to some farming projects.
- The Prolonged Power Outage Payment was made available to all affected individuals and businesses (including farmers); and
- The Powerline Bushfire Safety Program, which has the Private Overhead Electric Line (POEL) scheme that is undergrounding private overhead powerlines in areas in the east of the State that were affected by the bushfires. The POEL Scheme is open to anyone in a High Bushfire Risk Area in the 13 Local Government Areas (Alpine, Baw Baw, Benalla, East Gippsland, Indigo, Mansfield, Murrindindi, Strathbogie, Toowong, Wangaratta, Wellington, Wodonga and Yarra Ranges), that has a private electric powerline. The Scheme has been assisting people who were affected by the 2019-20 bushfires, and includes farmers in these areas who have applied for the Scheme.

The department also understands that Agriculture Victoria delivers (general) disaster relief and resilience programs for dairy farmers, as well as the Agriculture Energy Investment Plan. It is suggested that any questions in relation to any support provided by Agriculture Victoria be directed to the Department of Jobs, Precinct and Regions.