

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget Estimates 2019–20 (Energy, Environment and Climate Change)

Melbourne—Tuesday, 11 June 2019

MEMBERS

Mr Philip Dalidakis—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Ingrid Stitt

Ms Bridget Vallenge

WITNESSES

Ms Lily D'Ambrosio, Minister for Energy, Environment and Climate Change,

Mr John Bradley, Secretary,

Ms Kylie White, Deputy Secretary, Environment and Climate Change,

Ms Anthea Harris, Deputy Secretary, Energy, and

Mr Lee Miezi, Deputy Secretary, Fire Forests and Regions, Department of Environment, Land, Water and Planning.

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

On behalf of the Parliament, the committee is conducting this inquiry into the 2019–20 Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community—and I think the first couple of days of hearings demonstrate that we are a fine group of PAEC committee members and doing exactly that; well, at least we are. The committee will now begin consideration of the portfolio of Energy, Environment and Climate Change.

I welcome the minister for this portfolio, the Honourable Lily D'Ambrosio, and officers from the department. Thank you for appearing before the committee today.

All evidence given is protected by the Parliamentary Committees Act. This means that it attracts parliamentary privilege and is protected from judicial review. However, witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

Minister, I invite you to make a very brief opening statement or presentation of no more than 10 minutes. Minister, over to you.

Visual presentation.

Ms D'AMBROSIO: Thanks very much, Chair, and thank you to all of you. I am delighted to be here to take questions certainly and provide answers. But I would like to just give an overview about the benefits that are delivered through the budget in my portfolio areas, and, if I may, just take you through a number of the slides that I believe everyone has copies of in front of them, but certainly they are up on the screen. Over the last five budgets we have delivered unprecedented investment, and there has been over \$2 billion in new funding that has been approved. This includes an investment of \$452 million delivered through this budget.

The investment in the portfolio is matched by a record investment from the Sustainability Fund of more than \$700 million since the 2015–16 financial year. It is important to note that this is in contrast to just \$15 million in new funding approved from the Sustainability Fund over the previous four years—that is, prior to the 2015–16 financial year.

In terms of the \$452 million allocated in this budget, the highlights can be summarised as follows: \$297 million is towards management of public land and the environment, including \$66.1 million to manage waste and recycling. This includes \$35 million on immediate priorities that will strengthen the Victorian recycling sector, and this builds on the \$37 million in the *Recycling Industry Strategic Plan* that we announced last year. The other highlight is \$43.3 million to manage fire and emergency management—and I will go through some of the details across the following slides.

If we have a look at the \$297 million gone towards managing public land and the environment, this includes \$154 million to create a ring of new parklands in our growing suburbs across metropolitan Melbourne—that is, the outer metropolitan Melbourne area. There is \$105.6 million to help more Victorians enjoy the great outdoors, with cheaper camping fees, new camping grounds, four-wheel drive tracks and walking trails, and the investment will also create a new Bunurong coastal park on Victoria's Bass Coast. There is also \$11.2 million

to maintain on-ground wildlife management services, deliver the Good Neighbour program to address pests and weeds on the interface of public and private land and minimise the impacts of wild dogs on agriculture and the environment.

In terms of further significant investment we have made in public land and the environment, we have got \$6.9 million to continue the employment of 51 rangers and service delivery support staff; and \$5 million for upgrading the botanic gardens across the state, of which \$1 million has been used towards recreating an Australian garden exhibit in the Dandenong Ranges Botanic Garden.

Further, more than \$43 million is allocated in the budget for fire and emergency management, and that is made up of \$25.7 million to continue the Safer Together program. This funding will enable the department and the CFA to further embed the transformative approach to create a more efficient and cost-effective approach to bushfire management. Some \$17.5 million will go towards the digital radio transition. This is a program of works to upgrade the existing radio software to enable a smooth transition from an analogue network to a new digital network, and I am sure, Chair, this is very dear to your heart. I know that you have made many comments over the years in regard to the need to do these upgrades, so I appreciate your personal advocacy for this.

In terms of waste and recycling, more than \$66 million is allocated, and this includes \$34.9 million of investment in immediate priorities to strengthen the Victorian recycling sector. This builds on the \$37 million package announced last year. There is a further \$30 million to enable the EPA to exercise its powers under section 62 of the Environment Protection Act to begin rehabilitation of the contaminated site at Broderick Road in Lara. This is a site that is posing significant concerns to local communities, and we are taking action to remediate that. So this brings the government's total investment in waste and resource recovery to more than \$135 million. That is a record amount of spend, and our government is delivering that.

Just to go through some of the details of the additional investment for environment protection and climate change: \$34.2 million, made up of \$15 million to support the EPA's transformation and delivery of critical reform, and \$11 million for Crown land remediation at the Fitzroy Gasworks site.

Further, there is \$12 million to improve energy services and support renewable energy. That is made up of \$6.8 million to meet our state's obligations to contribute to the Australian Energy Market Commission—so that is our obligations under the national energy market—and also to support the Energy Security Board. We know that these bodies need to continue to deliver the reforms under the national energy market.

Two and a half million dollars is going towards supporting workplace safety and fairness at work by establishing a licensing scheme for electrical line workers. The scheme will improve safety outcomes and maintain professional standards required to work safely on the electricity network, especially in the post-privatisation era.

In terms of energy, there is a fantastic story to be told. Our government has set very ambitious but realistic renewable energy targets of 25 per cent by 2020, 40 per cent by 2025 and a new 50 per cent generation target by 2030. The targets are supported by the reverse auction for VRET that we held in 2017. We successfully contracted six new wind and solar projects totalling 920 megawatts of new-build generation. This will provide enough electricity to power more than 645 000 households, and this brings forward \$1.1 billion of investment, creating 900 construction jobs and a further 600 retained jobs.

Further, this comes as we continue to deliver on the renewable certificates purchasing initiative. This is the precursor to Australia's largest reverse auction that we held in 2017. We are continuing to deliver this initiative, which supports two new wind and two new solar farms totalling more than 350 megawatts of capacity, generating around \$700 million in investment and around 700 jobs in construction. Three out of four projects are already generating clean electricity for Victoria's grid and the second solar farm is nearing completion.

On top of that, we are continuing to support our funding agreement with the Bulgana green power hub. That is a 194-megawatt wind farm and 20-megawatt battery, which is supporting the expansion of the proposed Nectar Farms at Stawell. It unlocks that investment opportunity by providing secure and affordable clean energy for the farm's proposed hydroponic greenhouses.

We also of course are continuing to support the large-scale battery storage initiative, which has supported the deployment of two large battery storage facilities in western Victoria totalling 55 megawatts and 80 megawatt hours of storage. Both these batteries are operational and providing vital grid services in western Victoria and improving Victoria's energy reliability.

Our energy fairness plan, Chair, is one of those hallmark reforms that will significantly put power back in the hands of Victorian families. The Victorian government understands the issues and price pressures that consumers are facing with rising energy prices and a retail energy market that is failing consumers. It has not delivered the benefits that privatisation was touted to deliver consumers, with very complex, complicated and unfair operations within the market that make it very difficult for the ordinary family to be able to get the best price possible for them. So we are introducing a simple fair price for electricity that will be available to all Victorian households—this is the Victorian default offer—to replace costly standing offers. We went to the election on this commitment; we are delivering it.

We are also extending the power-saving bonus to June next year. This provides a \$50 payment to households who choose to search for the cheapest electricity deal by using the Victorian Energy Compare website.

We are also delivering on a number of other commitments, Chair, that I am happy to elaborate on further, but certainly large-scale batteries have been completed. They have been handed over to the commercial operator, and they are operating in the national electricity market.

Victorian Energy Compare of course—more than 365 000 Victorians have taken that up. More than 330 000 cheques have already been issued. And of course the VRET targets—construction has commenced on a number of windfarms under that auction, including the 336-megawatt Dundonnell wind farm and the 180-megawatt Berrybank wind farm. Of course the *Victorian Greenhouse Gas Emissions Report 2018* was tabled in Parliament at the end of—

The CHAIR: Minister, I am sorry to interrupt you, but we now move to questions. The first group of questions is to Ms Stitt, who has the call until 12.24.

Ms STITT: Thank you, Minister, and departmental officials here today. Minister, after a lovely long weekend, I thought it would be a good opportunity to ask you about the great outdoors package in this year's budget. So referring to budget paper 4, page 58, and the reference under that first table, 'New projects', to 'Historic boost for camping in Victoria's great outdoors', can you take us through this commitment? Is it part of a broader commitment across the state?

Ms D'AMBROSIO: Thank you for that question. This is a fantastic package, and it has been funded. It was an election commitment and it is funded in our first budget, and there is something for everyone here. This is why I am really pleased to go through some of the actual ideas or initiatives that come out of what is a significant boost. It is \$107.2 million. It is an historic investment in the great outdoors, and it is something for everyone.

The package includes a \$12 million amount to cut camp site fees in national parks by half, and that is for all year-round. So no matter when you want to go out—if it is a long weekend, school holidays, the summer, in winter—you have got camp site fees that are going to be cut in half in national parks. There is also \$44.6 million to build at least 30 new campgrounds across the state and upgrade 30 other campgrounds, and this is across the various public land estates—Crown land, parks and state forest also. There is also \$10.5 million that will go to upgrading four-wheel-drive tracks. There are seven iconic four-wheel-drive tracks across Victoria, and this will provide important infrastructure to support the upgrades to those tracks. There is \$19.6 million that will establish a marine and coastal park along the Bass Coast from San Remo to Inverloch, and \$4.3 million to build and upgrade hiking tracks and paths across the state. There is also \$1.5 million to plan there really important iconic Sea to Summit hiking trail in East Gippsland and necessary infrastructure upgrades in nearby parks.

There will also be \$11.6 million in grants to local councils and, if committees have managed it, to build, maintain and vegetate camp sites in natural bush settings and boost conservation and volunteer programs. I am

happy to go through any of the specifics that you seek in terms of particular campgrounds, but I will leave that for you if that is what you would like me to do. Happy to go through those details.

Ms STITT: Yes, it would actually be good if you could give us a couple of examples of the types of improvements we are likely to see in campgrounds and where they are.

Ms D'AMBROSIO: Yes, thank you. As I said earlier, this is sharing the benefits of this budget and our election commitment right across the state. For example, you have got the Glenelg River campground—\$2 million will go to upgrading that with new toilet and shower blocks, walking tracks, more camp sites near the river and upgrades to the nearby Princess Margaret Rose Cave. There is \$2 million to upgrade the Greater Bendigo National Park with new toilets, shelters, walking trails and a variety of camping-style accommodation options. There is \$4 million to upgrade Fraser campground at Lake Eildon National Park. They are just some of the examples, if you like, and the spread of the investment that will be accessible to all Victorians.

There is also the four-wheel tracks. The tracks there, the seven iconic drives, include the Davies Plain drive, Mallee drive, Grampians drive, the Otways drive, River Red Gum drive, Snowy River drive and Wonnangatta drive, and Parks Victoria and the department are working with the four-wheel drive advisory committee and Four Wheel Drive Victoria to determine what work will take place. We want to make sure that the investment, which is a historic, record investment—that we get the best value out of that investment. So having those discussions and consultations with the actual users and representative bodies is really critical to making sure that we get the best outcomes for Victorians.

Ms STITT: I think you mentioned in your presentation the creation of the marine and coastal park on the Bass Coast. Can you talk a little bit about how these parks are going to be achieved and the funding that has been allocated?

Ms D'AMBROSIO: We have got a fantastic record in terms of supporting the creation of marine national parks, and certainly this new commitment really is an example of that support. What I would say is that we will be delivering \$19.6 million to establish that Bass Coast marine and coastal park. This is really a landmark opportunity for us to really provide a massive uplift to the value of that beautiful coastal area of Victoria. The park will be created by linking existing parks and reserves along a 40-kilometre stretch of coastline. That is a significant stretch of coastline, so from San Remo to Inverloch. That money will be provided for tourism infrastructure, such as walking paths, recreational facilities, revegetation and important specific connections, and the visitor infrastructure will be informed by significant consultation.

I was very pleased to have visited the area some weeks ago and had a meeting with the local member of Parliament, the fantastic member for Bass, and certainly with a number of other community representatives. They were very delighted to hear that we are going to have a really good consultation program, really good engagement, so that we actually get this right. I have asked the member for Bass to chair a local round table with the local community so we make sure that we get all the voices heard and that we get the best outcomes possible from this significant investment.

Ms STITT: One of the budget initiatives that I am pretty excited about is the suburban parks package, so I refer you to budget paper 3, page 49. Can you explain for the committee the government's allocation of funds for the creation of a ring of new parkland around our growing suburbs and our growth corridors?

Ms D'AMBROSIO: Thank you for that question. What is really critical here is that we have got a growing community right across our state, so with the offerings that we are making—whether it is across regional Victoria with the package that I just talked about or indeed this package here in terms of the suburban package—it really does go to the very heart of the issue, and that is green, open spaces are so vital to communities where they are growing. So where they choose to live we want to make sure, and we are going to be making sure, that they have got places to go to close by to where they live. That means that you are optimising the amount of time that they can just get out, kick a footy, go for a nature walk or take a dog out on a leash. You can take your family dog out. Dogs are members of families too. They can go out to one of our new off-leash enclosed dog parks. This is about really understanding what it means for families getting together and using really precious time that they have either after work or indeed over a weekend—so you do not have to

travel many kilometres and spend many hours in the car getting to somewhere really nice to be able to enjoy some open, healthy space, but have something closer to where you live.

So the investment here, again, is record investment that will go towards creating some significant more open space—6500 hectares of new parkland will be created with new walking and bike trails right across Melbourne. So suburbs like Officer, Clyde, Craigieburn, South Morang and Carrum will see new parks. This is the equivalent of 170 new Royal Botanic Gardens. That is a massive amount of open space. We are going to optimise the location of these too, so using key creek corridors and conservation areas that will be protected as part of these new areas of the city and will enjoy the same livability as existing suburbs. This is really critical in terms of the fairness of it.

Melbourne has got fantastic bike networks and we want to make sure that we can improve these, so the suburban parks package, as I said, will include larger outer suburban parks in those areas that I have just touched on and new walking and cycling trails in the outer northern metro region. This includes the municipalities of Nillumbik, Moreland, Banyule, Darebin, Hume and Whittlesea. There is \$35 million towards 25 new pocket parks in inner and middle suburbs, because we know how precious open space is in areas that are really, really built up and there has not been probably the planning that should have occurred over many, many decades. Unlocking opportunities for even a small amount of green open space will really provide great relief and health benefits and social benefits for families in those areas. A program to revitalise and upgrade existing suburban parks—I think we are putting \$10 million into that—and 16 new off-leash dog parks across Melbourne.

All of these are quite significant investment, and I am happy to go through any of the details. I mean, I was pleased—if I may just share the experience I had just a couple of weekends ago going out to Greening the Pipeline, the Melbourne outfall sewer in the city of Wyndham. We are putting in an extra \$8 million on the back of \$1 million that was provided last year, to continue to grow that linear park right across so many suburbs across the outer western suburbs of Melbourne. So these are really taking it to the heart of where communities live, where people live, whether they are in the inner or middle ring of Melbourne or in the outer suburbs.

So I am very excited about this. I think there is a lot of excitement out in the communities. We are going to work very diligently with local councils too, especially with the location of pocket parks and the off-leash enclosed dog parks. We want to make sure that we optimise the benefits of this investment. And I know that there are many communities out there that are really waiting for these initiatives to come to fruition and be supported in the way that communities expect to be supported by governments.

Ms VALLENCE: Thank you, Minister and team, for appearing. Minister, I noticed in your opening statement that you referred to the \$34.9 million for immediate priorities to strengthen Victoria's recycling sector, so some of my questions relate to that—budget paper 3, page 163. How many tonnes of recyclable material have gone into Victorian landfill during 2018–19—the quantum, how many tonnes?

Ms D'AMBROSIO: I am sorry?

Ms VALLENCE: How many tonnes have gone to landfill, Victorian landfill, during 2018–19? If you do not have that number at hand, we will take—

Ms D'AMBROSIO: No, I am just getting it. Sorry.

Ms VALLENCE: Right. We have a crisis in the state, so I would—

Ms D'AMBROSIO: I am sorry?

Ms VALLENCE: With a crisis I would hope that we have the information, but we are happy to take it on notice.

Ms D'AMBROSIO: Look, I am happy to talk about our investment in recycling, absolutely. I thank you for your question—

Ms VALLENCE: I am not asking—I beg your pardon, Minister. I am not asking about the investment.

Ms D'AMBROSIO: No, I understand.

Ms VALLENCE: I noticed the investment that you mentioned in your opening statement. My question is expressly around tonnes.

Ms D'AMBROSIO: Yes.

Ms VALLENCE: How many tonnes of recyclable material have gone to Victorian landfill?

Ms D'AMBROSIO: Yes, and what I say to you is that I am happy to take that question on notice and certainly get back to you on that.

Ms VALLENCE: Thank you. Okay, we will move on then. Are there currently any LGAs that are sending recycling material to landfill as we speak?

Ms D'AMBROSIO: Look, this is a matter certainly that local councils are managing, as recycling, of course, is a responsibility of local councils. What I have said in the past, and certainly will say here again, of course, is that we are supporting councils with record investment of funding in terms of the recycling sector. We know that for too long there has been an underinvestment in supporting the recycling sector.

Ms VALLENCE: So assisting them in managing that—

Ms D'AMBROSIO: I'm sorry?

Ms VALLENCE: You have mentioned you are assisting them in managing that, so are you aware if any are currently sending any recycling material to landfill?

Ms D'AMBROSIO: What I am aware of is that there are certainly some reports of some councils sending their materials to landfill, but I will say to you that councils are responsible for the management of their contracts in terms of kerbside recycling. What we did last year when there was certainly a significant issue with one of the recycling businesses, where councils reached out for some support, despite the fact that we are not responsible for managing the councils' contracts, we did provide them with some immediate relief, so that it allowed them to be able to renegotiate contracts that they are responsible for.

Ms VALLENCE: All right. It sounds like there is still some recycling material going to landfill as we speak today. So have we passed the worst of Victoria's recycling crisis?

Ms D'AMBROSIO: Well, I think what is important here is that we acknowledge that there has been a build-up of critical pressures on our recycling system—

Ms VALLENCE: So are there more threats to come?

Ms D'AMBROSIO: Well, they are your words; they are not my words. What I have said to you is that we are investing record amounts of money on the back of great underinvestment in the previous term under a previous government.

Ms VALLENCE: Under your government.

Ms D'AMBROSIO: What I will say to you is that since the 2015–16 period we are investing more than \$135 million in the waste and resource recovery industry. That includes \$28 million in grants to the waste and resource recovery sector since July 2017. And this investment is expected to leverage a further \$75 million in the sector, diverting an additional 600 000 tonnes per year from landfill—

Ms VALLENCE: So, Minister, on that, you are talking there about money directed to the waste and resource recovery infrastructure, and I noticed that you mentioned that there has been underinvestment under your government. Given the—

Ms D'AMBROSIO: No. I said to you—

Ms VALLENCE: Under the last government, which is your government. Given the government released—

Ms D'AMBROSIO: No, hang on. Excuse me, Chair. I think, for the record, you know exactly what I meant. That was under a previous Liberal government, as I said to you, where there was \$15 million spent from the Sustainability Fund; who knows how much of that—how little of that—actually went to resource recovery and recycling. So let us be clear about what I said.

Ms VALLENCE: Let us talk about the Andrews government. So the Andrews government released the *Statewide Waste and Resource Recovery Infrastructure Plan* in 2015. Minister, how much funding from the Sustainability Fund has been allocated to implement this plan?

Ms D'AMBROSIO: Well, as I have said to you, since the 2015–16 period we are investing \$135 million towards the waste and resource recovery sector. That is a record amount of money in a very short period of time that is going towards assisting councils in particular with their job of managing our kerbside recycling sector—and this money has been welcomed.

Ms VALLENCE: So that is from the Sustainability Fund, Minister?

Ms D'AMBROSIO: That is a total amount of money, \$135 million.

Ms VALLENCE: From the Sustainability Fund?

Ms D'AMBROSIO: Yes.

Mr RIORDAN: All of it?

Ms D'AMBROSIO: Sorry?

Mr RIORDAN: All of it from the—

Ms D'AMBROSIO: The \$135 million, yes.

Ms VALLENCE: Okay. And that is mapping the waste and recycling of the state?

Ms D'AMBROSIO: That is all towards reuse, resource recovery and recycling.

Ms VALLENCE: And so that is also directed towards mapping recycling?

Ms D'AMBROSIO: What do you mean by 'mapping recycling'?

Ms VALLENCE: Across the state, so all of the requirements and where the waste is tracking across the state.

Ms D'AMBROSIO: Well, there are various roles that exist amongst the local councils, the Metropolitan Waste and Resource Recovery Group and the regional ones, the department, Sustainability Victoria—they go to the very question of identifying the priority areas for investment.

Ms VALLENCE: Perhaps I will clarify what my question is, which is: how much funding has been allocated to each step of the plan, each aspect of the plan?

Ms D'AMBROSIO: I have identified for you where there are a number of—you have got to understand that there are many layers of programs, so you have got an overarching, broad-themed policy, and then within that of course are actions and more defined programs that are funded by government. So I am very happy to talk—

Ms VALLENCE: Are you able to provide a breakdown of that spend from the fund—

Ms D'AMBROSIO: I can provide you a breakdown of the spend, absolutely.

Ms VALLENCE: to each of the areas?

Ms D'AMBROSIO: Yes.

Ms VALLENCE: You can take that on notice.

Ms D'AMBROSIO: No, no, no, I am happy to provide you with the amount of money of spend. As I said, \$135 million since 2015–16. This includes \$28 million in grants to the waste and resource recovery sector since 1 July 2017. We have further investments. Of the \$34.9 million from this budget that will go towards accelerating collaborative procurement of recycling services by councils to promote an investment in and diversify the sector.

Ms VALLENCE: Sorry, the money is going towards the procurement activity?

Ms D'AMBROSIO: Yes. One of the things—I have had a significant prolonged engagement with local governments about is how best to support them in managing their contracts.

Ms VALLENCE: So it sounds like if that is going to the procurement activity, it is going to an internal or a front-end activity. So given that the plan's purpose is to mitigate risk associated with sending recycling offshore, what steps has the government taken over the past four years to implement this plan and spend money on mitigating sending material offshore?

Ms D'AMBROSIO: Yes, sure. And there is further money in coinvestment with industry in terms of secondary processing of plastics and other materials. So what is really critical here is that to mitigate against the problems that have been felt worldwide with China and a number of other countries lifting their standards in terms of the kinds of low-value recyclable materials that they—

Ms VALLENCE: And that lifting of standards from those countries has been going on for years, Minister.

Ms D'AMBROSIO: Yes, but if you let me finish my answer, then I can give you the answer you are seeking. What I have said is that what is critical of course is that we have significant investment in secondary processes, so that way we are actually not simply packaging up low-value plastics to be exported, but we are actually adding value to them by providing funds for remanufacturing and reprocessing of these materials. This is really critical. So for example—

Ms VALLENCE: So the fund is going towards those activities?

Ms D'AMBROSIO: There are a number of activities. Yes, there is a breakdown of activities. For example, from the money that we put aside last year, the \$34 million last year, \$10.2 million went to temporary relief of councils of course, \$2.1 million went to deliver five projects to focus on improving plastics and paper processing and sorting and recycling of packaged organic waste, and of course there are also, importantly, funds for a new education campaign, because what is critical here too is that people have a better understanding of how to separate out their waste so that they are putting cleaner waste, if you like, in the bins that they have at their home.

Ms VALLENCE: Well, people want an understanding, I guess, that the waste they are putting in recycling bins is not going to landfill.

Ms D'AMBROSIO: That is right; people do want that.

Ms VALLENCE: Minister, earlier this month the government sought advice from Infrastructure Victoria on infrastructure required to support Victoria's waste industry. Final advice, though, we understand is due back not until another year's time, April 2020. Given this is an urgent crisis that requires immediate attention, and I think consumers really deserve an answer, shouldn't we be receiving from this government solutions rather than another report and another year's delay?

Ms D'AMBROSIO: Look, I think we are doing many things and not just one thing that you have pointed to. For example, last week I was pleased to visit the Alex Fraser Group's new asphalt recycling plant at Laverton North. They have spent—it is a \$20 million plant, so there is great confidence in the way that we are managing our procurement processes to allow for these types of plants and facilities to be established.

Ms VALLENCE: So, yes or no—Infrastructure Victoria?

Ms D'AMBROSIO: Let me finish. Infrastructure Victoria does what Infrastructure Victoria does. We do not sit and wait for Infrastructure Victoria to deliver its findings.

Ms VALLENCE: Is there an expectation of receiving that report much sooner than in a year's time?

Ms D'AMBROSIO: Look, that is a matter for Infrastructure Victoria. As I said, governments are responsible for responding and providing the necessary support in what is a very challenging time.

Ms VALLENCE: So are we through the worst of it, Minister?

Ms D'AMBROSIO: Can I just explain that with the Alex Fraser Group, they were able to invest—

The CHAIR: Unfortunately, Minister, you are going to have to explain that by taking that question on notice. We now move to Mr Richardson, whose time goes through until 12.48 p.m.

Mr RICHARDSON: Thank you, Minister; thank you secretary and deputy secretary, for joining us here today. Minister, I want to carry on the theme that was started by Ms Stitt around budget paper 3 at page 49 and creating a ring of new parklands in growing suburbs. As you mentioned before about pop-up parks and dog parks and revitalising existing parks, can you tell us a little bit more for the benefit of the committee about what kinds of spaces these will be?

Ms D'AMBROSIO: Sure. So this is about pocket parks and dog parks, is it? Look, what is really critical here is that these are parks that will be located in areas after consultation with local communities and councils of course.

The purpose of these investments is to ensure that we identify areas that have got a priority need for more open space. We then take whatever steps necessary to either utilise existing council land or existing Crown land, where that exists, and we go about of course rolling out that investment to create those parks. What is really important here is that the community engagement is really critical—the community consultation. As we develop up these ideas we will be throwing out to the public for their ideas about the location of these areas. We do not want to put an enclosed dog park next to one that already exists. It makes no sense, so we need to spread them out and have as much fair access as we possibly can, because we know of course that getting out even just to a small local park somewhere near where you live is really important for your mental health and your wellbeing. Getting clean air, fresh air, can often make the difference between feeling not all that well and supported in terms of your family to actually getting out there and really just stretching your legs and getting the benefits of spending some quality time with family and friends. What is also really important, especially in the inner city where there is a lot of apartment living these days, is that getting a little bit of open space is going to be really critical. Identifying those areas that are closer to those built-up areas is really critical to make sure that we get that right mix and the right placement of these facilities.

Mr RICHARDSON: I think one of the dog parks is slated for Kingston, so it is very exciting.

Ms D'AMBROSIO: Sorry, what was that?

Mr RICHARDSON: Kingston council I think is one of them.

The CHAIR: Always back the dog called Self-interest, because it is the only one trying.

Mr RICHARDSON: It is true. Just looking to the southern and eastern metropolitan areas, what projects will be delivered under this program?

Mr RIORDAN: Sorry, Chair, I missed it, but are we still on dog parks?

The CHAIR: Yes.

Mr RIORDAN: Right, okay. Just clarifying.

The CHAIR: You can get one if you want, Rich.

Mr RIORDAN: No. It is interesting that the government has got a lot of questions on dog parks. There seem to be lots of issues—

The CHAIR: It is good for your mental health and wellbeing, Rich.

Mr RIORDAN: Good. We have got the environment minister here with overflowing rubbish bins everywhere and skyrocketing power prices and we are talking about dog parks for the third time.

The CHAIR: I think you will find, Deputy Chair, that the community's interest in our puppy—

Mr RIORDAN: I am sure the people are queuing up at the front of the steps of this grand building to hear about dog parks.

The CHAIR: Deputy Chair, with all due respect, Mr Richardson has his time. You are trying to interrupt it and I am trying to give you some context, but nevertheless Mr Richardson to continue.

Mr RICHARDSON: Sorry. Before being interrupted, Chair, we were talking about the southern and eastern metropolitan areas and what projects will be delivered under this program. Particularly, Minister, I know that the sandbelt parklands has been something that has been quite significant in that discussion and will be something that is a massive feature of south-east Melbourne. That substantial hectare area is a lot bigger than dog parks—the ones in Melbourne. So, Minister, could you take us through some of those projects in the southern and eastern regions?

Ms D'AMBROSIO: Thank you. This is one that many people can really be proud of because some of these investments to areas have been talked about for a long, long time. A number of suburban park initiatives will be funded in the southern and eastern metro regions. For example, in Wattle Park there will be upgrades with a 3.5 kilometre running track and a children's playground, encouraging more visitors to this great park. The 120-hectare Clyde regional park will provide recreational opportunities and also protect important environmental assets and biodiversity values. The proposal here with the Clyde regional park is to co-locate with two other significant public open space assets, including the council-delivered Clyde park sports precinct and the Melbourne Water retarding basin, so you are actually optimising, if you like, the open space that you get by combining and aligning this investment with spaces that already exist to make an even bigger and better space with a number of facilities there to meet a whole range of purposes. There is also a project to plan, design and acquire 355 hectares of sandbelt parklands. This is one of those things that I mentioned earlier. This was first mooted back in the 1970s. So it is was a long time ago, a long time coming, but we are actually getting that work done.

The Cardinia Creek regional park is going to cover more than 500 hectares near Officer. The precise location and boundaries are subject to upcoming consultation and detailed planning with council and other land managers. That is also part of it. And then of course we have got the iconic Frankston green belt, and this will link together with more than 1880 hectares of parks and reserves for locals to enjoy between Seaford wetlands and Mornington. It is a magnificent project. The Seaford wetlands will also be upgraded, with landscaping and environmental works and upgrades to walking paths and facilities. So it is a lot of major investment—historic levels of investment. Again, it is about delivering great facilities and open parklands to the growing communities of Melbourne.

Mr RICHARDSON: Thank you, Minister. I want to take you to energy pricing and particularly refer you to budget paper 3, page 41. I think the Deputy Chair was quite eager to take over my questioning, but I will persevere. How does this funding and program under the energy compare extension connect to the government's energy fairness plan and the Victorian default offer?

Ms D'AMBROSIO: The energy fairness plan is a seminal set of initiatives by this government, and it is part of a major turning point in the way we understand the way that energy providers have actually engaged, if you like, with ordinary Victorian families and businesses. The energy fairness plan, at the heart of it, is putting fairness back in favour of consumers. And why do I say that? Well, we know that after many years of a privatised energy system, in particular in terms of the retail market, that privatisation and deregulation has not

delivered the benefits that were touted when this sector was privatised back in the 1990s under the previous conservative government.

Without prejudging anything, it was important that our government initiated a review into the retail electricity and gas markets. An independent bipartisan panel was established, and they determined that the market was not working in the interests of Victorians, and they proposed a number of recommendations to government, all of which we have adopted.

So the energy fairness plan covers a number of those. It goes to those recommendations that we accepted and expands further on some initiatives. So, for example, the energy fairness plan includes the continuation of the really successful power-saving bonus to June next year; I have already mentioned in my earlier comments how successful that has been. That means getting onto the Victorian Energy Compare website. We know that seven out of 10 Victorians are paying more than what they should be on their energy deals. The Victorian Energy Compare website is a truly independent, government-sponsored website. There are no hidden market favours for any retailers out there, no sponsorship of this website. And by law—which we introduced under our previous term—we require all retailers to provide all of their market offers to be posted on that website, so that when people go to compare they have got a fairly good idea of what in fact is available in the market.

And important of course are the other aspects of the energy fairness plan, and that includes of course improving retail marketing practices, and that includes of course the requirements that energy retail contracts ought to be fair and clear in the way they are explained, that marketing and billing practices are easy to understand and compare and certainly that low-income and vulnerable consumers are protected.

Importantly, not the only one but certainly a very important recommendation from the panel review was that we establish a basic service offer, a Victorian default price offer, which is not the cheapest price in the market but a fair price, so that people who do not want to go through the vagaries of the retail market and all of its complexities and deliberate complications can decide, if they choose, to be on that fair price, knowing that that fair price is one that is set independently of retailers. Consumers can still shop around if that is what they want. If they can find a better offer, that is great. And if they end up paying more, then they do not need to; there is a fair price available in the market.

There are a number of other aspects of the energy fairness plan that will be rolled out, if you like, that the Essential Services Commission are working on—will be working on, certainly—and that includes overhauling and significantly increasing penalties for wrongdoing by energy retailers.

Mr HIBBINS: Thank you, Minister, Secretary and your team for appearing today. I want to ask about the waste crisis and the initiative of \$34.9 million on immediate priorities to strengthen the Victorian recycling sector. It says ‘immediate’ but only around a fifth of the funding is actually going to be expended in the next financial year. So I would like to know (a) how that is immediate and (b) what is actually going to be expended in the next financial year. What is that \$6.6 million going to actually be spent on?

Ms D’AMBROSIO: Well, thank you for your question. What is critical here is that there are processes that need to be applied—competitive processes, transparent processes—so putting out to market, if you like. Rounds of funding have to go through processes so that there is fairness in the market so that any proponents that come through with a proposal that they seek government funding for—that we do that in a transparent and open fashion, and that we provide funding that gives us the best value for that investment.

So that is the reason why this is staged funding. It does come on top of funding that we already made available last year, which is being rolled out as we speak. So in terms of the investments for the first year, the investments go towards diversifying the market through collaborative procurement and incentives to maximise prospects of attracting new entrants into the sector. Why that is critical, in terms of the allocation of that funding in this coming financial year, is that we know that many councils are going through their own retendering processes this year and into next year. And this is money that we have put aside because councils, through a lot of the engagement that I have had with them, have said to us that one of the key problems that they face in getting better outcomes through their contracts is the need to diversify or increase the number of participants in the market. So at the moment you have got three major players. SKM is one of those.

Mr HIBBINS: So is this about councils and their own procurement contracts? Procuring—

Ms D'AMBROSIO: Yes, working collaboratively with them to provide some investment that would leverage new entrants coming into the market to get that greater diversity—

Mr HIBBINS: Now, I notice that on this there is also—

Ms D'AMBROSIO: and that is important in terms of pricing and the value that you get from those contracts.

Mr HIBBINS: Thank you. And I notice on this there is \$2.2 million to accelerate the uptake of recycled content in government procurement—so that is state government procurement. Are you talking about leaving mandatory targets for recovered waste or recovered resources within government procurement contracts?

Ms D'AMBROSIO: No, thank you. Look, last year when we released our recycling industries strategic plan, and the \$37 million from that financial year, which is still being rolled out, we said as part of that plan that we would identify areas for improvement in terms of the government's own procurement practices—where we can grow a demand for recycled materials in our procurement, because supplying is one thing; creating the demand is the other part of the equation. And so, importantly, that work is continuing across agencies, and we will have more to say about that as that work continues.

Mr HIBBINS: Will that continue—

Ms D'AMBROSIO: But I can say that, thus far, there have been some significant improvements made in outcomes. I mentioned earlier the Alex Fraser Group. On the back of very strong procurement through our state government—the many construction projects that were available have actually driven confidence in the Alex Fraser Group to actually invest \$20 million in a new glass and asphalt recycling plant.

Mr HIBBINS: Okay, so will procurement contracts that are coming up this year, from next financial year, have some mandatory targets in them?

Ms D'AMBROSIO: Well, we have not indicated that we would have mandatory targets. What we indicated last year was that we would be looking towards exploring the possibility of setting targets across agencies that have the levers, if you like, to be able to create greater demand to help drive the recycling industry.

Mr HIBBINS: Just in terms of the overarching state policy, the VAGO report basically recommended that the state government needed to have a waste policy, and I think the government has indicated that it is 2020 that that is going to be in place by. Can it not be sooner? I mean, that is three years since it was first proposed; that is three years from saying you were going to have a waste policy to actually having a waste policy.

Ms D'AMBROSIO: Well, I think you are probably referring to the circular economy policy, because that is certainly a policy that we have said we would have in place by next year. These things do not happen in isolation. There are a whole range of other parallel programs and funding streams that have been made available since the 2015–16 budget at least, and those are being rolled out. Look, we do not shy away from the fact that this is a significant problem that is going to take a lot of effort over a period of time.

Mr HIBBINS: Just on that, can I just say it is a significant problem.

Ms D'AMBROSIO: I have said that.

Mr HIBBINS: Currently there is \$511 million at last count sitting in the Sustainability Fund and only around \$103 million of new expenditure coming out over the next five years. Can you give an indication about how much money and how many funds are going to be sitting in the Sustainability Fund at the end of the next financial year?

Ms D'AMBROSIO: Look, I am not going to pre-empt what may be sitting in the fund now, but I do point you to the balance of the Sustainability Fund as of 30 June 2018, and then there was a forecast of a closing balance by the end of June this year to be just over \$400 million. But what I will say to you is that—

Mr HIBBINS: What is the purpose of having money in there now when there is a crisis now?

Ms D'AMBROSIO: What I will say to you is that this government has drawn down more than \$700 million over five budgets from the Sustainability Fund. That is more than any other government to date—absolutely more than any other government.

Mr HIBBINS: Yet we have still got a crisis with it going to landfill.

Ms D'AMBROSIO: Yes. There is also a significant amount of money—a record amount of money—that is going towards the waste and recycling sector. Now, will more need to be done? We are absolutely sure that there is more work to be done, absolutely. We have also announced arising from the budget not just another round of significant record investment but also made it very clear that we will be giving the Essential Services Commission the task of inquiring into whether the waste sector should be treated as an essential service, as is energy and as is water, and also a review of the landfill levy.

Mr HIBBINS: Sorry, I have got limited time, Minister. Can I ask whether the plastic bag ban will come into effect this year?

Ms D'AMBROSIO: Yes, we have indicated that it will take effect, I think we said, in November this year—the end of November, I think, this year—and certainly it will occur.

Mr HIBBINS: Okay. Now, my understanding in terms of container deposit legislation is that the government's position is that it is monitoring schemes in other states. Now, every state either has a container deposit scheme or has proposed to adopt one. Victoria is the odd state out. Is the government still monitoring schemes?

Ms D'AMBROSIO: Well, there are a number of programs, initiatives and proposals that we work on and continue to work on, whether that is product stewardship at a national level or whether that is introducing our own ban on e-waste—there is a ban on e-waste going to landfill from 1 July. Significant money has been made available to provide the infrastructure to support that initiative. Certainly the container deposit scheme is another initiative of many—many of which we are already implementing. The container deposit scheme is one that we do continue to look at to see how other states respond to it and deal with that. People will know that certainly New South Wales had some issues in terms of the implementation of the scheme, and we will certainly be keeping an open mind on that.

Mr HIBBINS: In terms of incinerating waste, waste incineration, my understanding is that the feasibility study for the proposal at Maryvale says it would need half of Victoria's waste, the waste Victorians put in their bins, for the next 25 years. Are you concerned that is going to create a disincentive to recycling?

Ms D'AMBROSIO: Look, we know that what is critical in the way that we manage waste and resource recovery and the recycling sector is that we do follow the waste hierarchy. Certainly the EPA legislation talks about a waste hierarchy, and importantly—

Mr HIBBINS: Incineration would be at the bottom.

Ms D'AMBROSIO: Well, yes. Waste to energy—if you like, incineration is one technology—includes a number of other technologies, not just incineration. But certainly waste to energy is really towards the end of that hierarchy. Before you go to landfill, effectively, is there anything else—once you have reduced, once you have re-used, once you have recycled—that can be done with that waste before it goes to landfill? And that is where waste-to-energy comes in, absolutely.

Mr HIBBINS: Can I just move on to the state of the environment report. There was a fairly damning scorecard in terms of Victoria's environment in terms of native species, in terms of river health, fish numbers and waterbirds. In terms of the expenditure on environment in this budget, are you expecting some of these markers to actually start turning around?

Ms D'AMBROSIO: Look, we are very clear in having given the commissioner for environmental sustainability the resources and the authority to do a lot of important work not just in identifying the state of

health of our environment in so many different ways and so many different levels, but in forming a really important part of advice to government for us to then take action on. Certainly I acknowledge that there are 20 recommendations that have been made from the 2018 state of the environment report, and many of those align with policies and programs that we are already implementing.

And the report does identify three key environmental issues which we are making progress on: biodiversity, waste and resource recovery, and the third one is climate change and energy. And I do point to the fact that we are already making some significant investment across all of those areas. The challenge for us of course is to make things better. And that is the point of—

The CHAIR: Minister, I do not want Mr Hibbins to take this as an unfortunate segue, but let us make things better. Ms Richards, it is your turn.

Ms RICHARDS: Thank you, Minister. Thank you to the officials. I am so tempted to circle back to pocket parks, dog parks, but I am not going to, despite—

Members interjecting.

Ms RICHARDS: That is somewhere we have got to go sometime this week. But despite that temptation I am actually really interested in how we support our electrical line workers to stay safe. I would like to refer you to budget paper 3 on page 42 and in fact page 39 as well. ‘Supporting workplace safety and fairness at work—electrical line workers’ is the item. How does this funding deliver on the government’s commitment to establish an electrical line worker licensing scheme?

Ms D’AMBROSIO: Thank you. Look, one of the things that I have been exposed to, if you like, or cognisant of in the time that I have been energy minister is the fact that electrical line workers in many other states are licensed. And in a situation where the confidence of communities in the way that maintenance is undertaken across, you know, a privatised network, is really important, and so is of course recognising the skills of electrical line workers, licensing is a really important part of that. So it meets a number of different criteria. And so I am very pleased that Victoria, under our government, will be catching up, if you like, to a number of other states in acknowledging this skill and the importance of ongoing training for electrical line workers in what is a very dangerous job, one that really goes to the heart of looking after the assets, the electrical assets, that are within Victoria. The funding will establish that licence scheme for electrical line workers. Energy Safe Victoria will play a really important role in doing the work around how that is shaped, and certainly our objective is to have the licensing scheme in place for 1 January 2021. This is about of course making sure that safety is front and foremost, ongoing training and skills development is there and both of those things brought together really go towards providing further confidence to the community about the state of our electrical assets in Victoria.

Ms RICHARDS: Thank you, Minister. I am interested in finding out a little bit more, and particularly how many electrical line workers you estimate will benefit from this funding. There seems to be a lot of them in Cranbourne, but anyway, I am always parochial.

Ms D’AMBROSIO: Well, there would be, yes. Look, there are about 4000 registered line workers that would need to go through the licensing scheme once it is established, and I know that that is a significant number of people. I am really pleased that we will be delivering a really important recognition of the skills that they do have, acknowledgement of the dangerous work that they have and, importantly, for the distribution businesses, transmission businesses that privately own the assets and manage these assets, that they understand and know that line workers that they employ, many of them through contracted arrangements, actually have the qualifications and the acknowledgement that licensing gives these workers to be able to be fit and capable to work on these assets. Many of them do that live. You can understand and appreciate how dangerous that can be.

Ms RICHARDS: Are there any benefits? We have spoken about the benefits to the workers, but are there any benefits of the scheme to the broader energy network that you can anticipate?

Ms D’AMBROSIO: Certainly we know that electrical line safety is really critical, and especially given that Victoria is one of the highest bushfire-prone regions in the world. I think it is probably the third. We know of course that electrical fires, bushfires, can start from electrical asset faults, and so this does go to the heart of the

safety of the community quite broadly across Victoria, especially in regional and rural areas. So again giving due acknowledgement to the skill, giving due acknowledgement to the level of danger giving due acknowledgement to the confidence that Victorians look towards and seek from the way that maintenance is undertaken across our assets—well, assets owned by businesses.

Ms RICHARDS: And just a final element, or a final question in that element or that area of your responsibility: are there any other workforce improvements that you think will flow from this project?

Ms D'AMBROSIO: Yes. One of the things that we are very committed to is not only that line workers have the due recognition through being licensed but have that ongoing professional development that keeps up with the technological changes that occur across the physical network, if you like. And that is really critical when you consider there is a very rapid set of changes that are occurring, some of them unknown for the future but certainly some that are known that are occurring across the transmission and distribution networks. So having that ongoing professional development to keep up-to-date with the technological and industry changes is really, really critical to make sure that safety is always first and foremost, best practice and techniques are always there at the ready to be deployed due to that ongoing professional development and that community confidence is there also. So all of those things have to work together as we manage what is a very, very complex transition in the way that our electricity network functions and will function over the coming years.

Ms RICHARDS: I am looking forward to going back and reporting on how this government is responding, so I really appreciate those insights. I am interested now in discussing waste and recycling a little bit more, and I would like to refer you to budget paper 3, page 39, and of course the 'Recycling industry response interim measures' that we have been discussing a little bit in this area already today. How will the initiative outlined in table 1.9 support the recycling industry transition post China and grow the domestic remanufacturing capabilities?

Ms D'AMBROSIO: I will just have a look at that budget paper. What number was that, sorry?

Ms RICHARDS: Budget paper 3, page 39, table 1.9—the 'Recycling industry response interim measures'.

Ms D'AMBROSIO: The \$35 million in total of course—you can see how it is staggered over a period of time—will build on the \$37 million that we provided last year. As I have said several times—and it is important to state this—there are significant challenges that we have. I have never underestimated or understated that, which is why the level of investment we are putting in is serious dollars and record dollars. The new investment from this budget, on top of the \$37 million from last year, will facilitate alternative uses and new markets for recycled material, and it will certainly help the Victorian recycling companies to expand their facilities to build on new plans to take on a larger volume of recycling.

This round of money will also establish a \$14 million Recycling Industry Development Fund, and that will bolster the sector's capacity to sort and process recycled material and increase opportunities for the material to be used in domestic markets. So this is something that is a really critical component, because it is about, as I mentioned earlier, extracting greater value from waste materials than what has been the case for too long—that is, reprocessing and remanufacturing. This is all about making sure that we can grow the value of waste material. One of the key components of moving to a circular economy, which is part of what we will deliver in 2020, is to ensure that we actually have reprocessing and remanufacturing of materials so that they can be continuously reused, if you like, and repurposed. So \$40 million is a significant amount of money to develop up the capacity of the sector with new plant and equipment to achieve that very issue.

What is really critical here is that the \$40 million will target what is currently low-quality recyclable materials, and that makes up the majority of the recycling bins—that is paper, glass and mixed plastic. We are targeting the low-quality recyclable materials. That is exactly the materials that for a long time have been sent overseas for repurposing. Enabling them to be reprocessed into more valuable and tradeable commodities is the key to this. As I have said earlier, this comes on top of the last four years where we have committed \$25 million to the Resource Recovery Infrastructure Fund. And of course in those years we funded 47 projects, and they are currently underway. There is a fourth round of grants that will be released soon. Apart from the fact that this will provide greater value to the waste materials, it actually creates significant jobs too. So we are pleased that there are many co-benefits that come about as a result of our very solid investments.

Mr D O'BRIEN: Minister, just continuing on the recycling crisis, in February this year the South Australian government announced a range of grants that would help create 50 jobs across the state there in a whole lot of innovative areas. One example was a robot that can detect paper and glass bottles. Another is a machine that can Hoover up and reuse broken glass, among a number of the projects that they have funded. This is all to help the South Australian government achieve their target of 83.4 per cent of all waste diverted from landfill. What is Victoria's target?

Ms D'AMBROSIO: We are focused on providing immediate relief, and we have done that with local governments last year when they had some difficulties in managing contracts—the contracts they had with recyclers. So investment was put there. We are more interested in getting the tangible outcomes through the investments that we have got, so thus far—

Mr D O'BRIEN: Is there a diversion from landfill target in Victoria?

Ms D'AMBROSIO: What I have said to you is that we are interested more in delivering the funding that will produce tangible outcomes in terms of recycling—for example, of the \$25.3 million Resource Recovery Infrastructure Fund that was open in 2017, the first three rounds of funding committed \$14 million to 47 projects, as I mentioned.

Mr D O'BRIEN: No.

Ms D'AMBROSIO: That was part of your question.

Mr D O'BRIEN: Yes, I know; it was.

Ms D'AMBROSIO: Part of your question was about all these projects—

Mr D O'BRIEN: Is there a target?

Ms D'AMBROSIO: and I have answered that question.

Mr D O'BRIEN: So there is no target.

Ms D'AMBROSIO: Part of your question, if I may, talked about a number of projects that the South Australian government were funding, and certainly—

Mr D O'BRIEN: But the question was actually: are there any targets? Is there a target? If the answer is no, that is fine.

Ms D'AMBROSIO: We recover 67 per cent of the materials in Victoria. That is a fact.

Mr D O'BRIEN: The target is 83 in South Australia. Do we have a target in Victoria?

Ms D'AMBROSIO: I have said to you: our focus is on improving the situation that we have got now, and I will just mention some of those projects that have received significant—

Mr D O'BRIEN: Minister, we are limited in time so—

Ms D'AMBROSIO: Your question went to examples—

Mr D O'BRIEN: Yes, it did, but the actual question I have asked you have answered, Minister, so can I—

Ms D'AMBROSIO: There is \$500 000—

Mr D O'BRIEN: Minister, can I move on.

Ms D'AMBROSIO: All right, let us move on.

Mr D O'BRIEN: In the Auditor-General's report last week, and I quote from the Auditor-General's report:

SV advised us that the allocations—
that they receive from the Sustainability Fund—

are not sufficient to fully implement all the actions outlined in these [government waste] strategies.

That is the VAGO report, page 12.

Ms D'AMBROSIO: Sorry, can you repeat that question?

Mr D O'BRIEN: Happy to.

SV advised us—
being VAGO—

that the allocations—
they receive from the Sustainability Fund—

are not sufficient to fully implement all the actions outlined in these [the government waste] strategies.

So Minister, you have just told Mr Hibbins that there is still \$400 million in the Sustainability Fund. Why are you using that to prop up the budget when it could be going to actually delivering the strategies that Sustainability Victoria talks about?

Ms D'AMBROSIO: What is important here is that, as I said to you, our government has put in record investment into the resource recovery and recycling sector; that is a fact.

Mr D O'BRIEN: But Sustainability Victoria has told the Auditor-General they do not have enough money to do the strategies that you have outlined.

Ms D'AMBROSIO: Look, I am not here to quibble with the Auditor-General's report. The report is what it is. What I am saying to you is that we continue to address issues that are raised by the VAGO report. We will continue to do that absolutely as we seek to have the waste and resource recovery and recycling sector in Victoria put on a more resilient and sustainable footing. Therefore we have already in a very short period of time put in significant record funding which is being rolled out producing significant improvements in terms of facilities and plans.

Mr D O'BRIEN: But Minister, you have just told us there is still \$400 million sitting there—

Ms D'AMBROSIO: No, what I said to you is I pointed to—

Mr D O'BRIEN: propping up the budget bottom line.

Ms D'AMBROSIO: What I pointed to was official papers from last year which provided a forecast of what would be sitting in the Sustainability Fund come the end of this year. So in terms of what is actually sitting in there that is certainly a matter for future reporting, but importantly what is critical here of course is that the money that we have spent is going to significant investment in reprocessing. Some of those include of course—and this is about leveraging funds too, so for example—moneys towards a demolition and washing facility at Repurpose It that was launched not that long ago, just a number of weeks ago, that is diverting 500 000 tonnes of waste from landfill in the north of Melbourne.

Mr D O'BRIEN: Minister, I would be very happy if you would like to place any of those on record. We would be very happy to take them.

Ms D'AMBROSIO: Yes, I am very happy to provide those.

Mr D O'BRIEN: Can I move on now to the VRET—the Victorian renewable energy target—which is listed on budget paper 3, page 173. The VRET latest report shows that about 80 per cent of Victoria's

electricity is still provided by coal and gas. Given that the target is for 50 per cent by 2030, what modelling have you undertaken to guarantee the 50 per cent target is going to be achieved by 2030?

Ms D'AMBROSIO: Well, we have done a lot of internal work to ensure that our targets are ambitious but achievable.

Mr D O'BRIEN: Okay. Are they achievable without any of the Latrobe Valley power stations closing?

Ms D'AMBROSIO: Yes, we are confident of that, yes. But what I would say to you is that we deliver on our commitments, we are well and truly on the way to meeting our first target by 2020 of 25 per cent renewable energy. We are creating thousands of jobs as we do that. We have legislated these targets.

Mr D O'BRIEN: So Minister, going back to my question, have you done modelling that shows that the target can be achieved by 2030 without, in particular, Yallourn power station having to close?

Ms D'AMBROSIO: We are very confident that the work that we have done—

Mr D O'BRIEN: But how can that be if 80 per cent of our power at the moment—or a year ago—was provided by coal and gas? If we are going to get to 50 per cent by renewables surely to achieve that one of the brown coal power stations has to close?

Ms D'AMBROSIO: I do not know how you have reached that conclusion, frankly, because—

Mr RIORDAN: Are we going to consume that much more electricity?

Ms D'AMBROSIO: Energy Australia have made it very clear time and time again that they intend to stay for as long as they have indicated; that is their decision, absolutely. We are very confident that we can achieve our targets without having the impacts as you have described them.

Mr D O'BRIEN: So Minister, just this morning Latrobe City Council, whose mayor is a former Labor candidate, and the CFMMEU have said that we should start planning for the closure of Yallourn because they are concerned it will not make it to 2032. So if you have been doing work as you said and you are confident that it will not close earlier, can you share that with the committee and the community?

Ms D'AMBROSIO: No, my answer was to your question 'as a consequence of our targets it will close', and I have said to you that that is not the case. Now you are asking a different question.

Mr D O'BRIEN: No. I am asking you on the basis that you have made that conclusion—

Ms D'AMBROSIO: No, you are asking a different question which is based on the actual physical engineering viability of a power plant that is very old.

Mr D O'BRIEN: And Energy Australia has made it very clear that they intend to operate until 2032.

Ms D'AMBROSIO: And that is good.

Mr D O'BRIEN: So can you share with the community then the internal work that you have just said you have been doing that makes you confident that Yallourn will not close early?

Ms D'AMBROSIO: I think you have confused two issues here.

Mr D O'BRIEN: No, Minister. It is quite straightforward.

Ms D'AMBROSIO: No, you have.

Mr D O'BRIEN: Energy Australia have said they are not planning to close before 2032. We have got the community in the Latrobe Valley who is concerned that that is not going to be the case.

Ms D'AMBROSIO: You yourself have said that that is about the viability of the plant. I think that is what you have said—

Mr D O'BRIEN: No, I did not actually mention that at all.

Ms D'AMBROSIO:—or at least that is what you were claiming to say. So that is a different matter, and the only people who actually know about the actual physical viability of the plant are the owners, and that is not the Victorian government since your people privatised these assets.

Mr D O'BRIEN: Your people privatised. Let us go back to the—

Ms D'AMBROSIO: Well, that is what you did.

Members interjecting.

Mr D O'BRIEN: You have been in government for 16 of the last 20 years, Minister. If you wanted to re-nationalise it you could have done it all that time.

Ms D'AMBROSIO: We still do not own it.

Members interjecting.

The CHAIR: Order! Let us just go back to ancient Greece, because we gave you democracy. Let us carry on.

Mr D O'BRIEN: Minister, speaking of prices, the default offer, which is also listed in the budget paper and you referenced before, the Australian Energy Market Commission in its final report on the impacts of the default offer said that:

The retail market is workably competitive, with no evidence of excessive retailer margins.

It went on to say that:

This suggests that retailers are operating in a workably competitive market and that retailers are unlikely to fully absorb a margin squeeze between costs and regulated retail prices.

In light of that, Minister, can you guarantee that no Victorians will be worse off because of the Victorian default offer?

Ms D'AMBROSIO: Look, it is not uncommon for me to have different views to the Australian Energy Market Commission on a number of things with respect to how the market works in favour of consumers. I will be very clear about this.

Mr D O'BRIEN: Okay, I look forward to it.

Ms D'AMBROSIO: We conducted our own independent bipartisan review. That included a member of the previous Liberal government, a minister and a member of a Labor government, and an independent highly respected public servant.

Mr D O'BRIEN: We have heard the background before, Minister.

Ms D'AMBROSIO: And can I say to you, and the conclusions are very clear—

Mr D O'BRIEN: Can you answer the question? Can you guarantee that no Victorian will be worse off as a result of the default offer?

Ms D'AMBROSIO: You know what I will guarantee to you, that—

The CHAIR: Minister, for the benefit of Hansard, did you want to list the names of the people that did that review?

Ms D'AMBROSIO: Yes, absolutely.

Mr D O'BRIEN: No, we have been through that, Chair, and I do not need your assistance, thank you.

The CHAIR: Not today we haven't, Mr O'Brien.

Mr D O'BRIEN: I want a simple answer to a simple question. Can you guarantee that no Victorian electricity consumers will be worse off as a result of the default offer?

The CHAIR: And if you could add the names for Hansard's benefit, please.

Ms D'AMBROSIO: Thank you. The members of the panel I referred to were John Thwaites, Terry Mulder and Patricia Faulkner.

Mr D O'BRIEN: Chair, with respect, I am asking the questions in my time.

The CHAIR: I am assisting Hansard.

Mr D O'BRIEN: If this is an attempt to ensure the minister does not have to answer the question, as to whether any Victorians will be worse off as a result of the default offer, then that is on your head, Chair, and the minister's as well.

The CHAIR: Well, Mr O'Brien, I was just trying to assist Hansard.

Mr D O'BRIEN: Minister, can you answer that question one way or the other?

Ms VALLENCE: Yes or no.

Ms D'AMBROSIO: Look, I absolutely can, and this is what—

Ms VALLENCE: Yes or no.

Ms D'AMBROSIO: I will answer it the way I choose to, thank you. The answer to that is quite simple: the Victorian default offer is an offer in the market, a fair price, that any Victorian will be entitled to access if they choose. And I can tell you from—

Mr D O'BRIEN: Yes, but given the likely impacts on the retail sector, will there be others that will be worse off?

Ms D'AMBROSIO: Well, have you had this conversation with Angus Taylor? Have you had this conversation with Scott Morrison? Because they are proposing the same thing.

Mr D O'BRIEN: I am having this conversation with you, Minister. You are the minister in Victoria. This is the Public Accounts and Estimates Committee of Victoria.

Ms D'AMBROSIO: Yes, absolutely, and you need to—

Mr D O'BRIEN: Let the record show: three times, four times I have asked, and you still did not answer.

Mr MAAS: Thank you, Minister, for attending the hearing today. Minister, could I take you to the funding for action on climate change, and in particular take you to budget paper 3, page 39, 'Implementation of the Climate Change Act'. I would like to know how the initiative in table 1.9 supports the government achieving its zero emissions target by 2050.

Ms D'AMBROSIO: Thank you. It is important, on commenting on this part of the budget papers, to reflect on the efforts that our government has made already and continues to make, and that this provides that further effort, if you like, towards us meeting our net zero emissions targets by 2050. Now, what is important here of course is that we have allocated \$2 million for the implementation of the Climate Change Act. If you break that down, what that includes of course—where we are up to right now—is that by March next year the government will have set our interim emissions reduction targets for 2025 and 2030, so that is by March next year. Shortly after that the government will have had to have finalised, completed, a range of sector pledges. So when you have a look at the economy-wide target—and a net zero emissions target is an economy-wide target—we will be identifying particular policies and initiatives within those individual sectors that will help to give up what our

interim targets will be, as expressed by March next year. So interim targets by March next year; followed by the sector pledges, which will identify, I suppose, the work that will be delivered through those sector pledges to achieve those interim targets; and then, finally, towards developing the climate change strategy, which is due in the second half of next year.

Now, what is important here for us to remember is that our government is already doing significant work to help to reduce carbon emissions from our energy sector, for example—a really, really critical piece of work. Our renewable energy targets are a major, significant element of achieving our targets for emissions reductions. On top of that of course is our biodiversity plan. We have got a record investment of money in our biodiversity plan. So this particular budget item is on the back of a lot of those other elements, of initiatives and funding, and it really does a lot of the on-the-ground work in tackling climate change. We have got a very good record of that, a very strong one. That will certainly continue as we develop up our interim targets by next year.

Mr MAAS: Perhaps you can take the committee through some of those other measures which were in the 19–20 budget to tackle climate change.

Ms D'AMBROSIO: Thank you. There are a number of other measures certainly and some of them do touch on my other portfolio for later, which is the Solar Homes program. But suffice to say, as it contributes to our Victorian renewable energy targets, I think it is safe for me to comment on that. That itself, through that initiative, will make a significant contribution to achieving our Victorian renewable energy targets by producing more clean energy and delivering more jobs of course and reducing our greenhouse gas emissions. Now, that program alone, in terms of carbon emissions reductions—the whole program—will reduce our carbon emissions by almost 4 million tonnes. So that is the same as taking 1 million cars off Victorian roads, and there are 4.6 million cars on Victoria's roads, so 1 million of those. That is more than 20 per cent. So that program alone, Solar Homes, will generate 12.5 per cent of our 40 per cent target by 2025—a really big uplift there, really big heavy lifting.

Also of course there is our ResourceSmart Schools program, an award winner in many respects. That is continuing, helping our young people learn about how to reduce their carbon footprint, and they are doing fantastic work out there across the hundreds of schools that are participating in that program. And of course there is the biodiversity plan: \$86 million of record funding, with ongoing \$20 million for real, on-the-ground effort with volunteers—a whole range of initiatives that are continuing to be rolled out, as we really prime ourselves up to doing more in terms of reducing our carbon emissions to meet our targets by 2050.

Mr MAAS: Thank you, Minister. How is Victoria performing against our own targets to reduce emissions?

Ms D'AMBROSIO: Certainly what is critical here of course is that we committed as a government—so this is about our own commitments—before the interim targets that were set by legislation, we did say that we would have a target of reducing our economy-wide emissions by 2020 of between 15 and 20 per cent, and we are well on the way to achieving that. That is on 2005 levels. So we are projected to reach 18 per cent below 2005 levels in 2020. So we have got some good runs on the board on that, which is important, but of course more effort will be made. As we develop up our interim targets, our sector pledges, there will be that next big-step change if you like from our government.

And can I just say this, this is really important here: I went to the economics of climate change, a roundtable with various Australian governments in Brisbane last week. There was also the Deputy Governor of the Reserve Bank there. Businesses understand this, corporates understand the importance of doing this, because they know that if you act early and you have meaningful, tangible targets in terms of reducing emissions, you actually benefit the whole economy. There are net investments. The benefits far, far outweigh doing nothing when it comes to climate change, and Victoria aims to be in the driving seat, and we are already. We have created thousands of jobs in renewable energy. We are going to grow those even more, and there are many other aspects of the economy that would benefit in terms of economic investment and jobs creation with a strong concerted effort, and that is what we aim to achieve.

Mr MAAS: Thanks, Minister. There are of course some communities across the state that are already experiencing the impacts of climate change. How is the government supporting those communities?

Ms D'AMBROSIO: There are a number of features, if you like, or aspects of our commitments to action on climate change. One of those of course, a key one, is to actually reduce emissions by taking mitigation steps across the economy. The other one of course is: how do we help communities to adapt to the effects of climate change, and we know of course that environmentally there are some significant challenges that we are facing. But it goes beyond environmental impacts; it actually goes to the livelihood of many families, many businesses, right across our state. We know of course that drought, floods, that massive storm events all wreak havoc, not just on the environment but also on local economies.

We also of course have got, as an acknowledgment of that, we established a climate change adaptation plan—a three-year plan—that sets out actions of our state to help meet the challenges and act on the opportunities of climate change. So some of those things that we have allocated funding for, and starting from the 2017–18 budget over a five-year period, some of that \$9.3 million will go to supporting our regions to adapt and a program to provide practical support for regional Victorian communities to build resilience to climate change. There are some funds that have gone to the CSIRO Climate Science Centre to improve our understanding of a range of possible climate futures for Victoria, supporting more informed decision-making of course across government and the community to support that adaptation, and of course we have had some funds dedicated to protecting our coastline.

Of course all of these are part of an overall project to mitigate and to adapt to climate change. More effort of course will be needed over the coming years, but we are well on the way to establishing the very important foundations for significant benefits to our state in terms of economic investments, jobs creation through a combination of new technologies but also different ways of practicing the same thing that our industries have relied on for a long time but getting better outcomes in terms of reduced carbon footprint.

Mr MAAS: Thank you very much. In the remaining time that I have, I would like to take you to e-waste, an area of waste we have not discussed today, and refer you to budget paper 3, page 43, 'Recycling industry response interim measures'. The budget provides \$34.9 million to support the waste and recycling industry transition, and I note that the e-waste ban will be effective from 1 July this year. How is the government increasing local government's capacity to ensure access to a wide network of collection facilities?

Ms D'AMBROSIO: Look, thank you—

The CHAIR: Minister, there are only about 8 seconds to go, so rather than me cut you off as you begin, we will have to take that as a question on notice. Deputy Chair, you have the call until 1.48 p.m.

Mr RIORDAN: Minister, referring to budget paper 3 with regards to the default offer, the Essential Services Commission's draft advice originally stated households could save between \$390 and \$520 per year, but your final number is much smaller—between \$310 and \$450. What is the reason for this discrepancy between the Essential Services Commission's advice and the government's final number?

Ms D'AMBROSIO: Look, the Essential Services Commission was tasked on behalf of government to prepare a recommendation for the Victorian default offer. So the first default offer was a draft one that they put out for public consultation. They accepted a range of submissions from a whole range of stakeholders in the community, as is their requirement. They revised their recommendation, and the final recommendation that they made to government is one that we have adopted. So certainly we have not—

Mr RIORDAN: They got it quite wrong to start with, did they?

Ms D'AMBROSIO: No, they did not get it quite wrong at all. So all regulators, the Essential Services Commission—

Mr RIORDAN: So you now have all the advice required for the default offer?

Ms D'AMBROSIO: Well, that information has been made available by the Essential Services Commission. That was made public in their draft recommendations.

Mr RIORDAN: So with that advice—for the fourth time we will ask you—you can absolutely guarantee no Victorian will be worse off?

Ms D'AMBROSIO: What I will say to you is that under a Victorian default offer I can guarantee that Victorians who choose the default offer will do that voluntarily. That is their choice, and that is a trusted market offer—

Mr RIORDAN: So just to confirm, the simple answer is you cannot guarantee it.

Ms D'AMBROSIO: Look, I can guarantee that Victorians are going to get a much fairer deal out of our government's initiatives in intervening—

Mr RIORDAN: We will take that as you cannot guarantee, Minister.

Ms D'AMBROSIO: Oh well, you know, that might make you happy.

The CHAIR: I am not sure that Hansard reflects that, Deputy Chair, but good luck.

Mr RIORDAN: Well, we could not get 'Victorians cannot be worse off'. You have refused to answer. We have asked four times. We will move on.

Ms D'AMBROSIO: I know whose side I am on.

Mr RIORDAN: Moving on to bushfire risk, Minister, the government has made considerable investment into the rapid earth fault current limiters—REFCLs. When will this program be completed?

Ms D'AMBROSIO: I will just find my notes on that.

Mr RIORDAN: It is budget paper 3, page 39. While you are looking for that, Minister, I mean, this has been a pretty major policy. I think we are up to \$790 million, so it is not an obscure line item in the budget.

Ms D'AMBROSIO: Yes.

Mr RIORDAN: Do you have a time for when it is completed?

Ms D'AMBROSIO: Yes, I do, if you will just allow me to have a look at my notes on it.

Mr RIORDAN: While your assistants are finding that date, Minister, I will move you to the next part of that question. The *Weekly Times* reported just last month, late last month in fact, that the rollout of REFCLs is now no longer being funded and as a result 92 of regional Victoria's largest—

Ms D'AMBROSIO: According to who? Sorry, I missed the start.

Mr RIORDAN: The *Weekly Times* reported late last month, in May, that at least 92 of Victoria's largest regional employers—dairy processors, grain millers et cetera—are being forced to divert over \$80 million of their own money in upgrading their facilities for your policy to be rolled out.

Ms D'AMBROSIO: I am happy to take that one now or after. I have got the REFCL answer, if that is okay.

Mr RIORDAN: Yes, so the REFCL answer?

Ms D'AMBROSIO: So all of the REFCLs, as part of the powerline bushfire safety program, will be rolled out before the 2023–24 bushfire season. So that is the end date of that program, and the REFCLs that are—

Mr RIORDAN: And are you funding that rollout, Minister?

Ms D'AMBROSIO: The REFCLs are funded through passed-through cost to consumers, as was the design of the original.

Mr RIORDAN: So the report as reported in the *Weekly Times* last month that 92 of Victoria's largest employers in regional Victoria—areas that affect we three here—they have been quoted at \$80 million that they have got to divert from ongoing operations in those local regional communities into upgrading their own

electrical connections in order for your policy to roll out, whereas when those REFCLs were rolled out in the metropolitan areas, you in fact funded it.

Ms D'AMBROSIO: No, I think you are confusing—

Mr RIORDAN: So there was \$150 million allocated for funding in metropolitan areas—

Ms D'AMBROSIO: No, I think you are confusing these issues. REFCLs were always going to be funded as a pass-through cost from when they were first accepted as recommendations from the task force in 2011.

Mr RIORDAN: So do you think that those businesses expected \$6 million invoices?

Ms D'AMBROSIO: No, let me explain. Now, there are a number of REFCLs in particular areas where they require the high voltage customers, and these are the customers that you are referring to—

Mr RIORDAN: Yes.

Ms D'AMBROSIO: The high voltage customers, because they are high voltage customers, some of them, for the protection of their own system, would be required to adopt other technologies to either harden their own electricity assets, and these are assets—

Mr RIORDAN: Yes, I know why they are doing it, Minister. I am just confirming that you are expecting businesses to fork out, in regional Victoria, over \$80 million to meet your requirements.

Ms D'AMBROSIO: No.

Mr RIORDAN: Minister, the next question I have on the REFCLs—

Ms D'AMBROSIO: Were you going to let me answer that first question?

Mr RIORDAN: Well, no, because you have answered it.

Ms D'AMBROSIO: No, I have not, but you choose to answer it the way you want to answer it. So I am happy to answer it—

Mr RIORDAN: Yes, I do not need a science lesson on how they work. I understand that. I am just wanting to ascertain that your policy for rolling out REFCLs—the cost will be borne by consumers and businesses in regional areas.

Ms D'AMBROSIO: As was designed in the first instance by—

Mr RIORDAN: Minister, can you tell us where else in the world REFCLs have been used to mitigate bushfires?

Ms D'AMBROSIO: Look, let me answer that question, and I will also say that we have developed a fund for a number of these businesses who—

Mr RIORDAN: No, I just want to know where else REFCLs have been used to prevent—

Ms D'AMBROSIO: For fire prevention. REFCLs exist in other parts of the world, but for the application—

Mr RIORDAN: Can you give us one country where they are used for bushfires?

Ms D'AMBROSIO: For the application of bushfires, they are very unique to Victoria. Can I say this is—

Mr RIORDAN: Minister, we agree they are unique to Victoria. My next question to you is: of the major bushfires since the 1960s—Ash Wednesday, 1977, Black Saturday—would any of those fires have been prevented from the \$700 million investment you are making and the \$80 million you are expecting regional businesses to pay? Would one of those fires have been prevented?

Ms D'AMBROSIO: Well, can I just say to you that \$80 million is a figure that is disputable. I will say that very clearly because—

Mr RIORDAN: Well, Minister, I have seen invoices for \$3 million and \$4 million and \$5 million and \$6 million for businesses, so it is not disputable from my point of view.

Ms D'AMBROSIO: Well, you know, there are many cheaper options that we are working through with a variety of businesses that will see a much cheaper—

Mr RIORDAN: So, Minister, of the major bushfires in the last 50 years, would one of them have been prevented from a REFCL?

Ms D'AMBROSIO: On 3 February this year, a total fire ban day, a REFCL operating in a regional zone substation detected a fault and immediately cut the power. So despite a number of visual line inspections, no faults could be seen, but as soon as the power was restored to the line with the REFCL switched off, the unidentified fault caused a fire that was quickly extinguished. So, yes, it has prevented a bushfire.

Mr RIORDAN: It has prevented a bushfire.

Ms D'AMBROSIO: Yes, that is right.

Mr RIORDAN: Would it have prevented the bushfires since the 1960s that have caused 80 per cent of deaths in all bushfires in Victoria in the last 50 years?

Ms D'AMBROSIO: Well, I have got—

Mr RIORDAN: The answer, Minister, is they would not have because, Minister, the REFCLs do not work unless the wire hits the ground.

Ms D'AMBROSIO: Well, that is amazing given that it was your government that supported the REFCLs and made the decision to accept the recommendation—

Mr RIORDAN: Minister, we are not talking about our government, we are talking about your rollout of a program that is unique to Victoria and is not used anywhere else.

Ms D'AMBROSIO: No, because you misunderstand the nature of these things. Bushfire risk reduction is estimated to be reduced. By June of 2018 these works have achieved an 85 per cent reduction in the risk in the Maldon area, 62.6 per cent in the Kinglake area, almost 69 per cent in the Healesville area and just over 60 per cent risk reduction in the Kyneton, Warburton and Warrandyte areas respectively. That is a pretty significant—

Mr RIORDAN: Minister, change in topics—

Ms D'AMBROSIO: Yes, because you do not like the answer. But anyway, there you go. So they have stopped five fires on—

Ms VALLENCE: No, because we have limited time.

Mr RIORDAN: No, well, we have got limited time, Minister, and—

Ms D'AMBROSIO: REFCLs would have stopped five fires on Black Saturday.

Mr RIORDAN: It would have stopped five fires on Black Saturday?

Ms D'AMBROSIO: Five, yes. And I am happy to provide you the details of that later.

Mr RIORDAN: Okay, well, it would not have stopped the St Patrick's Day fire.

Minister, we are moving now to another issue. The government received advice that the grid could not handle 650 000 additional solar installations without upgrading transformers, so this is once again an infrastructure

management issue. What additional funding has the government set aside for upgrading the grid to handle the output from these new installations?

Ms D'AMBROSIO: I would just like to know where this figure comes from.

Ms VALLENCE: Budget paper 3, page 39.

Mr RIORDAN: Budget paper 3, 39. So, I mean, this is about the infrastructure when we are talking about the government's ambitions of 50 per cent renewables, but constantly we know that the infrastructure is under pressure—our transmission and distribution systems. What advice and what funding have you got to solve this problem?

Ms D'AMBROSIO: Well, look, I think what you need to understand is the way that the network works and the fact that any government worth its salt needs to plan for the transition away from highly centralised generation points, which the network—that is, the transmission network—has been built around for many, many decades, to one that is far more distributed. That means of course working through the national energy market through the work of the Australian Energy Market Operator in their planning for infrastructure upgrades. This is typical of the way all states under a national regime operate, whereby we expect that there is proper planning for infrastructure upgrades—South Australia, New South Wales, a whole range of states—

Mr RIORDAN: Minister, with the 30 seconds that we have left, what advice have you got on how many people have had their applications to have renewable energy rejected because the infrastructure does not exist to cope with their export?

Ms D'AMBROSIO: Now, are you talking about applications of large-scale generators or small?

Mr RIORDAN: Both, Minister—from householders and industry.

Ms D'AMBROSIO: Well, very few from small.

Mr RIORDAN: How many people are not able to invest in—

Ms VALLENCE: And which transformers?

Ms D'AMBROSIO: Very, very few from small, absolutely. And can I just say that typically—because they are privatised networks—those customers, whether they are small or large, manage these issues through direct contact with the distribution businesses. Distribution businesses plan ahead in terms of their infrastructure needs, and as you would know, their forward planning works through a regulated process through the Australian Energy Regulator to manage infrastructure upgrades.

The CHAIR: Deputy Chair, I gave you your extra 30 seconds.

Mr RIORDAN: Yes. Can I just table some questions for the minister?

The CHAIR: You can give them later on through the secretariat.

Minister, I now have the call; it is always nice to be able to control your own time. Can I take you back to the energy market offers that you spoke about at the beginning of your testimony here. I used the energy comparison website. And I did not claim the \$50, which did not really change my world, but what did was the actual comparison. I found a retailer that provided me an offer that was \$1000 a year cheaper than the retailer I was on. Admittedly I was on GreenPower, but I moved to the new retailer, and I am keen to understand whether or not the program has been a success in your eyes, in the government's eyes. What does success look like for the betterment of Victorians as well? And also what more could we be doing to, I guess, market that opportunity, because if I can save that kind of money, and I have a degree of experience across the energy market, there will be a lot of people out there that do not that will also be able to fare as well, if not better?

Ms D'AMBROSIO: Thank you, Chair. Certainly promoting a website such as this—and I am really pleased that you found a very good offer; just check to see how long it lasts and—

The CHAIR: Well, for the benefit of that retailer, Tango Energy—there is a free plug.

Mr D O'BRIEN: Outrageous abuse of your position, Chair.

Ms D'AMBROSIO: All right. Just watch the expiry date on that one. But what is important here—

The CHAIR: You should have a look. You might save some money, too, Mr O'Brien.

Mr D O'BRIEN: I have done it. I also did not take the \$50, thank you, Chair, but yes.

The CHAIR: And did you save money?

Mr D O'BRIEN: Nowhere near as much as you.

The CHAIR: But did you save money?

Mr D O'BRIEN: About 5 per cent.

The CHAIR: There you go. It is even working for National MPs. There you go.

Mr RIORDAN: Would that offer be there with a default setting?

Mr D O'BRIEN: Yes, well, that is right. The question is: would it be there if a default comes in?

The CHAIR: Well, let me say that, having had tacit endorsement of the policy, we will return back to you, Minister.

Ms D'AMBROSIO: Thank you. So certainly we have been very, very pleased with what has been a significant increase in visitations to the Victorian Energy Compare website, and that is very much thanks to the \$50 power-saving bonus. Now, you mentioned, Chair, that it will not change your world, \$50, but for a number of people it would make a lot of difference, and also importantly it really does just drive home to Victorian families that seven out of 10 of them can actually be saving money. And that is the really critical message here. In seven out of 10 you are talking about probably on average \$300 a year that you could be saving; I think that is probably the figure that is around—\$330 a year.

But what is really critical here of course is that Victorian Energy Compare is useful in that it actually raises awareness, too, of the way that the retail market is designed, and if you just let it go unabated—just let it go as it is—it is not designed to really favour consumers. And for the ones who find it difficult to compare offers—when you are not comparing apples with apples, you are comparing apples with other fruit—it is really hard. If anyone has tried to change a phone plan or an internet plan, you can understand how difficult and complex it can be. Energy is no different. For a product that is essentially the same no matter who is providing it, a lot of people are paying far too much for their energy.

So we are really pleased in terms of the uptake of the website. Certainly the extension of the power-saving bonus to the end of next financial year will mean that a lot more Victorians can just keep getting on there, getting onto the website, and for some it will be confirmation that the offer they are on is really the best offer for them. The best offer is not always the cheapest offer. I think that is really important for us to remember here too, because sometimes there are many, many tricky conditions in a contract—pay on time. If you do not pay on time, the penalty is so exorbitant that it actually potentially can wipe out any of the savings that appear to be quite significant but in reality may end up being not so shiny as you would think on the first look. So that is why it is really important to raise people's awareness.

The CHAIR: Now, forgive me, I am pretty sure that you gave this answer earlier but I was missing in action when you did. How many Victorians have taken advantage of this scheme?

Ms D'AMBROSIO: Look, the figure is around, I think, just over 360 000—I think it might be 365 000—and I think more than 300 000 have actually got the cheque in the mail, so there are others that, perhaps like yourself, Chair, have not chosen to seek the bonus and others that may still have it in the mail.

The CHAIR: So how many people, then, are left that could take advantage of the program?

Ms D'AMBROSIO: If you think about how many households and small businesses there are in the state, that number of 365 000, if you are thinking about households, I have got a feeling there are probably about 1.5 million households in the state—I can come back to you—so it is a significant number more that can certainly go to that website who otherwise have not done that. We are aiming to get to more people through the extension of the power-saving bonus over the next 12 months.

The CHAIR: So that bonus has been extended to 30 June next year?

Ms D'AMBROSIO: Yes.

The CHAIR: What are the measures open to you to be able to advertise the program? For example, could retailers be required to add an insert or a statement on the bill advising customers that they could still compare their offers?

Ms D'AMBROSIO: Yes, look, in terms of the bonus, that of itself that we fund under the budget is not for advertising as such, other than through social media, which has occurred in the past. That will continue. But certainly in terms of the broader energy fairness plan there will be requirements for retailers to provide better information to their customers. For example, retailers will have to let their customers know on the actual bill that they receive whether or not they are on the best energy plan—so, is this the best offer you can make and how much the customer can be saving. Retailers must also provide clear advice to help customers navigate to a product that best suits their circumstances.

These initiatives are some of the many initiatives that have come out of that bipartisan independent review into the energy retail markets and that our government has accepted and is rolling out. But we will continue to monitor the way that the retail market operates. The Essential Services Commission will have an ongoing role and authority to monitor the VDO but also all of the essential elements of the reforms that we are making, and of course the Essential Services Commission right now will have terms of reference to review the energy retail code that will give effect to the changes to contract periods, practices and variations to ensure that electricity retail contracts are clear and fair. So we will require, and have required, the ESC to complete its review and to make those changes to take effect from 1 July next year.

The CHAIR: Just as an extension of that—if you need to take this on notice, that is okay—is there an understanding that residential bills are higher in winter because of the heating costs or is it summer because of the cooling? Which season generally costs more for a household?

Ms D'AMBROSIO: It is an interesting question in that if you have a look Victoria, traditionally Victorians have been more reliant than other states on gas, especially in the winter period, for heating purposes. But of course with the more extreme and longer summers that we have now because of change of climate, we are seeing of course a greater expense through electricity and through air conditioning units, so there are challenges in both critical seasons.

The CHAIR: So as members of Parliament, the ability to I guess readvertise the program that the government is offering would be something that you would be supportive of, irrespective of the season?

Ms D'AMBROSIO: Of the Victorian Energy Compare, you mean?

The CHAIR: Yes.

Ms D'AMBROSIO: Absolutely. The market operates as the market does, with the whole variety of offers that are out there, but one thing is for sure: if you get a bill and you think you are not getting what you think is a fair price, you can always at any time—always at any time—compare what you are paying on your market offer with the VDO, and if you prefer to go to the VDO then that is a choice that you have. You can have the confidence that it may not be the cheapest and it is certainly not the most expensive, but it is a fair price for power.

The CHAIR: Now I think in the remaining 45 seconds that I have got—unless I extend my time—if I can just move to the issue of pocket parks.

Mr RIORDAN: Chair, you have a sense of humour. That is all one needs to play on.

The CHAIR: You see, Mr Riordan, you have the luxury of coming from a beautiful part of this state where land is bountiful. But in my area of Southern Metropolitan Region I have the two municipalities that have the lowest amount of green space of anywhere in Melbourne, being Glen Eira and Stonnington councils, and I was keen to better understand, Minister—and you will have to take this on notice—what I can do to speak with local government authorities to work with you in order to have them in my area take advantage of these pocket parks, because it is an issue throughout those two municipalities. Both of those municipalities are within my electorate, and I am very jealous and envious of Mr Riordan and Mr O'Brien's bountiful plains to share, but they do not like to share them with us city folk, so we will allow you to take that on notice, Minister.

Sadly, your time before us as the Minister for Energy, Environment and Climate Change in the hearing has now expired, so thank you for appearing before us today. The committee will follow up on any questions taken on notice in writing, with responses required within 10 working days of the committee's request. The committee will now take a short break and reconvene at 2.05 in consideration of the next portfolio of Solar Homes. I declare this hearing adjourned.

Witnesses withdrew.