

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2013–14

Melbourne — 24 May 2013

Members

Mr N. Angus
Ms J. Hennessy
Mr D. Morris
Mr D. O'Brien

Mr C. Ondarchie
Mr M. Pakula
Mr R. Scott

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Witnesses

Mr R. Smith, Minister for Environment and Climate Change;
Mr A. Fennessy, Secretary,
Mr M. Clancy, Chief Finance Officer,
Mr A. Goodwin, Chief Fire Officer, and
Mr P. Smith, Deputy Secretary, Land, Fire and Environment, Department of Environment and Primary Industries.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing for the 2013–14 budget estimates for the portfolios of environment and climate change and youth affairs. On behalf of the committee I welcome the Honourable Ryan Smith, MP, minister for these portfolios, and from the Department of Environment and Primary Industries Mr Adam Fennessy, Mr Matthew Clancy, Mr Alan Goodwin and Mr Paul Smith. Welcome, gentlemen. Members of Parliament, departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings I remind members of the public gallery that they cannot participate in any way in the committee's proceedings. Only officers of the committee secretariat are to approach committee members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearings to provide information to the minister by leave of myself as Chair. Written communication to witnesses can only be provided via officers of the committee secretariat. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the precincts of the hearing are not protected by parliamentary privilege, and that includes any comments made on social media from the hearing itself. The committee has determined that there is no need for evidence to be sworn; however, witnesses are reminded that all questions must be answered in full and with accuracy and truthfulness. Any persons found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript for fact verification within two working days of this hearing. Unverified transcripts and PowerPoint presentations will be placed on the committee's website immediately following receipt, to be replaced by verified transcripts within five days of receipt.

Following a presentation by the minister, committee members will ask questions relating to the inquiry. Generally the procedure followed will be that relating to questions in the Legislative Assembly. Sessional orders provide a time limit for answers to questions without notice of 4 minutes, while standing orders do not permit supplementary questions. It is my intention to exercise discretion in both matters; however, I do request that witnesses answer each question as succinctly as is reasonable, recognising that many responses may include a degree of complexity.

I ask that all mobile telephones be turned off or to silent. I call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information related to the environment and climate change portfolio. Welcome, Minister.

Overheads shown.

Mr R. SMITH — Thank you, Chair, and thank you, committee members. We will start off with the presentation. Earlier in April the government announced a restructure of the Victorian public service in order to place a stronger focus on jobs, investment and the delivery of front-line services for all Victorians. The restructure created the new Department of Environment and Primary Industries, which as committee members know was a merger of the former Department of Sustainability and Environment and the former Department of Primary Industries. The reasons for the merger are to provide a better and more efficient management approach for public and private land for the people of Victoria, to boost service delivery and to provide a one-stop shop for environment and primary industries issues.

As part of those machinery-of-government changes, we have had Land Victoria moving from the former Department of Sustainability and Environment to the Department of Transport, Planning and Local Infrastructure, and from 1 July the functions of the Department of Environment and Primary Industries and the Department of Primary Industries will formally integrate, with the components relating to agriculture and food security being transferred to the new department.

The departmental objectives which I am responsible for as Minister for Environment and Climate Change are the effective environmental and adaptation policy, investment and regulations, which include the outputs of environmental policy, environmental programs, statutory activities and environmental protection; and the

community benefits from effective management of Victoria's land assets, which include the outputs of public land and forests and parks, and benefits from a reduced impact of major bushfires and other extreme events on people, infrastructure and the environment, which includes the output of land and fire management.

The other departmental outputs are effective water management and supply and development of primary industries, which the Minister for Agriculture and Food Security and Minister for Water is responsible for. I am sure he has already spoken to those outputs.

The budget outlines approximately \$935 million in total output costs for the environment and climate change portfolio. We have had a very strong year in this portfolio of releasing a number of key policy documents: *Environmental Partnerships*; *Getting Full Value*, our waste and resource recovery policy; *A Cleaner Yarra River & Port Phillip Bay — A Plan of Action*; and the *Victorian Climate Change Adaptation Plan*. This year forward we will be making sure that we implement the action points that are in all of those policy documents.

As a whole, the government delivered a very strong budget that is focused on growing our economy and building our state. In my portfolio the budget delivers funding for projects that have tangible benefits for the environment as well as for the Victorian community. I think we all recognise that if we are going to have tangible outcomes for the environment, we have to work in partnership with our business community and our communities at large, and make sure that we do get very good outcomes from working together. In the budget we have announced \$16 million over two years to fund the environmental partnerships program, which will focus on supporting Victoria's native vegetation threatened species. We will make sure that through that program we provide grants to regional organisations and land-holders to look after those on-ground works that need doing to protect key environmental assets, while of course being able to measure and make sure that that tangible work that is being done on the ground does have a good outcome that we can report on. We are making sure that as part of that investment we have a comprehensive way of monitoring and understanding what those outcomes are.

We are also supporting the Yarra River and Port Phillip Bay action plan with a \$7 million commitment to investing in the health and quality of those two waterways. We do recognise the importance of these two waterways as far as tourism and recreation and the commercial sector go. We need to make sure that they are protected for current and future generations to enjoy. That \$7 million will support a lot of on-the-ground work to improve the health and productivity of the Yarra River and Port Phillip Bay and deliver a number of programs that will enhance the detection of litter, provide more enforcement and make sure that we improve the quality of the water in both those assets.

We are also providing \$12 million to support our waste and resource recovery policy, entitled *Getting Full Value*. We have recognised that there is a lot of work that needs to be done around putting a more comprehensive framework around our waste management and waste recovery. The policy is very comprehensive and has been put together with extensive consultation with stakeholders, and as I say, the \$12 million will be used to support a number of activities to further complement the funds that we have already spent in that area.

The government is making a lot of headway in striving to ensure we manage public and private land in the best and most efficient way that we can, so we will be putting forward as part of this budget \$9.1 million as part of a coastal environment program, which will include grants for local communities to carry out on-the-ground works to reduce the impact of coastal hazards. In doing this, we aim to reduce the damage to critical infrastructure on Crown land caused by erosion, sea level rises and storm surges.

An amount of \$2.29 million has also been included in the budget towards the delivery of park management services in the river red gum areas. They are very iconic spots, and there is certainly a very passionate community in those areas. We are making sure we use those funds to further employ the 24 park rangers and field service officers to maintain that very important asset.

Further to that, the budget adds \$33.7 million over two years to scale up our planned burning program. We have got a very strong commitment to delivering on the bushfires royal commission's recommendations. We have done some really good work in this area already reaching over 250 000 hectares in the last financial year. This funding will enable us to scale that up to ensure we reach the targets or protect country communities as much as we can. There is a further \$7 million in the budget to treat fire-affected trees on public land to ensure we have a

safe environment, not just for the motorists who use the roads where these trees exist on the verges but also amongst the fire access tracks we have to make sure that our DEPI, Parks Victoria and CFA officers are well protected as well. That is it in a nutshell.

The CHAIR — Thank you, Minister, for a very succinct presentation. We have about 1 hour and 17 minutes, so a reasonable period of time. I will kick off. Minister, in the context of the 2013–14 budget, can you outline to the committee examples of capital infrastructure projects in the environment and climate change portfolio, which will be either commenced or completed in the coming financial year?

Mr R. SMITH — I am sure that ministers before me have made it evidently clear that the budget focuses on infrastructure as a prime driver of the economy and a prime driver of jobs in this state. With \$6.1 billion worth of infrastructure it is a record spend in this area, and certainly that work will help to secure Victoria's economic future. It is important to note that as a government we have delivered a budget that allows us to fully fund the state's infrastructure program without additional borrowing in years to come.

My portfolio is fairly output and service driven. However, we have been able to allocate some funds towards infrastructure. It is important to note that, as I mentioned in the presentation, we have just over \$9 million towards coastal work, which will basically take care of the major challenges we face with regard to storm surges and rapid population growth in those areas. As I get around the state you can see some examples of some of the problems we face in these areas with regard to the danger that some of our infrastructure is in. I was with the member for Bass recently looking at some of the roads that are at risk as a result of the continual erosion of the cliff face there. We are making sure we put some money from that coastal environment initiative towards repairing and maintaining infrastructure — stairs, barriers, signage — to make sure we limit the amount of storm surge we have in those particular areas.

We are also spending money this year on regional firefighting facilities such as air bases, firefighting vehicles and fire towers. Again, I refer to the comments I made in the presentation that we take our fire suppression and our planned burning responsibilities very seriously as a government, so we want to make sure the facilities and the infrastructure we have around them are maintained at a level that can ensure not just the community protection but also the safety of those who work with those facilities and in those areas.

The budget will also further fund the infrastructure we announced in last year's budget with regard to Victoria's zoos — Werribee zoo, Healesville Sanctuary and Melbourne Zoo. There has been a lot of work done in that space already, which was needed as a direct result of the free zoo for kids policy that we brought into government. We have seen the number of people visiting those zoos increase dramatically, and certainly they have felt the pressure in areas such as Werribee zoo where the car park and the entrance area is no longer suitable to cater for all the people who go through there. There is a lot of work being done there. As part of the 150th celebrations we are also doing work around the main entrance of Melbourne Zoo. We have been really pleased to see the amount of infrastructure work going in there, and we have announced just recently as part of that funding that money will be spent through appropriations in next year's budget on the new growing wild display there and the new predator and prey exhibition that is also there. These are some very important things for these iconic Melbourne and Victorian institutions, which is really important. In the time that families and friends can spend together, they can do it in much more comfort in these areas.

Finally, we are putting \$7 million towards getting Mount Buffalo Chalet back to where it should be. This is one that, I guess, languished in the too-hard basket under the previous government for some time. We have decided to make a move on it to make sure we get this iconic structure back to a position where it can be enjoyed by all Victorians. We have invested to ensure that we get the market research around understanding what the government needs to do to get it to a point where there will be commercial investment. We have done the work, and we understand now that we need to do some initial demolition work as well as bringing forward a cafe space and a day experience space there so people can enjoy the whole area to its fullest ability, and I think people in the area are certainly very pleased that that iconic destination is finally going to be available for people to visit.

Mr PAKULA — Minister, the output initiatives for your department are outlined on page 11 of BP3. In addition to some of the cuts that have been imposed through previous budgets and budget updates, and they are outlined in the questionnaire, the budget paper shows an additional \$83.1 million worth of savings that need to

be found by the department over the forward estimates period, including \$36.6 million for 2013–14. Can you tell us what proportion of that \$36.6 million needs to be found in your portfolio?

Mr R. SMITH — I am happy to detail some of the areas where savings are made, and will ask my department for some detail around it, but basically the savings will be made through moving to a regionally based delivery service, reducing the duplication of grants programs and ensuring that we get the best efficiencies out of our head office and non-service delivery administrative savings stock and materials. We have put a freeze on recruitment to bring staff levels back to historic levels. We are lapsing fixed-term positions. As I have said, we have some of that corporate and back-office reform going on. Natural attrition will also contribute to the savings, and we have a VDP, or voluntary departure program, that we have announced through the sustainable government initiative. Any further information, Matt?

Mr CLANCY — I have not brought the yearly split, but the overall total for the environment portfolio is \$45 million of the \$83 million.

Mr PAKULA — Forty-five of the 83?

Mr CLANCY — That is right.

Mr PAKULA — Minister, you made a couple of comments in your answer that you would be reducing the duplication of grant programs and that you would have a freeze on recruitment, bringing employment levels back to historic levels. Can you just give us some more information about those two comments you made? Which grants programs will disappear, and what will be the total reduction in the size of the workforce?

Mr R. SMITH — An example of a duplicate program would be our rebates on solar hot-water systems. There are three, I think, already in existence — federal programs as well. As part of the COAG agreement to reduce state programs that duplicate federal programs — the framework under which COAG reviewed state programs — we reached a conclusion that it was a program that we did not need to continue with. I do not have the exact figures on staff reductions. Adam, you might have that?

Mr FENNESSY — Not the exact number, but we can take that on notice.

Mr PAKULA — Thank you.

Mr ANGUS — Minister, I refer you to budget paper 3, page 12, and an initiative noted there, ‘Environmental partnerships — supporting native vegetation and threatened species’. I note that you also referred to that in your comprehensive presentation a few months ago. Can you please advise the committee on what the government is doing to help protect native vegetation and threatened species?

Mr R. SMITH — Thank you. As I said in the opening presentation, as you mentioned, we are putting \$16 million towards addressing those critical risks to threatened species and native vegetation in Victoria. Over the past decade we have seen a reduction of native vegetation on private land, on average, of about 1 per cent. In the absence of any investment we will see that decline continue, so we think it is very important that we should do what we can to reverse that trend.

The \$16 million will help address these issues by, to a large degree, funding local community groups, mostly through their catchment management authorities, to do work that they see as essential to protecting this native vegetation and these threatened species. Certainly if we maintain our native vegetation to the point that we need to, we will also maintain and support our threatened native species.

The sort of work that we would be looking at is to really make sure — as part of the allocation of the \$16 million we want to make sure that the organisations that we fund are ones that have a good track record at delivering good on-the-ground works. We want to make sure that we select the highest environmental value projects that we possibly can. We do a lot of work in this space already; the department has a lot of expertise in this area. We have already done work to help the brush-tailed rock wallaby, which was previously thought extinct and whose numbers declined due to fur hunters and fox predation. We have done a great deal of work in captive breeding programs for them, and we are now at the point where we can release them back into the wild.

The species I have probably had the most experience with over the last two years has been the eastern barred bandicoot. I have been able to get out to your area, Mr O’Brien, in Hamilton, and see the work that DSE, now

DEPI, has been doing there with its predator-proof fencing. We have been able to get that species thriving again. Zoos Victoria has also run a very important captive breeding program within Werribee zoo. I was really pleased to be part of a group that released some of that species back into an area at Werribee zoo that is also predator proof.

It is really important to note too that there are other private individuals who are doing some really good work here as well. Up at Mount Rothwell, near the You Yangs, there is an individual who has fenced off a very large part of his property and is making sure that the eastern barred bandicoot, the spotted quoll and other species are protected there and the numbers are being raised to the point where they can be introduced back into the wild at some point.

The work that we are going to do with this money is really to ensure that the sort of work that we are already doing with those species that I mentioned continues. As I say, it is very important to protect these threatened species and our native vegetation as much as we can.

A component of that \$16 million is also, as I said in the presentation, going to be used towards monitoring the outcomes of what we do. For a long time it has been very difficult — and all previous governments would have said that — because with environmental work there are really very few accounting measures to say if the money you have been putting towards funding certain aspects is actually achieving anything.

There is an international standard now, and some of that \$16 million will be used to bring Victoria's work in this portfolio up to meet those new international standards so we have a very clear understanding of the changes of condition in environmental assets and the status of critically threatened species. This accounting means we can really monitor the improvements in targeted native vegetation habitat and we can monitor the increased protection of those targeted threatened species' habitat as well.

Monitoring and getting clear and tangible outcomes that we can communicate to the Victorian public is a very important part of the work we are doing here. It goes beyond what is traditionally seen as important in this portfolio, which is obviously the protection of those native species and native vegetation but being able to account for the money that is being spent in that area.

Mr FENNESSY — Through you, Chair, I was just going to add a couple of details to that last point, because they might be of interest to the committee. This environmental accounting work has been developed with the Australian Bureau of Statistics and also the United Nations statistical division. In Victoria, for the first time across Australia, we published the first land accounts for Victoria. That is the first one that has been published in Australia. That was done with the ABS. For the first time we can actually show what we are getting for our investment into environmental catchments.

I mention this because yesterday a good question was asked by the committee as to how we know if the fox baiting programs are making a difference, for example. This allows us to measure that with respect to both agricultural benefits like loss of livestock, but also environmental benefits, and the minister has already mentioned quolls, bandicoots and so on. This allows us to take a very specific accounting point of view to the assets across our catchments. It is very exciting work, we are investing in it further and we are doing that as well with the Victorian Department of Treasury and Finance so that when we are making the case for further investment in catchments, we can do it on the basis of hard accounting. Given PAEC was asking about this yesterday, it is good to make that point as well.

The CHAIR — Thank you; that is very useful.

Mr SCOTT — Minister, I take you to budget paper 3, page 94, and the departmental mission statement. I had a scan of the mission statement and I made a comparison with the last budget mission statement prior to the amalgamation. I could not find this year any reference to the term 'climate change' in the mission statement. Earlier this year you launched the climate change adaptation plan for Victoria.

Mr R. SMITH — Adaptation plan.

Mr SCOTT — Adaptation, yes, sorry. Can the minister outline what programs and what funding has been allocated in this budget to climate change adaptation?

Mr R. SMITH — Sure. You will see in that, while it does not mention climate change, it does mention adaptation policy. I think it is important to put your question in context. There has been a lot of discussion at the Council of Australian Governments select committee on climate change, and it has been agreed through those discussions that the principal role of the states in this space is in adaptation, but the federal government would take the lead in mitigation. That is borne out, if I can just refer to a copy of the *Roles and Responsibilities for Climate Change Adaptation in Australia*, which was put out for community discussion by the select committee. In that it says:

The focus for state and territory governments will be on ensuring appropriate regulatory and market frameworks are in place, providing accurate and regionally appropriate information, and delivering an adaptation response in areas of policy and regulation that are within the jurisdiction of the state. This includes key areas of service delivery and infrastructure, such as emergency services ...

It is very clear that the select committee, which was represented by all environment ministers across the country, feels that adaptation is the space for the states; and if I can labour the point to say that that is agreed to by the LNP in Queensland, Liberal-Nationals coalition governments in New South Wales and Victoria, and even the Greens climate change minister in Tasmania. It is very clearly supported across the country and across all governments.

Having said that, you ask what we have done specifically and I think it is fair to say with the release of the adaptation plan that you mentioned, we have already done a lot and the adaptation plan sets out our principles; our principles being that we will manage the risks to public assets and services, manage risks to natural assets and natural resource-based industries, build disaster resilience and integrated emergency management, improve access to research and information for decision making, support private sector adaptation and strengthen partnerships with local government and communities. The adaptation plan sets out by portfolio as well as by region all the over 50 actions that we are already taking in the adaptation space.

In addition to that, we have spent \$13.6 million on coastal planning programs, \$6.45 million towards the Bushfire Cooperative Research Centre, \$3.7 million to the Victorian Centre for Climate Change Adaptation Research, \$13.7 million to Future Coasts inundation data sets — I was at the Bass Coast shire earlier this year and they said that work was just invaluable to the planning that they are doing going forward; \$5.67 million through the sustainability accord for 57 projects that support local governments right across the state to develop regional adaptation plans; and most recently through the Victorian Adaptation and Sustainability Partnership we have allocated \$6 million for them to do work around adaptation planning and infrastructure that will support adaptation.

We have been very active in this space. Certainly we have taken our responsibilities, as put forward by COAG, in a very serious manner and we have delivered on, as I said, a number of projects, with an adaptation plan that has been a very important part of guiding where we are going. Just to put this in context though, if you will indulge me, Chair, while we have taken our responsibilities around climate change and by extension adaptation very seriously, the federal government which has responsibility for mitigation, as agreed to by the national jurisdictions, cut a number of their mitigation programs in their last budget — in fact a total of \$1.8 billion worth of mitigation programs.

If I can just run through them to give the committee some context. We have had \$500 million cut from the Carbon Capture and Storage Flagships program, \$29 million from the coal mining abatement technology support package, a further \$274 million for the coal sector jobs package, \$45 million from the Global Carbon Capture and Storage Institute, \$98 million from the Low Carbon Communities, \$88 million over two years from the National Low Emissions Coal Initiative, \$370 million over three years from the Australian Renewable Energy Agency, a further \$235 million from the non-Kyoto carbon fund and another \$160 million from the education investment fund for research into large scale solar.

While we take our responsibilities as agreed by the select committee very seriously and we are delivering, as I said, a number of projects through the adaptation plan and prior to that as well, and with \$6 million going forward, it seems that our government colleagues, for want of a better phrase, in Canberra are not taking their mitigation responsibilities as seriously as what they expect the states to do. For what was labelled as ‘the greatest moral challenge of our time’ to cut \$1.8 billion from their mitigation programs is just extraordinary.

Members interjecting.

The CHAIR — Order!

Mr R. SMITH — I think it is fair to say, and demonstrable in my answers, that we are — —

Mr PAKULA — You should tell the minister to stop being so absurd.

The CHAIR — Order!

Mr R. SMITH — If I can take up the interjection, Chair. If the Deputy Chair believes — —

The CHAIR — Minister, no.

Mr R. SMITH — If I can continue, I certainly do not think the millions of dollars that I have announced are absurd. I think they are a very important part of making sure that we manage adaptation risks right across the state, that we work in concert with the community, with local government and with business, so that everyone is very clear about our responsibilities. This, I would argue, is the most comprehensive adaptation plan in the country. It is work that both myself and the department are very proud of and we are certainly putting in the funds to back it up.

Members interjecting.

The CHAIR — Order!

Mr SCOTT — I was listening carefully to your response, Minister, and you were talking about the gratitude for funding that was already in place. Some of the announcements you were making seem to be programs that had been announced in prior rounds of funding. Could you identify the funding that is in this particular budget, the 2013–14 budget?

Mr R. SMITH — Yes, as I say, on top of the over 50 actions that we are taking, which are detailed in the adaptation plan, on top of the quite substantial amount of money that we have already put towards this, we have already announced in these early stages \$6 million towards the Victorian Adaptation and Sustainability Partnership, which will help local governments. Local councils through that partnership bring their ideas about the sort of support that they would like to see in this adaptation space, so we can structure both targeted and competitive grants. We can offer a one-stop shop to them for any adaptation knowledge, mapping, any things of that nature that they feel they need. Certainly through both the COAG process and the stakeholder consultation that we have had here in Victoria, the need for that one-stop shop has been made painfully clear by them and, as I say the early work we have done in this space has been supported by local government.

Mr O'BRIEN — Minister, further to your presentation and your earlier answer, and noting that the carbon tax is in fact the highest in the world and a tariff on Victorian jobs and the Victorian economy — —

The CHAIR — Is there a question?

Members interjecting.

The CHAIR — Order! It would assist the smooth running of the rest of this session if members could simply ask questions, and then listen to the answer; so can we have a question without the commentary?

Mr O'BRIEN — I wish the feds could do something about the smooth running of the economy, but I would like to ask you about the *A Cleaner Yarra River and Port Phillip Bay* initiative listed in Victorian budget paper 3, page 12. I would ask you, Minister, could you tell me what the government is doing to help address the impact of litter and how this budget initiative aligns with the action plan that you released last year?

Mr R. SMITH — Mr O'Brien referred to the *A Cleaner Yarra River and Port Phillip Bay* action plan, and I just want to give the committee some context around that plan. It was late in 2011 when we had a fairly severe algal bloom in Port Phillip Bay that it became apparent to me that there were a number of agencies, be it the then Department of Sustainability and Environment, the EPA, the Port Phillip and Western Port Catchment Management Authority, local governments, who all did work around both the Yarra River and Port Phillip Bay but they were not working in particular concert with each other. Given that we identified that these agencies between them were going to spend in the order of \$1 billion over the next five years, I thought it was prudent

for the Victorian taxpayer that we get some structure around that spend to ensure that that spend had some framework around it, to ensure that that spend focused on some particular outcomes, one of those outcomes being good water quality.

What I did is bring together representatives from various agencies to a task force, and that task force addressed some of the issues that needed to be addressed, and the plan came out of that. The \$7 million that is in this year's budget will support some of the work that we want done through this plan. We want to make sure that we support on the ground action, and it has been a very big focus of this government to ensure that environmental priorities are driven from the ground up. It is much more important than having the government sitting in Spring Street telling local communities what their priorities should be. By putting out a broad brush-stroked action plan we can then help local communities understand what we are willing to support and are able to support, and within those parameters those local committees can tell us where to direct our funds. We think that is very important.

A number of issues were raised as we looked at the issues that affect Port Phillip Bay, and litter was a clear one. Mr O'Brien raised the fact that we are going to address this, and we released a litter strategy earlier this year. That litter strategy really talks to changing community opinion around litter, certainly increasing regulation, enforcement and prosecution — I say 'prosecution', but upping fines, things of that nature — and making sure that we do remove as much litter from these waterways as possible. I have been down to the Yarra River and seen some of these rubbish traps, or litter traps, with Parks Victoria. It is just amazing after extensive rains how much of what we throw in the streets does end up in those waterways and subsequently out into the bay.

I also had some work done recently by the Victorian Coastal Council which canvassed community attitudes to our beaches. Part of it was wanting to get a good idea of where the government should be directing its funding and what the community attitudes were around coastal erosion. While those issues were deemed very important by the community, the issue of litter on our beaches and around our waterways was the clear winner, if you like, of issues that concern people. So between the A Yarra River and Port Phillip Bay action plan and the litter strategy we are targeting these as much as possible.

Can I just say with the plan of action for the Yarra River and Port Phillip Bay, we have already done a fair amount to cover off on the 17 actions that are in that statement, so it certainly has not been sitting on the shelf gathering dust. We have added community members to the task force, a representative from the Yarra Riverkeepers and a representative from the Dolphin Research Institute, and they will be the people who along with the agency representatives will help drive the implementation of the action plans. I think it is very important that we include the community in this, so they can have confidence that they are, firstly, very aware of what we are doing, and secondly, can have that oversight of ensuring that those action plans are actually being put into place.

We have also had the task force recently endorse the Port Phillip algal bloom response protocols, so we do not have that same situation we had in 2011 where people were sort of going, 'We don't really know who is in charge of taking samples, monitoring it and dealing with it'. Now we have got a response protocol in place. We have launched the beach report partnership between the EPA and Life Saving Victoria, so that good water quality information is available to members of the public in a very clear and concise way, and through a number of different community grants — restore the river, protect the bay and Communities for Nature — we have funded already just \$140 000 to local community groups to do that on-the-ground work.

The Communities for Nature grant has a couple of other rounds coming, and certainly we will be looking to rigorously assess those projects that come up in relation to maintaining the Yarra River and Port Phillip Bay. But I am sure there are a lot of very passionate community and environmental conservation groups who will certainly be putting their hands up for some funds to assist them in doing a lot of the work that supports the action plan and supports our litter strategy. Certainly as a government I am very proud of the fact that we are able to support them through these grant processes.

Ms HENNESSY — Minister, can I just take you to budget paper 3, pages 107 and 108? We can see there that there is an additional 8.7 per cent cut in funding to statutory activities in environment protection, but also it is the change in the output measure in relation to air quality that I wanted to ask you about. Can you explain if that means that the EPA will only be able to act where a prosecution is likely, and will air quality monitors still be used and monitored by the EPA?

Mr R. SMITH — Certainly the EPA does take reports of poor air quality very seriously and obviously monitors those and sees the source of that poor air quality. It also does a lot of work around doing its own monitoring; it does not just all have to be driven by a community report. Certainly the EPA is very clear on where its sources of problems are and does a very good job of making sure that the regulations are adhered to as much as possible. Have you got any further detail on that, Paul?

Mr P. SMITH — Only that the EPA is taking a risk focus to its work, so it is looking at where the key areas of risk for air quality and other pollution hotspots are and putting its attention into addressing those.

The CHAIR — Is there a supplementary?

Ms HENNESSY — Yes, because we certainly have a hot spot out west, in the Brooklyn area, and that is constantly showing results outside the safe range. In light of the budget measure output changes and in light of the 8.7 per cent reduction are you in a position to guarantee the committee that the work in the Brooklyn area will not be affected by any of the funding reduction?

Mr R. SMITH — No, and in fact quite the opposite. I have spoken at length to the member for Williamstown, Wade Noonan, and got a very clear understanding of his views of the issues that are out there, and he is obviously talking to his community groups. The local councils put out a plan that they put together with a lot of input from the EPA, and we are in the middle now of currently evaluating that particular program. I am getting a brief coming up shortly on the responses that the EPA has had in recent times and what they have done to try to improve the quality there. We are working very closely together, between the EPA and local government and myself. I am scheduled to actually meet with community groups in the next little while — I cannot tell you exactly when, but it is on the agenda — and I undertook to the member for Williamstown that I would keep him in touch with what was going on. So we certainly have a very clear focus there. We understand the problems. I certainly have a firm view that we all should enjoy the best air quality we can, so working in concert with those other agencies and, as I said, the member we will very actively get a solution.

Mr ONDARCHIE — Minister, I want to talk about slide 5 that you put up today and also budget paper 3, page 13, where you talk about the waste and resource recovery sector. Could you tell me what the government is doing in that area?

Mr R. SMITH — Excuse me for a sec.

Mr ONDARCHIE — Associated with getting full value, Minister. I hope you get better value out of your health condition, too.

Mr R. SMITH — I have had quite a focus on the waste sector over the last couple of years for a number of reasons. Firstly, the anecdotal feedback that I had very early on that there was not a clear strategy around waste recovery and waste management. If we couple that with the Auditor-General's report — and I am not having a swipe here — the fact of the matter is that the auditors-general over the previous 10 years did say with regard to addressing waste management and waste recovery that waste management arrangements were not clear, that there was ineffective implementation planning, that there was inadequate monitoring and evaluation of the Towards Zero Waste program, that the measurement of Towards Zero Waste targets were poor and that there was inadequate knowledge and management to measure performance against targets. So in response to stakeholders and also to the Auditor-General's report, we undertook a waste policy review that really focused on the strategic, legislative and institutional settings that influence waste management, and we wanted to address the issues that relate to solid waste management, commercial and industrial waste, and construction and demolition waste.

It has been quite a process, but we are in the process of developing a statewide, integrated approach that goes beyond managing waste but also tackles all the issues surrounding that. I launched the *Getting Full Value* policy a short while ago. That is the Victorian waste and resource recovery policy, which sets out our vision for waste and resource recovery in Victoria over the next 10 years. It really clearly sets out our policy priorities. The budget is putting \$12 million toward supporting this particular policy. Not only do we want to make sure that any potential commercial investor in this space has a clear understanding of what we are trying to achieve, but we do also want to make sure that our stakeholders have a very clear understanding that the government is committed to having an integrated process.

We have done a number of things already in this space, too, as a precursor to our policy — things we thought needed to be done immediately. What has been really good about the work we have done this space is that it has not been ad hoc; we have thought very carefully about the work we are doing. To give you an example of how we have managed a waste stream from start to finish, one example that springs to mind is that Veolia has an organics processing facility in Bulla. They needed some certainty around the feedstock, so we partly funded a campaign across the 11 northern councils to ensure that we had a consistent message out to householders about how to recycle their organic waste.

That was the first phase, the phase of education, which we have done across a number of local government areas now, particularly with our Get it Right on Bin Night campaign, which again is giving that consistent message across the regional councils. But in this particular case we got the feedstock in; it has been processed. We understood that it was easy to rest on our laurels at this point, but the fact of the matter is that some of the end markets such as the organics market were not particularly mature and so we understood that we had to invest funding into developing some of those end markets. We have done a few different trials, and in one particular case some of the processed organic material from this particular facility has been used in a trial fashion as fertiliser for, I think, canola crops out in the west of the state.

Being able to have that holistic approach to the waste stream of education, getting the stuff in the processing facility and then having a market for it at the end I think shows the market and our stakeholders that we are very serious about ensuring that when we do recover waste from landfill we are actually putting it to good use.

One of the other things we have been able to put funding towards has been the Resource Recovery Infrastructure program. We have allocated \$6.5 million to that, and that is really to offer funding to support the expansion of Victoria's resource recovery infrastructure. We will focus on some materials like timber and plastics with that grant round. We have put money towards building Victoria's organics recovery facilities; we have put funding towards doing feasibility studies to see where we can put organics processing facilities in the south-east and the east; and there are a number of other programs which are far too numerous to mention at this point.

Mr ONDARCHIE — I might want to hear them.

Mr R. SMITH — I am very happy to go through them. Do you want to hear them? If the committee member would like to hear them, I am happy to go through them.

The CHAIR — He may perhaps like to ask another question.

Mr R. SMITH — The important thing about this waste recovery infrastructure and the grants we have done there through the Resource Recovery Infrastructure program and the Driving Investment for New Recycling program is that not only have we got the great environmental outcome of getting a lot of this stuff out of landfill but we have identified through this grants process up to a \$200 million pipeline of commercial investment in waste infrastructure recovery.

Just with the \$3 million *Driving Investment for New Recycling* grant we generated an additional \$11 million of commercial investment and around 70 jobs will come as a result of that \$3 million investment, so it is important. Intuitively the environment portfolio is not always seen as an economic and jobs driver, but in the space of waste recovery, waste infrastructure and waste management there certainly is an enormous amount of opportunity to attract that commercial investment into the state, and with that of course come a number of job opportunities as well.

Mr PAKULA — Minister, I want to take you up on an answer you gave to an earlier question about the bay action plan and the Port Phillip Bay task force. You talked a bit about the \$7 million over four years in the budget and you talked primarily about litter; I am wondering what the task force recommendations say about things such as sewage outlets, beach erosion and beach replenishment and what funding is available in the budget this year to deal with those matters.

Mr R. SMITH — That is a good question. If I can go back a step as far as discharges into the Yarra River, one of the things that I have raised in the past is that through having a good discussion with business we were able to actually cut off Mobil's discharge into the Yarra. While they were doing all the right things according to their licence and while the wastewater they were putting into the Yarra was at a standard that was acceptable,

while it was technically acceptable I do not think there was a community acceptance that a large multinational such as Mobil should be putting wastewater into the Yarra.

Through a discussion with them and I guess this shows how government can work very closely with business to get some really positive environmental outcomes — they committed to cutting off that discharge in a much earlier time frame than they were going to. I think that was a very important step forward from a community aspect but also from an environment aspect, and it shows that in keeping with the theme of my environmental statement, *Environmental Partnerships*, we can all work together very well to get some really good outcomes.

With regard to particular funding to address discharges and litter, a lot of what we are doing — and again I talk about — —

Mr PAKULA — No: beach replenishment and erosion. I asked about outlets, beach replenishment and erosion.

Mr R. SMITH — Yes; you also mentioned litter too, though.

Mr PAKULA — No, I said you had already talked about that.

Mr R. SMITH — I beg your pardon.

The CHAIR — That was a supplementary.

Mr R. SMITH — Sorry. As far as beach erosion is concerned — and this is not necessarily connected to this particular statement, although it will have ramifications around Port Phillip Bay — further afield along the whole length of the coast we do have to address those coastal erosion issues. As a priority, as I have said before, the government has to work with communities to make sure that they tell us where their priorities are, and much of the \$7 million in funding will go towards those community groups to tell us where they think we need to direct that funding, to show us their priorities. Much of the funding will also go towards the development of regional coastal plans in conjunction with the Victorian Coastal Council and the regional coastal boards, and obviously local government will have a big impact on that as well.

If you are asking directly what part of the \$7 million will go to what particular coastal erosion, then my answer will be that the community groups through the grants process and through some targeted allocation will be able to make those decisions about where to direct the funding down the track.

Mr PAKULA — I was not specifically referring to that \$7 million necessarily, because I think I am pretty clear on what that is for; I am asking more generally in the budget what there is.

Mr R. SMITH — Did I say seven?

Mr PAKULA — Yes.

Mr R. SMITH — Sorry, I beg your pardon; go on.

Mr PAKULA — What I am asking about more generally is: what is there in the budget to deal with issues about beach erosion and replenishment over the forward estimates?

Mr R. SMITH — I will just correct myself. It is not 7 million, it is actually more; it is \$9.1 million that we are allocating towards the coastal environments program. Specifically to address coastal erosion will be this \$9 million — aspects of that — according to the regional coastal plans, the overall coastal strategy that we are putting out and the identification of community priorities. The allocation of the \$9.1 million will go to those priorities as put forward through those processes.

Mr ANGUS — Minister, I would like to follow on from the deputy's question, and I refer you to budget paper 3, page 14, in relation to the coastal environments program, and I note again that you touched on that in your earlier presentation. Can you please inform the committee as to how this initiative will support adaptation to climate change, priority coastal works and helping our Coastcare volunteers?

Mr R. SMITH — I guess it is a bit of a follow-on from the Deputy Chair's question, but certainly the \$9 million that we are putting towards coastal issues, coastal risks, will be very clearly addressed by this particular funding component. We certainly acknowledge that there are some real challenges around coastal issues. Recently I was out with the member for Sandringham, Murray Thompson, having a look at some of the coastal erosion that is going on there — coastal erosion that will impact on a walking path at the top of the cliffs that has been there for, I think Murray told me, over 100 years. I certainly do not think I should doubt his word; he is very knowledgeable on these matters. The coastal environments program that we are funding here will reduce the impact of coastal hazards and better manage the government's duty of care and liability for coastal Crown land, and, as you say, it will improve support for Coastcare volunteers.

To give a bit of a split-up, as you said, the Coastcare groups will be able to access competitive grant funding. There will also be prioritised allocations of funding in response to the regional coastal plans that come up. As I said, we are working very closely with the Victorian Coastal Council and the regional coastal boards to make sure that we do target priorities and, again, the priorities that have been raised by their local communities. The grant rounds will be there to support on-ground work undertaken by Coastcare Victoria volunteers and will provide financial assistance via grants to coastal Crown land managers, committees of management, local government and bodies of that nature for programs to help reduce coastal risk. We will be looking at works that focus on risk identification, assessment and evaluation, and risk monitoring, and again the money will support those strategic, risk-based regional coastal plans as well.

It is important that we continue to work with those volunteer groups. We have done so very successfully through Landcare. There have been a number of Coastcare grants that have gone out over the last couple of years, and we will continue to support them through the \$9.1 million in this budget.

Mr SCOTT — Minister, I would like to refer you to budget paper 3, page 11, and there is an output there for 'Maintaining services for river red gums parks and reserves', which is \$2.3 million. I understand that that funding will fund 13 Parks rangers and 11 field support officers. In the 2009–10 budget there was an allocation for river red gums that totalled, by my count, \$32 million, which ranged from 7.7 million to 6.9 million over four years — it went to 8.6 and 8.8 and then 6.9 from 7.7 when it started. Obviously the funding in this budget is less than that amount. What changes are planned for the program given the reduced level of funding? Has there been a reduction in the number of staff who are working in the river red gum program?

Mr R. SMITH — No, and in fact it is quite separate to that. The previous funding was there to establish the area as a national park, so that is quite separate to the funding that has been allocated in this particular budget. The funding that has been allocated in this budget has been to maintain the rangers and the officers that you already mentioned, so the difference is because the funding, although for the same area, is for quite different things: one was for the establishment of a national park; the other one was very clearly for the employment of people to manage that, making sure that as a national park we can still maintain what we need to maintain.

Mr SCOTT — I note that the funding in this current budget is only for one year, if I am reading it correctly. It only appears in the 2013–14 budget; there is no other funding line item that relates to the out years beyond 2013–14.

Members interjecting.

The CHAIR — Order! The minister to respond to Mr Scott.

Mr R. SMITH — It is not unusual for staff to be allocated in this way, and in fact when we came to government there was what I will term, as we term these things, a lapsing program of I think 64 Parks Victoria rangers, which we continue to fund. There was previously under the previous government and in budget papers gone by very clearly an employment of rangers with an end date. To set the context, it is not unusual to account for the employment of field staff in this way.

What I can say is that over the next year Parks Victoria will be considering the appropriate level of service for the parks and funding priorities as a whole, and we will be making sure that, certainly as a national park and as an area that the locals are very passionate about, it will be well resourced, but I think Parks will take into account going forward over the next year the level of service that is required. Without locking in a particular level of staff that are needed in that area at this point, we are certainly very aware that we need them at this

point, but the Parks Victoria executive will make a decision going forward about the appropriate staffing levels that are needed.

Mr O'BRIEN — Minister, I would like to refer you to budget paper 3, page 96, which has an objective indicator listed there as:

Percentage of bushfires controlled at first attack and/or under 5 hectares to suppress bushfires promptly, keep bushfires small and minimise loss

Could you please advise the committee how your portfolio assists in bushfire suppression — I know that you have the chief fire officer with you today — particularly given the high fire season that Victoria, and western Victoria indeed, has experienced?

Mr R. SMITH — I think it is a great opportunity to acknowledge the great work that is being done by our DSE or DEPI staff and our PV and CFA staff as well. The performance indicator shows how well we are doing in this area. The indicator, as you said, basically measures success in two forms: the percentage of fires attended by DEPI and controlled by 8 AM in the following day; and the percentage of fires attended by DEPI and controlled with a final area of less than 5 hectares. In 2012–13 we are aiming to control 80 per cent of bushfires at first attack or under 5 hectares, and at this point, nearing the end of the financial year, we are certainly on track to meet this target. To put in context that work, as at just last week the department had attended 863 fires, which had impacted over 200 000 hectares. It is an amazing job, and by comparison, in 11–12 the department attended only 380 fires — I say only, but by comparison — which impacted only just under 5000 hectares for the same period. So the amount of work that has been done by Victorian firefighters has been just incredible.

We have over 2350 trained or accredited departmental or networked emergency organisation personnel who contributed to the bushfire effort. We also have to give due recognition to the support crew, and I met with some of these when I was up at the Ovens incident control centre during the fires that we had up in that region earlier this year. The support personnel do so much work around organising meals and transportation and things of that nature. They are every bit as dedicated as the firefighters that we see on the ground, so full credit to all of them.

Many of the fires that we dealt with using fire suppression during this bushfire period were in very steep and rugged terrain. If you look at some of the photos or get out there to where some of these fires were burning, the work that the DSE firefighters did was just incredible. We were also able to bring in some New Zealand and New South Wales firefighters to help us out. I think it is just fantastic the way firefighting units from across borders always pitch in to help each other, and certainly we were able to send some of ours over to Tasmania as well. There have been international exchanges of firefighters over the years, and it is good to know that when we are in need we can call on these people from other jurisdictions to help us out.

We had 40 aircraft also during this fire season to help us with the suppression of fire. We had an enormous amount of bulldozers and fire tankers and other firefighting vehicles out and about. With all of that effort combined, I think we can be justifiably proud of the efforts of our Victorian firefighters. Do you want to add anything at all to that?

Mr GOODWIN — I will, thank you, Minister. Chair and committee, the minister has covered it fairly comprehensively, but just some points to note I think. We have had, from the network of organisations I refer to under DEPI — our partner agencies across government — over 2300 personnel involved in the fires throughout the summer. That is more than 30 000 working days across that time, so quite a large effort. As the minister has said, 860 fires affecting 200 000 hectares is what we as DEPI and our partner agencies attended. That is about a 19 to 20 per cent increase from other years and is certainly more than the 30-year average.

Our specialist area is in incident management team roles and regional control roles right up to the state level. Quite a few of the fires that we saw this year — the Kentbruck fire, Aberfeldy, Grampians and Harrierville — were deep-seated forest fires in rugged terrain, as the minister has pointed out. DSE and its partner agencies certainly have very specialist skills and experience in incident management team roles in those deep-seated forest fires. In fact that is very much the reason for our ability to be part of the state deployment across to Tasmania; they too had deep-seated forest fires, and we were able to assist in those areas, as we have done in Canada, the US and New South Wales in the past. Because of the nature of the terrain and the intensity of the fire, the 290 interstate and international — New Zealand — personnel that we had in were trained, accredited, skilled and fit for fire as per our personnel. We were able to put them to work immediately in those rugged

terrain areas to support the work that was happening in those rugged areas, as opposed to some of the areas of work around the towns of Aberfeldy, Harrietville and others in asset protection.

DEPI also runs a very comprehensive rappel program. We have rappellers that are dispatched out of helicopters for lightning strikes that are in more remote areas. That was a very heavily used program across this year because of the dry terrain and lightning strikes. That program is ongoing, and it was very good this year. We also have a very strong leadership role in base camp facilities, and that was utilised this year in the Grampians fires, down at Kentbruck, at Heyfield, in the fires of Aberfeldy and at Omeo for the Harrietville fires. DSE's ability to camp firefighters, feed them and make sure that they are looked after and prepared for firefighting is a large and significant area of work that we do.

The minister also talked about aircraft. The state aircraft unit resides within DEPI. That is for the procurement of all the aircraft for the state firefighting fleet and also the quality assurance and operationalising of those fleets. It is a very significant part of making sure we have aircraft to support our firefighters. It was a very dry, long season. We saw intense fire behaviour. I, too, commend our people who were out there day after day in overalls in fairly tough conditions and also the support people through the incident control, regional control, state control and back into the agency who helped support that.

I would also just note that while we are doing that and that happens, we also have our key fire personnel supporting the office of the fire services commissioner in his reform program and making sure that that is comprehensive. The work we do, particularly with the CFA, in integrating the CFA, so a lot of work happens prior to the season in terms of our preparedness — our training together, our exercising together and our use of equipment and the way we advance in that. They are the points I would like to make note of.

The CHAIR — Thank you, Mr Goodwin. That was useful.

Ms HENNESSY — Minister, budget paper 3, pages 104 and 105, has some output measures in relation to Parks Victoria managed estates. I want to ask you a question about fire collection in parks and reserves —

Mr R. SMITH — Firewood collection?

Ms HENNESSY — Yes. When we were told that there was a change in the firewood collection in parks and reserves, you said that that was going to reduce red tape. Can you outline why you have had to put in place new regulations to manage the firewood collection process?

Mr R. SMITH — First of all, the removal of permits to collect firewood was an election commitment. I know that other jurisdictions do not hold themselves to election commitments, but we certainly do.

Ms HENNESSY — You should not talk about Barry O'Farrell like that, Minister.

The CHAIR — Order!

Mr R. SMITH — That was not who sprung to mind. Certainly it was an election commitment, one amongst all the others that we felt we should deliver. The main reason for the policy is that many in the country were saying that they had to drive long distances to get the permit — long distances from home — when really the fire collection area was just around the corner. So we have been able to dispense with that and certainly have been able to cut red tape. It did not generate a whole lot of revenue, but it certainly did generate a whole lot of angst from people who did not want to go through that process.

Since we have had the change of policy I think it has, by and large, been managed very well. People who do the wrong thing are prosecuted, as they were previously. You cannot go out and cut down your own trees, you cannot take what you should not be taking and you cannot, under the new legislation, collect firewood outside of the times or the seasons that you are able to. So I think it is important to note that it is a measure that was an election commitment and that we have cut that red tape.

As far as the regulations are concerned, which changes are you looking at specifically?

Ms HENNESSY — I suppose really the nub of my question is when you have got people having to show drivers licences. They have to show a drivers licence to get into the Barmah forest, for example. And you would

be aware of coverage in newspapers like the *Weekly Times* which says, 'Look, things are out of control, and we've got people from Melbourne coming up basically unlawfully getting the firewood'.

Mr R. SMITH — Yes.

Ms HENNESSY — Really, how is it that you are satisfied that it is such a success when some of the community feedback seems to be at complete odds with those government assertions?

Mr R. SMITH — Yes; thank you for that. I certainly would not want to accuse the media of overexaggerating a situation — I am sure none of us would — but the community feedback —

Ms HENNESSY — Them's fighting words to the *Weekly Times*, Minister!

Members interjecting.

The CHAIR — Order!

Mr R. SMITH — No, I certainly do not think that they would possibly exaggerate a situation at all. But I think it is fair to say that showing licences obviously is making sure that people who have previously been in to collect firewood on the same day are not back again taking another load. I think that is quite within what would be expected in regulating the collection of firewood. The feedback that I have had has been positive. There have been a few isolated cases. DSE or DEPI will continue to regulate the collection of firewood, making sure that people do not take more than they should and making sure that people from outside the area are not taking it. It is regulated, as are so many regulations and laws throughout our public space. It will continue to be so.

Ms HENNESSY — Are you satisfied that the matter is being enforced effectively and properly?

Mr R. SMITH — I am satisfied that DEPI staff are doing what they should be doing out there to ensure that regulations and laws are being maintained.

Mr ONDARCHIE — Minister, I want to talk to you about increased planned burning. You know that I live very close to where those tragic 2009 bushfires occurred and that I lost friends and my children lost friends, and I know you know the area very well. Sadly, people still take their lives as a result of that tragic bushfire. In budget paper 3 on page 14 you refer to the increased planned burning initiative. I want to know how that is progressing and also how the program went in 2012–13.

Mr R. SMITH — The bushfire royal commission made its recommendations around this issue, as well as others, and it said — if I can just quote from the report — that:

Prescribed burning is one of the main tools for fire management on public land. It cannot prevent bushfire, but it decreases fuel loads and so reduces the spread and intensity of bushfires.

The commission said it was concerned that:

the state has maintained a minimalist approach to prescribed burning despite recent official or independent reports and inquiries, all of which have recommended increasing the prescribed-burning program. The state has allowed the forests to continue accumulating excessive fuel loads, adding to the likelihood of more intense bushfires and thereby placing firefighters and communities at greater risk.

The commission was very clear in its recommendation of how to address those issues, and we as a government took on those recommendations very clearly, and we are committed to them. Along with the base funding of \$300 million that we have towards those planned burns, this budget puts an additional \$33 million into the bushfire management and into those planned burns over the next two years.

This financial year we have actually achieved our target — in fact, just a touch over it at 250 000 hectares. It is a phenomenal effort from the DEPI staff and the parks staff and the CFA staff who were involved in that. It is a target that has not previously been seen — certainly not in my lifetime — and it is very impressive. Just to put it in context, in the 10 years prior to 2010 there were years where less than 20 per cent of that had been burnt and an average over those 10 years of only 100 000 hectares. It is important to make that point to illustrate how —

Mr PAKULA — It would not have related to drought, would it?

Mr R. SMITH — Sorry?

Mr PAKULA — It would not have related to drought by any chance, would it?

Members interjecting.

The CHAIR — Order!

Mr R. SMITH — The Deputy Chair makes a comment about climatic conditions.

The CHAIR — I ask the minister — —

Members interjecting.

The CHAIR — Order!

Mr R. SMITH — Or drought. Drought is a climatic condition, is it not?

Mr PAKULA — If you are going to quote me, quote me correctly.

Mr R. SMITH — A climatic condition would be drought, would it not? Sorry, maybe it is not. I thought it was.

Members interjecting.

The CHAIR — Order! Minister, I ask you not to respond in any way to any interjections. It is my job to keep the interjections to a minimum or to have none at all. It is your job to not respond to them in this context. I would appreciate it if you proceeded with the answer to Mr Ondarchie's question.

Mr ONDARCHIE — We are only part-way through, Chair.

The CHAIR — I am aware of that. I am inviting the minister to proceed.

Mr R. SMITH — As I said, we are getting over 250 000 hectares, last year a touch over 200 000 and the year before 187 000 hectares, and can I say that we reached those targets in quite severe climatic conditions. The first two years were in circumstances where there were quite severe floods. Much of the state was under water, yet we still achieved some significant targets. This year, in the climatic conditions of intense bushfire — bearing in mind that we do not count bushfire hectares towards our planned burning process — we managed to achieve the sorts of targets that I am talking about, which are a credit to those who are on the ground doing this work, and particularly when I put it in the context of a severe bushfire period, where it was only a matter of a couple of weeks. You can correct me if I am wrong, Alan. We went from suppressing bushfires to progressing the planned burning program. There was very impressive work by those on the ground. As far as getting to the targets and our financial commitment to achieving targets into the future are concerned, we are certainly well on track.

But we are not only committed to the on-the-ground works. We are also doing a lot of work around developing a risk-based strategic approach to fuel management on public land. We want to have a program that is based on the risk to human life and critical assets. We want to have an approach that helps us make evidenced-based decisions around bushfire management and also allows us to assess the work we have done and make sure that we have the policy objective of reducing the risk of bushfires while having an eye on property and critical infrastructure, and certainly on ecosystems.

We have the on-the-ground work and the work that we are doing to evaluate the outcomes of what we are doing. May I also say that we have involved the community very heavily in the work that we do. The fire operations plans that we have in place are structured after a lot of consultation with the community. We talk at length to those who have vineyards or tourist operations. We make sure, as much as we can, that we limit the impact on those operations, bearing in mind that our first responsibility is to the protection of human life and country communities. Where we can, we will limit the impact on those bodies, but, as I said, our overarching view is that we have to maintain the protection of those country communities, so we do burning when we can.

In addition to the burns that we have done — the 250 000 hectares — we have also prepared another 220 000-odd hectares. That means there has been a lot of slashing work, a lot of mulching work, a lot of work that prepares areas for burns for when the climatic conditions are right. When the weather is good, we know that we have places that we do not have to pre-prepare. They have already been pre-prepared well in advance. An example of that would be in my own electorate in the Warrandyte State Park, a forest that is bounded on many of its edges by residential areas. Late last year, I think it was, I was down there looking at the work that had been done to clear vegetation away from those fence lines to make sure that those residents in my community are safe. That work is being replicated right across the state to ensure that we continue to protect those country communities.

But we have moved a long way over the last two years. When we ramped up our planned burning program in 2011, we had not yet had the opportunity to have a strong engagement with our communities about when we were going to do it, how we were going to do it and in what circumstance as we were going to do it.

Mr ONDARCHIE — Communicating with them around that?

Mr R. SMITH — Yes. But over the last couple of years and under the leadership of both Ewan Waller and Alan Goodwin, we extensively consult with communities now. As I said, the fire operations plans are the result of a lot of that consultation. As we get to burning periods, we heavily advertise to make sure that people know not to be concerned about the sight of smoke in the air. By and large, I think most communities understand what we are trying to achieve — certainly those ones that have been affected by fires in the past. I think it is a very positive thing that we have that open dialogue with our communities. Alan, would you like to add anything on this?

Mr GOODWIN — Just a couple points on those, if I could. The minister has covered the topic pretty comprehensively. I think the risk-based approach is very important to the way we go forward, and we are doing that in parallel with achieving the targets each year. That will be about the whole public land estate. Obviously as a priority for protecting life and property but also looking at the vast areas of remote country where we have seen some of the fires like this summer.

On the minister's earlier point, there was a time at some point this year where we were suppressing fires in one part of the state and lighting planned burns in the other. The interface was that close this year. On community engagement, I think the specific work we have done with vignerons, apiarists and tourism, particularly around some of the round tables that we have had both on a state level and a more local level, have been a success in having the dialogue quite open around planned burning. On the 250 000 hectares that we have achieved so far this year I, too, commend our people. It has been a fantastic effort. The same people who were fighting the fires remotely in the rugged areas during the summer are the people who are also putting fire in the landscape.

We are always subject to the weather and conditions. This year we have had a late start to our planned burning program due to the dryness and the fire season we had, but we have also had a dry and late autumn, which has allowed us to achieve, but we are subject to that weather all the time. We also have an involvement with a CFA pilot around their involvement in planned burning. This year the CFA would have attended probably just under 100 burns or a bit more, so they are increasing their effort both with equipment and personnel in helping us achieve. I look forward to their contribution further into the coming year.

As we build the program, as we increase the hectares available, the minister pointed out the importance of making sure that we are prepared. Our aim is to have burns planned and prepared and ready to go for whenever the conditions are right. As we speak, the program is not shut down. We will continue to burn as long as we can in the coming days and weeks.

Mr PAKULA — Minister, last year you announced the handing over of the management of the Lake Mountain Alpine Resort to a private operator. As I recall it, there was some government facilitation money in last year's budget to help with that. If that is not correct, tell me. Can you provide details of any improvements to the financial operations of the resort and any details about future lease arrangements and the process surrounding those arrangements for Lake Mountain?

Mr R. SMITH — Thanks for the question. We have some great assets in our alpine resorts. But unfortunately with Lake Mountain and Mount Baw Baw the taxpayer has had to make up a deficit pretty much every year certainly over the last 10 years. That situation is okay to leave if you do not want to do the best by

the Victorian public and you do not want to do the best by the tax dollars that we get in. I saw an opportunity to perhaps relieve the burden on the Victorian taxpayer of funding these two areas. I had discussions with the board about how we would address this particular issue going forward. The board also had discussions and made a decision to offer a short-term leasing arrangement to a commercial operator to see if there were some financial benefits that could be made through having that commercial operator in place — benefits around economies of scale for supplies and staff and things of that nature.

To go to the substance of your question about actually defining what financial benefits we have, it is probably the wrong time to do that because the snow season is not upon us yet and we have not had a full year's worth of that short-term management agreement going forward. So to ask what benefits have been made just in the five months that they have been in place is probably a little too much to ask of them, particularly given that they have not had their winter season yet. I am certainly looking forward to an opportunity to see how the Victorian taxpayer has been benefited by that commercial operation going in.

I think it is also important to note that along with, I guess, the government's philosophy of trying to do the best by the Victorian taxpayer to make sure that we get the best productivity and efficiency for the tax dollar, the Auditor-General did point out that the arrangements for Lake Mountain and Mount Baw Baw were just not sustainable going forward. The report that they put out earlier this year, I think it was, was it not—

Mr P. SMITH — It was last year.

Mr R. SMITH — Last year, really said very clearly that the government of the day had to make changes in some way. We have made those changes and have responded to Auditor-General, but we have also responded to the fact that there has been this deficit, particularly at Lake Mountain, in their operations for some time. I think our responsibility is not just to respond to the Auditor-General but to respond to the Victorian taxpayers and make sure that if there is a way of better using their funds in the alpine resorts, then we should absolutely explore it.

Mr PAKULA — So from your answer, Minister, I suppose I am clearer about your motivation, but not any clearer about what is actually going to happen over next 12 months.

Mr R. SMITH — The outcomes, yes.

Mr PAKULA — Let me ask you this clearly: in 2013–14, which is what this budget is, what will be the arrangement in terms of leasing to private operators and any government contribution for Baw Baw and Lake Mountain?

Mr R. SMITH — Let us just put there from the beginning that the operations of the alpine resorts are in the hands of the board that I appoint. Certainly I give direction, but as far as the operations go, it is up to the board to manage that. That is just to make that clear: when you ask the questions that you have asked, they are mainly, to the great degree, the board's responsibilities. Again, we will not see the financial impact until we get past the snow season. We will have an idea of how things have been managed better than perhaps they have been managed in the past. We will have those economies of scale benefits. I understand that many of the employees that are there over winter, who usually have just a very limited season of employment, will now have the opportunity to go to other locations that Belgravia manage, so we are moving those people on from casual/part-time employment to full-time employment, which is a really good outcome. Again, as I say, we will have to wait and see until after the winter season to get a really good handle on what the outcome will be, but by all accounts things will have been managed better financially, and as a commercial operation Belgravia would not have stuck up their hand if they did not think they could get some real efficiencies out of it.

The CHAIR — Thank you, Minister. That concludes the hearing for the environment and climate change portfolio. I thank Mr Fennessy, Mr Goodwin, Mr Smith and Mr Clancy for their attendance this afternoon. We will have a very quick break and resume with youth affairs very shortly.

Witnesses withdrew.