

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2017–18

Melbourne — 16 May 2017

Members

Mr Danny Pearson — Chair

Mr David Morris — Deputy Chair

Mr Steve Dimopoulos

Mr Danny O'Brien

Ms Fiona Patten

Ms Sue Pennicuik

Ms Harriet Shing

Mr Tim Smith

Ms Vicki Ward

Witnesses

Mr James Merlino, Minister for Emergency Services,

Mr Greg Wilson, Secretary,

Ms Deborrah Jepsen, Acting Deputy Secretary, Emergency Management, and Acting Chief Executive,
Emergency Management Victoria, and

Mr Craig Lapsley, Commissioner, Emergency Management Victoria, Department of Justice and Regulation.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2017–18 budget estimates. All mobile telephones should now be turned to silent. I would like to welcome the Minister for Emergency Services, the Honourable James Merlino, MP; Mr Greg Wilson, the Secretary of the Department of Justice and Regulation; Ms Deborah Jepsen, Acting Deputy Secretary, Emergency Management, and Acting Chief Executive, Emergency Management Victoria; and Commissioner Craig Lapsley, Emergency Management Victoria.

All evidence is taken by the committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Comments made outside the hearing, including on social media, are not afforded such privilege.

Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

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

All written communication to witnesses must be provided by officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way and cannot photograph, audio record or videorecord any part of these proceedings.

Members of the media must remain focused only on the person speaking. Any filming or recording must cease immediately at the completion of the hearing.

I now invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee.

Ms SHING — Chair, just before you do, can I make a declaration that I am the Parliamentary Secretary for Emergency Services, for the purposes of this hearing.

Visual presentation

Mr MERLINO — Thank you, Chair, and for the opportunity to present on the emergency services portfolio. As you can see with the next slide, this gives you a bit of an overview of emergency services. I have responsibility for the Country Fire Authority, Emergency Management Victoria, the Emergency Services Telecommunications Authority, Life Saving Victoria, the Metropolitan Fire and Emergency Services Board and the Victorian State Emergency Service — about 5800 paid staff, more than 90 000 volunteers, more than 14 000 appliances and 1500 stations, units and clubs all working towards protecting our community.

The next slide gives you a bit of a snapshot over the past year. You can see our emergency services responding to a large variety of incidents. Some are typical; others are not. In fact this last 12 months has been quite unusual. Of course there have been fires, storms and flash flooding but also a significant increase in shark sightings. We have had water rescues and, tragically, drownings. Victoria experienced the thunderstorm asthma event and the tragic events of both Bourke Street and the Essendon plane crash. While the emergency services attended almost 3000 grass, scrub and bushfires from November to March, over our summer season, our fleet of 48 aircraft played a critical role in minimising the impacts of these events using predetermined dispatch to keep those fires small.

In terms of achievements in the next slide, there have been a number of significant achievements over the past year. We have 16 integrated CFA stations to date which provide emergency medical response services, supporting Ambulance Victoria, and by June of 19 all 35 integrated stations across the state will be EMR capable. Volunteer support has been a strong focus for the emergency services volunteers sustainability grants program, with \$15 million available to support the immediate needs of volunteers, including new equipment, training and development. Additionally we have supported funding for an additional 28 new appliances for the CFA in addition to the 80 already provided under our election commitment as well as additional personal protective clothing and, importantly, the development of the junior brigade program.

VESEP, the volunteer emergency services equipment program, also provides grants to emergency services volunteer groups for operational equipment, vehicles, trucks, tankers, watercraft trailers and minor facility improvements. This coming financial year that program will deliver a further \$13 million. We have recruited and trained 244 firefighters as part of our commitment to increase the number of career firefighters by 450. Very significantly, the acquisition of the former Australian Emergency Management Institute at Mount Macedon has been significant for the sector. This week we announced the purchase of land and the establishment of a new training centre in Ballan.

In terms of 17–18 budget initiatives, I particularly wanted to highlight VICSES. The Victorian government greatly appreciates the work of our VICSES volunteers, who dedicate their time and skills to keep the community safe. The Victorian government is investing \$34.3 million, including \$26.85 million in asset investment. This is the first time, as you can see from that graph, Chair, in five years that VICSES has received capital funding, and that is the highest it has ever received. Six new SES units are being established in Caroline Springs/Plumpton, Clyde, Craigieburn north, Cranbourne, Officer and Point Cook to support growing demand. Relocation or redevelopment will also take place across the Broadmeadows, Chelsea, Corio, Emerald, Frankston and Wangaratta units. The Victorian government has also placed VICSES units on a more sustainable footing for the future, and I can discuss that later if members wish.

The final slide is in regard to Life Saving Victoria. All of our emergency services personnel continue to deliver vital outcomes for our community. To support the work of Life Saving Victoria, the government is investing \$6 million to redevelop the Brighton, Jan Juc and Point Lonsdale surf lifesaving facilities and conduct urgent repairs and maintenance work at others. We have also provided funding to support improved communications with the community and across the sector. ESTA provides the critical link between the community and the state's emergency services organisations by operating Victoria's 24-hour emergency call-taking and dispatch services for police, fire, ambulance and VICSES. I might leave it there, Chair, because I know I have limited time, but a good budget for emergency services.

The CHAIR — Thank you, Minister. We will have government questions now until 12.58 p.m. I will lead off. At the outset, Minister, I would like to acknowledge the great work that all of our emergency services workers provide in keeping our community safe, be they paid or unpaid staff. To that end, Minister, my electorate is well serviced by the Essendon SES — it is called the Essendon SES even though it is in the state electorate of Niddrie, but it is just over the border. Justin Navas and his team do a fantastic job in keeping our community safe, because whenever you have got a critical event — a thunderstorm or other sort of damage — they are out there protecting our community. They just do a great job.

Minister, if could turn your attention to budget paper 3, page 99, 'Victoria State Emergency Services headquarters and critical assets' is the specific line item, and I refer to support for Victoria State Emergency Service units. If you look at the line items on page 94, there is \$7.4 million across the forward estimates. Are you able to outline to the committee what that funding is to go towards?

Mr MERLINO — Our SES volunteers do a wonderful work. Like you, I have Emerald SES and Lilydale SES, both servicing different parts of my electorate. Emerald is the second or third highest in the state in terms of incidents that they respond to. This is a really great budget for our SES, and it has been a long time coming. There has been great engagement between Emergency Management Victoria and our SES on both their infrastructure needs and their operational funding.

SES is the control agency for responding to floods, earthquakes, tsunamis and storms and their impact across Victoria and provides operational support to other emergency services organisations. It is also the main provider of road accident rescue services, so they administer first aid, stabilise vehicles and casualties, and assist in removing any occupants both quickly and safely from vehicles. Out of 130 accredited road accident rescue brigades and units, 102 of those are VICSES, and we expect to see the unit in Marong add to this in the coming year.

We are investing, as I said, \$34.3 million to ensure SES has the vehicles, the equipment and the facilities it needs to continue to provide this valuable service. The investment includes a number of capital projects and equipment upgrades, which I have referred to, but also funding to cover the costs of VICSES units located on council land to address shortfalls in council funding contributions and provide long-term leases, giving units certainty about their future. This is a significant reform. SES receives funding from the Victorian government

by direct grants; Treasurers advances where appropriate; grants programs like VESEP, so for vehicles and equipment; and emergency services volunteers sustainability grants.

There is also funding, historically, from local government, providing facilities and accommodation, and the municipal subsidy matching process. Then it is the tin rattling — it is the donations, it is the fundraising in local communities. Councils have been primarily responsible for providing the facilities and accommodation that house VICSES units, although increasingly over recent years the state government has funded unit facilities in part or full.

Under the current funding arrangements SES units receive state government funding which is expected to be matched by local government. This dates back to the 1980s. But what we have seen over recent years — the last several years — is that that has been coming under some strain. Council contributions have been declining over the last decade and some councils are just not delivering any operational funding whatsoever. This was a significant issue for SES and this budget delivers that funding certainty, with the government taking responsibility for that operational funding. What was previously between government and local government will now be delivered through state.

The CHAIR — Minister, I note that the mayor of Corangamite, after the budget was handed down, said, and I quote:

... the state government's spruiking of funding SES units across the state —

was —

'an insult'.

The state government should have been funding SES units all along, just like it does the police, CFA and ambulance service.

I am just wondering, from your perspective as the minister, what was your response when you read that?

Mr MERLINO — Look, those comments are unfortunate. What I want to stress today is that this is a win for everyone. This is a win first and foremost for our volunteers, our SES units across the state, but it is also a win for local government and it is a win for community safety. This will bring the state contribution towards VICSES operations to \$4.9 million over the estimates. As I said, it benefits everyone, including local government.

The exchange is this: there is a memorandum of understanding. There have been negotiations between SES, EMV and the Municipal Association of Victoria. The state takes responsibility for operational funding, providing that certainty. In exchange for that, for those SES units — and the vast bulk of those SES units are on council land — the memorandum of understanding will deliver certainty, so 40 years certainty, for example, for units on council land. So the state takes control of maintenance and operational funding and councils deliver certainty to those units in terms of their accommodation, because we have current examples where there are units on council land, so on a depot for example. The council decides that the depot is surplus to their needs. They put the depot on the market and they say to the SES unit, 'See you later. You need to find another location'. We are working with a couple of particular problems finding a home for a couple of SES units who are in that exact scenario. So this is of benefit to everyone. So to the mayors and CEOs: we acknowledge the problem and this is the resolution of that problem. It has been great work by the leadership of the SES, Stephen Griffin, the board, Craig Lapsley as emergency management commissioner and the Municipal Association of Victoria.

Ms WARD — Thanks, Minister. As you can imagine, I have a question about Fiskville. It is something that has stayed with me since the inquiry, and I have an active interest in what has been going on up there. I send you to budget paper 4, page 67. Some of the line items refer to Fiskville, and there is a footnote there in relation to the remediation of Fiskville. I can understand there have been some issues with the project. The footnote says that:

Cash flow and timing has been revised in line with a revised project schedule.

Can you explain what that is and why that has happened?

Mr MERLINO — Thank you, Ms Ward, for the question. I am happy to go into some detail. In a nutshell, it is because Fiskville is closing. The original remediation was based on the premise that Fiskville would continue to operate. If I can go through this in some detail, this is a significant issue for all of our firefighters, all of our emergency services personnel. In our last budget we invested \$80.7 million to decommission the Fiskville training facility and conduct environmental audits and upgrades at six other operational centres located across regional Victoria. We closed Fiskville on the recommendations of the CFA board. Fiskville was a very difficult time for CFA, for emergency services across the state. It was the training ground for many, many firefighters over four decades — and more than that —

Ms WARD — As well as other —

Mr MERLINO — Indeed. It was the home for graduations, celebrations and memorials. There is a great emotional connection to Fiskville. But it was closed on the recommendation of the board, who advised us that they had resolved to close the site following the result of water testing of more than 550 samples — and, Ms Ward, you would be acutely aware of this — because the safety of the site could not be guaranteed. So we closed the site, made that investment.

The EPA has been undertaking the clean-up of Fiskville since 2014, and the recent change to the time frames is in response to the work that was undertaken since the site was closed. So the original clean-up plan was prepared and approved on the basis that Fiskville would continue to operate as a fire training facility and the known contamination would be managed through a site management plan. The closure of the site triggered a more rigorous clean-up approach in order to restore the site for all future beneficial users to the extent that that is practicable.

The site at Fiskville was contaminated with toxic materials, and the health risks were made clear in Monash University's Fiskville cancer study, which found that firefighters who worked at the Fiskville training facility have higher than expected rates of skin, testicular and brain cancer. The study conducted by Monash uni examined cancer and death rates linked to the site between 1971 and 1999, and among a group of 606 people who worked and trained on the fireground a total of 69 cancers were discovered, that resulted in 16 deaths. Staff who worked full time and were exposed to flammable chemicals, combustion, foams and recycled water developed melanoma and testicular cancer at higher than expected rates.

In March 2015, after tests showed that the site was contaminated with toxic PFOS chemicals many times over international guidelines for safe levels, including in places that had not shown up before, it was determined that it could no longer be used as a training site and it was closed. Because the EPA set the original time frame for clean-up in 2013 on the basis that the site would remain an operational fire training facility and the known contamination would be managed through a site management plan, the closure in 2015 required the CFA to revise its remediation strategy and clean-up plan for the site and obtain the EPA's approval of those. The revision included a major change of the scope of works required, demolishing the practice areas for drills, significant earthworks and treatment of water, so extensive work with the EPA.

That long answer to your question is because it moved from being a site that was going to continue to operate to a site that, for very, very good reasons — and the previous government put its head in the sand — around the occupational health and safety of our firefighters —

Ms WARD — The previous government was completely in denial about the extent of pollution on the site.

Mr MERLINO — Absolutely.

Ms WARD — But I think —

The CHAIR — Order! The Deputy Chair until 1.09 p.m.

Mr MORRIS — Minister, the reference is budget paper 3, page 291, which is the emergency management capability output, as I am sure you know. Your predecessor, the member for Brunswick, used to regularly tell the committee that funding for new firefighters was in contingency funding. Are you able to provide more information to the committee and in fact indicate to us the cost of the election commitment for 450 additional firefighters? So what is the cost to date and the cost across the forward estimates?

Ms WARD — What does it cost not to have them?

Mr MERLINO — Thank you, Mr Morris, for your question. Just bear with me for a moment; I will get the proper page for you. As you rightly point out, Mr Morris, the government, when we were in opposition, made an election commitment for 350 Country Fire Authority and 100 Metropolitan Fire Brigade firefighters. This was a commitment that we made. We are well on track, as I said in my presentation, of 244 additional firefighters — 50 in the MFB and 194 in the CFA — and they will be recruited by June of this year. Another 181 additional firefighters will be recruited in 2017–18, bringing the cumulative total of additional firefighters recruited and trained to 425. And they will receive their training at VEMTC at Craigieburn in a continuous pattern of four days on, four days off. In relation to the funding, that is delivered in the base funding within the departments. I cannot give you a per recruit cost, but it is delivered through our base funding in the budget.

Mr MORRIS — So you cannot tell me how much the extra numbers have cost to date or what the cost is across the forward estimates?

Mr MERLINO — I am not in a position to give you a per recruit cost. I can give you an update, as I have, in terms of the additional firefighters that have been recruited. We will deliver on our election commitment. I would point out that this was an election commitment that both the Liberal-National parties at the time said would impact on community safety, which is quite extraordinary.

Mr MORRIS — Are we going to get that information of the cost to date and the cost across the forward estimates?

Mr MERLINO — I am happy to provide further information on notice, Mr Morris, but I have given you the answer. We will deliver on our election commitment. It is delivered within the base funding through the department, and we will deliver our election commitment in full, because our growing community requires those additional career firefighters.

Mr MORRIS — Okay. You have indicated you cannot tell me what it costs to recruit a new firefighter. Can Commissioner Lapsley or Mr Wilson provide that information?

Ms SHING — It has been taken on notice.

Mr MERLINO — I have already said I will take it on notice.

Mr MORRIS — No, you indicated you would take on notice the total cost to date and the cost across the forward estimates. If you are indicating you will take on notice the cost of recruiting a new firefighter, I would be delighted if you would do that too.

Mr MERLINO — As I said, I am not in a position to give you a per recruit cost. We do not have those figures, but what I will say to you is we will deliver in full on our election commitment. We will have 450 additional firefighters to improve community safety.

Mr MORRIS — Is there anyone at the table that can tell me what it costs to recruit an additional firefighter?

Mr WILSON — I do not have the cost.

Comm. LAPSLEY — No.

Mr MORRIS — Would the cost be somewhere in the department?

Mr WILSON — I would not think so, no. It would become a bit of an academic exercise, because they all vary in terms of the different classifications, the recruits, the ancillary costs.

Mr MORRIS — We are talking about new recruits.

Mr WILSON — Not to my knowledge.

Ms SHING — The whole point of recruits is that it varies across the spectrum of the classification structure.

Mr MORRIS — I am staggered that we do not know how much it costs to recruit an additional firefighter.

Ms WARD — No, that was not the answer to the question, Mr Morris. You do not need to verbal.

Mr MORRIS — I really am staggered.

Ms WARD — Mr Morris, you really need to recognise what the answer was.

The CHAIR — Order! Is there a question?

Mr MORRIS — Apparently there is just commentary. Again, anyone at the table, are you able to indicate what the ongoing cost per annum per head of firefighting capacity is?

Mr MERLINO — In regard to the ongoing cost, we have had on the public record the Treasurer talking about the ongoing cost of the CFA operational agreement, which was in the order of around \$160 million. The MFB agreement is not finalised but, as I said, the recruitment and the delivery of 450 additional career firefighters will be delivered through the funding allocated to those two agencies by the department's budget.

Mr MORRIS — I am trying to get an idea of the cost per head of new recruits.

Ms SHING — You have just been told it varies.

Mr MERLINO — And I have answered the question a number of times, Mr Morris.

Mr MORRIS — No, actually you have not. I am still no wiser.

Mr MERLINO — We do not have a per recruit cost.

Mr MORRIS — It is interesting when we look at the budget, as my colleague Mr Smith has just reminded me, for the police — for extra police there are numbers given and costs assigned — but we cannot do that for firefighters?

Mr MERLINO — Well, it is within the budgets provided to those agencies to deliver those additional recruits, so it is within the base funding, Mr Morris. I cannot be more clear than that. We will deliver our commitment, and it is within the funding provided to the agencies.

Mr MORRIS — The base funding is anything but clear. We cannot find out what the ongoing costs per annum per firefighter is. Presumably you cannot provide detail on the allowances that are received and the cost to each of the fire services from that. Presumably you cannot tell us what the cost of training a firefighter is?

Mr MERLINO — Are you asking a question about the allowances, Mr Morris?

Mr MORRIS — I am.

Mr MERLINO — Are you asking a question about the allowances?

Mr MORRIS — Yes.

Mr MERLINO — I understand the DPC deputy secretary gave an answer to that question before the committee's hearings on Friday, and it is in that order of \$25 million, so 12 million per year.

Mr MORRIS — I am just not sure how to ask this question, given that we apparently do not know what it costs per firefighter, but, Mr Wilson, we do not have a per head cost, and if we take total numbers of firefighters and the total cost of the provision of the service, between December 2014 and now, have the costs increased?

Mr WILSON — That is what I mean. It becomes a bit of an academic exercise where you would have to go through those calculations and create those figures as distinct from me just tabling a document that gives you a cost per firefighter. We would have to do work and make certain assumptions about those things and create such a document.

Mr MORRIS — I must say, I am at a loss to know how the budgets are put together in the first place if you do not know what the costs are.

Mr WILSON — Well, the call on what is separated is made by the Treasurer in terms of initiative funding.

Mr MORRIS — I am asking this question in good faith, because I really cannot follow the responses. How do you, as the secretary, know that the funding you are seeking in order to provide the service is the appropriate level of funding if you do not know what your unit costs are?

Mr WILSON — There will be assumptions behind all of the costs that make up the billion-dollar-plus output, and you are asking me: ‘Have we got those costs calculated per firefighter?’, and I am saying not to my knowledge, but we would have to create that and do the calculations on a per firefighter basis and go through those assumptions.

Mr MORRIS — Well, if you do not do it on a per firefighter basis, how do you do it?

Mr WILSON — That is what I would need to go back and — —

Mr MORRIS — How do you establish your unit cost?

Mr WILSON — I would have to go back and talk to Treasury and work that through.

Mr MORRIS — BP 3, page 270, the output summary, the budget for emergency management capability has been cut by 47 million. To the minister: what is the impact of those cuts on programs, staff and/or appliances because of this reduction?

Mr MERLINO — What was that reference, Mr Morris?

Mr MORRIS — — BP 3, page 270, ‘Emergency Management Capability’: 2016–17 revised, 1185.7; 2017–18, 1138.7 — by my arithmetic, a \$47 million cut.

Mr MERLINO — I will ask the secretary to answer that, Mr Morris.

Mr WILSON — You will see the increase from 1 billion and 95 million to 1 billion 185, and then it goes back to 1 billion 138 — is that the reference?

Mr MORRIS — I am looking at the revised budget versus next year, yes.

Mr WILSON — Yes, so 16–17 included a number of one-offs. We had a Treasurer’s advance for 27.5 million, and then there was 34.7 million that was an output cost relating to Fiskville and regional Victorian emergency management training, so they are one-offs, Deputy Chair.

Ms PENNICUIK — Thank you, Minister, thank you, secretary, the commissioner and all the other staff that are here. I just wondered if I could ask with the proposal to redefine the CFA and MFB boundaries whether there are any expected costs in the forward estimates or whether they have been factored into any costs in the forward estimates, and will it require more MFB staff?

Mr MERLINO — Thank you, Ms Pennicuik, for the question. There is nothing in the budget papers, so nothing in terms of what was delivered today, or what can be considered as part of our discussion today, because no decisions have been reached. I have been quite open about this with members of Parliament in Parliament and with various stakeholders. So we are looking at all options in terms of the future of our fire services, but no decisions have been reached. If and when a decision is reached and there is further reform to our fire services, then there could well be implications in terms of financing that. But the critical component, which was the subject of our discussion with Mr Morris earlier, is the delivery of the 450 additional firefighters. So that is already catered for in the budget, so there is no additional cost in terms of the men and women that we are recruiting — the additional career firefighters that we are recruiting. But if there are further costs to any reforms, we will deal with that at the time, but in terms of the 17–18 budget, it does not, simply because no decisions have been made.

Ms PENNICUIK — Yes. You mentioned I think it was 350 and 100 — am I right — with the breakdown of the staff.

Mr MERLINO — Yes, 350 CFA and 100 MFB.

Ms PENNICUIK — So you are suggesting that if there are any changes required in the next financial year or the one after, that that would be absorbed by that new recruitment arrangement?

Mr MERLINO — In terms of the 450 additional career firefighters, we have already budgeted for those additional firefighters and we are well on our way — 244 will be recruited by June of this year. So we are well on our way to delivering on our election commitment, and that is funded. If there is any further cost as a result of future reforms, they will be announced at that time.

Ms PENNICUIK — All right. Thank you, Minister. If I could go to the ESTA issue. There are no page numbers on your presentation, but in your presentation it speaks about upgrades and support for ESTA's call taking and dispatch and improving operational communications. I think on page 96 with regard to baseline funding it also mentions a new facility — on page 96, budget paper 3. I wonder if you could comment on where that new facility will be. Also there was I think a new facility earlier on, funded in the 14–15 budget. Is that the same facility or is there a new facility additional to that facility?

Mr MERLINO — Ms Pennicuik, can you just give me a reference to the facility? It was BP 3?

Ms PENNICUIK — Page 96, budget paper 3:

Funding will be provided to the Emergency Services Telecommunications Authority (ESTA) to respond to growth in emergency call-taking ...

Mr MERLINO — Yes, I can speak in detail around the demand.

Ms PENNICUIK — Yes, and to relocate one of the facilities to a new facility.

Mr MERLINO — Thank you, Ms Pennicuik. That is in relation to relocation of Victoria Police and ESTA, so I might ask the commissioner to speak further on that.

Comm. LAPSLEY — Obviously one of the call-taking centres for ESTA is based in the Victoria Police Centre, and Victoria Police are obviously considering or are actually committed to move from the current facility up into the Spencer Street facility and the second tower will be built. The question for ESTA is do they go with police into the Spencer Street facility or to another location. So the location has not been determined. However, obviously in the forward funding issue and the forecasts of what is required, ESTA will need to move to a location yet to be determined.

Ms PENNICUIK — That is very interesting. Minister, could you talk about the increase in demand. You said you were going to make some comments on it.

Mr MERLINO — Yes, I can indeed. So a quite significant demand for ESTA — to put it into some perspective, currently ESTA answers over 2.5 million calls and dispatches over 2.1 million events per annum. On average this equates to a call every 13 seconds and an event every 15 seconds, so quite extraordinary. This demand on ESTA's service is increasing — again, as population increases, the demand on the service, changing demographics, climate change, new technologies, and increasing frequency, complexity and severity of emergencies. So you go back to looking at this summer and some of those unusual events and the challenge that in a hot season our fire seasons start earlier and finish later, so there is a significant increase.

The CHAIR — Order! Ms Ward until 1.25 p.m.

Ms PENNICUIK — Can you provide the rest on notice please, Minister?

Ms WARD — If you have only got a few more sentences, Minister, please continue.

Mr MERLINO — That would be great. If I could talk about the challenge within ESTA, I will continue on that.

Ms PENNICUIK — Thanks, Minister.

Mr MERLINO — These things are difficult to predict, but at the moment ESTA expects that by 2021 demand for call-taking will increase by about 25 per cent and demand for dispatching to increase by 21 per cent. At 5 and 6 per cent per year that is well above even Victoria's high population growth of 1.9 per cent per year.

ESTA delivers the fastest and most consistent 000 answer times in Australia, but there are still benchmarks that are not being met or are under pressure due to demand but also increasing surge events. A great example of that is the thunderstorm asthma event, which was quite extraordinary.

The CHAIR — Order! Ms Ward.

Mr MERLINO — Sorry, Ms Ward, you might have a question. I am happy to keep going on ESTA.

Ms WARD — I am sure you are. Maybe we will come back to ESTA, but I do want to bring you back to Fiskville, if that is okay, Minister. I just have to preface by saying that I was disappointed when the shadow Minister for Emergency Services withdrew from the Fiskville inquiry quite early on despite saying in March 2015 that the opposition and the Labor government are in lock step on the issue of the safety of our CFA volunteers. I would have thought that if he was concerned about the safety of our CFA volunteers as well as the broader firefighting movement, he would not, as he says, misspeak about the Black Saturday input of our MFB, CFA and department of sustainability firefighters.

Mr T. SMITH — No, he did not say he misspoke; that is what Natalie Hutchins says.

Ms WARD — That was his quote. I agree with the minister that the shadow minister should in fact resign his position, because what he said was just appalling.

Mr T. SMITH — On a point of order, I do not often get too het up about forward estimates periods and whatnot for questions because I think it is an impairment of a member's freedom to ask a question that is pertinent to the public interest, but I would just remind you here, given that you have been so stringent with regard to us, how does this in any way, shape or form pertain to the forward estimates?

Ms WARD — I was continuing to talk to my question, on the point of order.

The CHAIR — I think it was a preamble that Ms Ward was bringing into the committee for discussion, and I think Ms Ward is about to now ask a question in relation to Fiskville.

Ms WARD — I take you back again to budget paper 4, page 67, regarding Fiskville. For the community around Ballan it was really important to find a new training facility that gave them the same economic and social benefits that Fiskville had given them. Where is the government up to in regard to finding a new training facility in that community?

Mr MERLINO — This was a really important component of the Fiskville recommendation from the parliamentary inquiry. We accepted all of the recommendations in full, in part or in principle. Unlike the member for Ovens Valley, we did not consider it a set-up, which was another quite extraordinary comment from members. We are talking about chemicals that resulted in cancer and deaths in our firefighters. So not only did we accept the closure of Fiskville but also recommendation 28, which talked about, as a matter of urgency, purchasing a new site in the Ballan area for construction of a new firefighter training centre managed by the CFA with occupational health and safety compliance, managed by EMV. We supported that recommendation.

In last year's budget there was an allocation of over \$80 million for decommissioning the site and rehabilitation, and around \$46 million to go towards new facilities. Thirty-one million dollars will go towards Ballan. I was absolutely delighted to be in Ballan yesterday. This has been a long journey. The strong preference of the Ballan community was that we replace Fiskville with a training site in Ballan. That was the strong preference of Moorabool shire. There has been a lot of engagement through the emergency management commissioner, Moorabool shire and the local community to deliver exactly that.

We have now secured a site. We announced that yesterday — a 35-hectare site in Ballan — and that will replace the former CFA training college in Fiskville. It will not be a complete like for like. There is also, in addition to the new Ballan site, an upgrade to the Huntly training base and the purchase of the site in Mount Macedon, which is incredibly exciting.

We did have a gap in training provision across the state with the closure of Fiskville, and we were aware of that, and that is why we made those budget allocations. The new Ballan VEMTC will be an environmentally safe facility featuring hot fire and multipurpose training pads, as well as firefighting props and specialist training capability. But it is not just for firefighter training — all our emergency services will be able to access this

training. The commissioner talked yesterday about the importance of road rescue training as well. Importantly, this is a significant economic driver for the Ballan community as well.

Ms WARD — Absolutely. Will it be similar to the VEMTC at Craigieburn?

Mr MERLINO — I might ask Craig to talk about the differences. It will be hot fire training and multipurpose. There will be breathing apparatuses and the ability to do road rescue, but in terms of the comparison to other training sites — —

Comm. LAPSLEY — I think it is important to understand that there are nine training sites that are predominantly focused on fire; however, they provide training for other emergency service organisations — in particular those of MFB and SES. But we are looking to ensure that it is broader than that again. So Ballan is going to be the latest technology, similar to Craigieburn, not the same size as Craigieburn. Craigieburn is a significant facility that is providing both CFA, MFB, SES and Ambulance Victoria access to training there.

The Central Highlands regional training centre will be the one based at Ballan. It will have the latest technology in training but also in the environmental management of smoke and water, which are really important learnings from where we have come and to apply new standards. So exciting times, and as the minister said, very important for the Ballan community. Ballan has got a long-term association with Fiskville and the Fiskville closure has been a significant issue for the community but also the economics of the area. It is a win-win in many environments. It will take us a period of time to establish, but once established, it will operate as part of the nine training centres across the state.

Ms SHING — I might pick up from there in relation to support for volunteers, which is set out in page 4 of your presentation, Minister. To the minister and the commissioner, I would ask: what support is being provided to buffer volunteers and paid service personnel from emergency services across the state from the intense, politicised, often misleading, often incredibly incorrect and incredibly damaging press commentary that has been running for some time now that shows in many instances no sign of being abated when we have comments around Black Saturday such as those made by Mr Battin and when we have comments around Fiskville being a beat-up? It is an incredibly divisive environment in which to work, and we see time and time again that volunteer firefighters and service personnel along with their paid counterparts continue to turn out and to do the right thing by their communities. What is the support at an operational and budgetary level to enable this to continue to occur?

Mr T. SMITH — That would be a Dorothy Dixier, everyone.

Mr MERLINO — Thank you, Ms Shing. This is not a laughing matter, Mr Smith.

Ms SHING — This is actually really serious, Mr Smith. Hands off the CFA, run by the Liberal Party.

Members interjecting.

Mr MERLINO — Thank you, Ms Shing, and this is a serious question. I travel the state talking to volunteer firefighters, visiting volunteer brigades, visiting integrated brigades and talking to career firefighters, and the consistent message across the state is that our firefighters are sick and tired of being used at a political football. I think the comments that Mr Battin made in Parliament reached an all-time low. To politicise the greatest natural fire disaster in our nation's history, Black Saturday, was just disgraceful — absolutely disgraceful.

Mr Morris interjected.

Mr MERLINO — Mr Morris, there is no defending the comments that Mr Battin made. His intent was clear, his meaning was clear, and firefighters — all firefighters — will never forget those comments. He has proven himself — —

Ms SHING — Mr Lapsley, from an operational perspective, Commissioner, what work is being done to improve the capacity for people to work together?

Comm. LAPSLEY — We have been very strong for the last number of years about the slogan, the theme, the focus of 'We work as one'. Integrated incident grounds is where the business is done — at the letterbox of

the house, the street where the car accident is — and we have worked very hard to make sure that is. An example that we, or Emergency Management Victoria, have led on behalf — —

The CHAIR — Order! Mr Smith until 1.35 p.m.

Ms SHING — I would like to get that I notice.

Comm. LAPSLEY — It is in regard to the grants, and obviously we have focused that across not only the portfolio responsibility but broader.

Ms SHING — Yes, thanks.

Mr T. SMITH — So if I can return to my colleague Mr Morris's questions previously, LFS in 2014 budgeted for 140 million for these new firefighters. You can detail that 2729 new police will cost \$2 billion in your belated law and order package. Why cannot you tell us quite simply how much a firefighter costs to employ and to train?

Mr MERLINO — Mr Smith, we have answered those questions.

Mr T. SMITH — No, you have not.

Mr MERLINO — I do not have an individual cost for the recruitment of those additional firefighters other than to say to you today that that is delivered through the funding provided to our agencies, and we are making strong progress on delivering on that commitment.

Mr T. SMITH — Can I try again to Mr Wilson or Mr Lapsley? Can anyone shine some light on what is, I would have thought, a particularly straightforward question?

Comm. LAPSLEY — I do not have the figures here, and obviously the secretary has indicated a process to do that.

Ms SHING — It has been asked and answered six times, Mr Smith.

Mr T. SMITH — Thank you, Mr Wilson.

Mr MORRIS — It has not been answered.

Ms SHING — It has. It has actually been answered.

The CHAIR — Order! Ms Shing!

Mr WILSON — My answer was to go back to Treasury in terms of what are actually the assumptions behind what was in the base.

Mr T. SMITH — And do you undertake to give us this number per firefighter?

Mr WILSON — I would need to go back and have a look at that.

Mr T. SMITH — I need a yes or no answer from you.

Mr WILSON — Because there would be all sorts of assumptions behind the 1 billion-plus budget that were made in the budget process, and you are asking me to get that figure, not create a new one. You want to tie back to what has actually been allowed for in the budget, I assume, and what assumptions were made, I think, Deputy Chair.

Mr MORRIS — What we are seeking is what the cost to the department is for a firefighter. What does it cost you to put those people on the ground, per firefighter?

Mr WILSON — It is a bit like, dare I say, PSOs. It is not just the salary. There are amenities, accommodation and all sorts of other things, which lends itself then or requires assumptions to be made year on year out of that base. I am just saying I would have to go back and calculate those figures. Or if you are talking

about the forward estimates, what is allowed for in the base, what was assumed in the base, which will be a Treasury set of assumptions.

Mr T. SMITH — Okay. We will take it on notice.

Mr MORRIS — That is in Treasury, not in the department.

Mr WILSON — Sorry?

Mr MORRIS — That is in Treasury, not in the department.

Mr WILSON — Well, the figure that I think you are taking me to is actually what has been allowed for in the budget, which is the outcome of the decision.

Mr MORRIS — I am hoping that the department cost and what is in the budget are basically the same thing.

Mr WILSON — Well, as I said, it is prone to different assumptions going forward about what is required, and I am saying I will go back and look at what was assumed as the basis for the budget.

Mr MERLINO — So an example of that, Mr Morris, would be the training, not only the training during the recruiting phase but the ongoing training that our firefighters require, so there is a whole bunch.

Mr MORRIS — Absolutely.

Mr MERLINO — And what is required in terms of the delivery of that additional training.

Mr MORRIS — That is right. That is what we are seeking.

Mr T. SMITH — If I can turn to the EBA, Minister, figures obtained by the media last year —

Ms SHING — Have you got a budget paper reference, Mr Smith?

Mr T. SMITH — indicated the CFA industrial deal could cost nearly \$700 million. You have previously stated there is adequate provision for the EBA within this budget. What is the figure in the 2017–18 budget for your EBA?

Ms SHING — Which EBA are you talking about, Mr Smith?

Mr MERLINO — Mr Smith, that is the CFA EBA?

Mr T. SMITH — Yes, that is correct.

Mr MERLINO — So the Treasurer has been on the record a number of times, including in the Parliament. The estimated cost of the CFA operational agreement is in the order of \$160 million.

Mr T. SMITH — But, Minister, if you do not know how much a firefighter costs to employ and to train, how on earth do you know that figure to be 160 million?

Mr MERLINO — Well, there was work between the agency and DTF, and that is the estimated cost of the EBA. The Treasurer — —

Mr T. SMITH — But this is such rubbish, Minister. If you cannot tell — —

Mr MERLINO — I can only repeat what the Treasurer has indicated.

Mr T. SMITH — Chair, if he cannot tell me —

Mr MERLINO — I can tell you, Mr Smith. I just did.

Mr T. SMITH — how much a firefighter costs to train and to employ, how do we therefore then say that the EBA is going to cost 160 million?

Ms WARD — You are not listening to the answer.

Mr T. SMITH — It is ridiculous, absolutely ridiculous. You can sit there and smirk at me as much as you like, Minister, but your fibbing to me and to the Victorian people about this will not stand.

Ms WARD — You need to listen to the answer, Mr Smith. It is actually there.

Ms SHING — On a point of order, Chair, despite the rah, rah, rah from Mr Smith across the way here, Mr Wilson has already given a clear indication that the overall envelope is provided for in operational funding and that facilities, on-costs, training and associated costs are over and above what is there, so to try to then conflate that with an enterprise agreement cost in fact misses the point about the total cost associated with this. You are not listening, Mr Smith.

Mr MORRIS — We should know what these things cost.

Members interjecting.

Mr T. SMITH — I am running short on time, Minister.

The CHAIR — The minister has answered the question.

Mr T. SMITH — I will move on. Of the pay increase demanded in the proposed EBA, how much of this has been delivered, despite the document not being signed?

Mr MERLINO — This is the CFA agreement, Mr Smith?

Mr T. SMITH — Yes.

Mr MERLINO — As you may be aware, through no fault of career firefighters within the CFA the agreement has not been able to be finalised, and that is a direct result of the political interference of the Turnbull government in response to that. That is no fault of the workforce and I recognise that, and it is appropriate that we recognise that, so a wage increase has been delivered to our CFA career firefighters and allowances also have been passed on to our CFA firefighters, and that is appropriate, Mr Smith.

Mr T. SMITH — How much?

Mr MERLINO — Through no fault of their own the CFA agreement cannot be finalised. It is impossible to get a CFA agreement finalised. Either the proposed CFA agreement upon which the parties have reached, or any agreement, Mr Smith, that covers very normal clauses that relate to training, equipment, rostering, hours of work, career pathways, any agreement that contains clauses such as those cannot be finalised through the Fair Work Commission because of the interference of the Turnbull government. I am not going to have that impact on our career firefighters by not passing on wage increases and allowances. This was done through the processes of the independent umpire, the Fair Work Commission. That is appropriate and I support that.

Mr MORRIS — So what does it cost?

Ms SHING — Asked and answered.

Mr T. SMITH — We heard on Friday that the UFU bans had cost the MFB \$25 million. What have they cost the CFA?

Mr MERLINO — What is your budget paper reference, Mr Smith, and what are you referring to?

Mr T. SMITH — I am referring to a comment made by deputy secretary Bates on Friday.

Mr DIMOPOULOS — But it is not relevant to the budget papers.

Mr MORRIS — BP3, page 291, the emergency management output.

Ms WARD — Thanks for doing his work for him again, Mr Morris.

Mr MERLINO — In terms of the cost of the industrial action, particularly the issue of fines for the false alarm call-outs, that cost is as Mr Bates, the deputy secretary of DPC, outlined to the committee on Friday.

Mr T. SMITH — That was about the MFB. What about the CFA?

Mr MERLINO — There is no protected industrial action occurring in the CFA with regard to those matters. This is in relation to the MFB.

Mr T. SMITH — Going back to your previously indicated \$160 million cost for the EBA, are you able to provide a specific breakdown of the costing and how much is for salary conditions and allowances under the proposed agreement above indexation?

Mr MERLINO — I do not have that itemised breakdown for you, Mr Smith. All I can do is convey what has been put on the public record many, many times. The estimated cost of the CFA operational agreement is in the order of \$160 million.

Mr MORRIS — Why are you not prepared to provide the detail?

Mr MERLINO — I am happy to provide any further information that I can, Mr Morris, but at this stage what I can tell you is that the estimated cost of the CFA operational agreement is \$160 million.

Mr MORRIS — I formally seek the information that Mr Smith identified on notice.

Mr T. SMITH — On Friday we heard about Mr Crean's ongoing engagement with your government with regard to advice on this matter. What advice has Mr Crean provided to the government and to you with regard to the CFA EBA?

Mr MERLINO — What I said quite clearly to Ms Pennicuik earlier is we are looking at all options in terms of the future of our fire services and we engage with experts across the board, and Mr Crean is one of those.

Mr T. SMITH — What sorts of services is he providing?

Mr MERLINO — What we are doing in terms of determining the future of our fire services, we have this massive roadblock courtesy of the Turnbull government and the politicisation — —

Mr T. SMITH — Let us be frank, it is courtesy of Peter Marshall wanting operational control of the CFA. Let us be frank here.

Ms SHING — It is courtesy of the Liberal Party and the 'hands off the CFA' campaign.

Mr MERLINO — Mr Smith, as I have outlined to the committee, we cannot reach — —

Members interjecting.

Ms PATTEN — While this is a fairly new area, I must say in my short time as a member of Parliament I have met with lots of paid and unpaid emergency workers and am constantly impressed. I am not sure whether I am in the right area, because I noted on a media release that came out announcing \$10 million on the bollards for the CBD as a result of that terrible tragedy, and at the same time the press release also mentioned the early warning-emergency warning systems. Have I conflated those two together or will the early warning system be also part of, I guess, the bollard system and will the emergency services be in control of that as well?

Mr MERLINO — I might ask the emergency management commissioner to respond to that question.

Comm. LAPSLEY — There are probably two parts to this. One is what is the emergency warning systems that we currently use through our app and also through the website, and also we can use Emergency Alert, which is a telephone system, to push out information to landlines and also mobiles. Supplementary to that though, with the bollards, is to look at what other supplementary system would be required around the CBD. Sydney CBD has a series of speakers in the CBD that then can actually provide voice messaging in the CBD itself, and obviously if you are going to have a bollard system you need to be able to communicate what that system is going to be used for and how it will be used and operated. So in the scoping of the bollards is about what is the information that needs to go with it, and that may mean that it is supplementary to what we would

normally put on mobile phones as we know it today. So the emergency warning system could see speakers in the city that are able to be used by police to put real-time information out about what is happening and also the use of bollards where the blockades would be.

Ms PATTEN — Thank you. Just moving to page 291 of budget paper 3, this was around volunteers — operational versus support. I note in the budget that there are some changes because some volunteers are now considered support volunteers rather than operational. I was just wondering if you could clarify what the difference is, and will that affect future volunteer numbers?

Mr MERLINO — That is a very good question. What we do know is that the overall number of emergency services volunteers — so CFA, SES — has remained steady for a number of years, so I am quite confident that that will continue to be the case. There is the issue, particularly in the CFA, of making sure that we have got correct information about who is operational — who is an active firefighter — and who is in a support role. This work began in 2013 under the former government — just cleaning up some of that data. You can see that that is reflected in the numbers post 2013. Overall the numbers are very, very steady across both CFA and SES, but a slight change in operational vis-a-vis support staff. Mr Lapsley might want to make some further comments, but essentially it is the difference between having an active, on-the-appliance role versus a support role within the brigade.

Comm. LAPSLEY — I think in summary it is as exactly as the minister described it. The numbers are there and it is simply members moving between the categories: ‘I am operational today and tomorrow I need to be operational support and change roles’ or vice versa: ‘I’m a support role now and I need to become operational’. That is there; it is a process.

Ms PATTEN — A volunteer would move between the two?

Comm. LAPSLEY — They can move between categories, so the single person can move between categories and you can join or exit at that time. The overall numbers are very similar and it has got a difference of a slight variation between what they are. The exact numbers is seeing a less than half a per cent movement in the operational numbers and less than 2 per cent in the support numbers. It is still in the very bottom level but there is a variance within it.

Mr MERLINO — And importantly we are meeting our target in terms of what is in the budget papers for volunteer numbers. The sustainability grants program is directly supporting the work that our volunteers are doing: access to training, access to equipment, minor improvements at the brigade or unit level.

The CHAIR — Order! I would like to thank the witnesses for their attendance — the Minister for Emergency Services, the Honourable James Merlino; Mr Greg Wilson, Ms Jepsen and Commissioner Lapsley. The committee will follow up on the three questions on notice in writing. A response, answering the questions in full, should be provided in writing within 10 working days of the committee’s request.

Committee adjourned.