

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2021–22 Budget Estimates

Melbourne—Tuesday, 29 June 2021

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr James Newbury

Mr Danny O’Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

WITNESSES

Mr Richard Wynne, MP, Acting Minister for Water,

Mr John Bradley, Secretary,

Ms Helen Vaughan, Deputy Secretary, Water and Catchments,

Mr Graeme Emonson, Deputy Secretary, Corporate Services,

Ms Karen Lau, Executive Director, Catchments, Waterways, Cities and Towns,

Mr Andrew Fennessy, Executive Director, Statewide Infrastructure and Rural Strategy,

Ms Grace Mitchell, Executive Director, Water Resources Strategy,

Ms Kessia Thomson, Executive Director, Partnerships and Sector Performance, and

Mr Matthew Clancy, Acting Chief Financial Officer, Department of Environment, Land, Water and Planning.

The CHAIR: I declare back open this hearing of the Public Accounts and Estimates Committee, this time with Minister Wynne in his capacity as Acting Minister for Water.

We welcome you to say a few words and make a short presentation.

Visual presentation.

Mr WYNNE: Thanks very much, Chair, and with your indulgence I just wanted to report to the committee that I did have a very nice conversation with Minister Neville on the weekend. I can report to you that she is progressing well. Her operation has been successful, but she has got a little way to go yet. As she indicated in her statement that she made over the weekend, it is anticipated that she will return in August, and we very much look forward to her returning to her leadership role in this portfolio. I have to say by any measure her work leads nationally, and I think I could probably speak on behalf of the committee that we all wish her a full and complete recovery from what has been a very, very tough situation. I did say to her, 'Do not under any circumstance beam into this presentation. I won't do it justice'.

Mr D O'BRIEN: I hope she is watching. See you don't mess it up, then.

Mr WYNNE: No, I will do my best. Thanks very much for the opportunity. Obviously I have been in this task only for the last three and a bit months, but I am very, very ably assisted today by John Bradley, the Secretary of the department; Graeme Emonson, Deputy Secretary, Corporate Services down the end; Helen Vaughan, the Deputy Secretary of the department; and probably four of the smartest people I have ever had to work with in Karen Lau, Andrew Fennessy at the back, Grace Mitchell at the back and Kessia Thomson at the back. They will as required come up and provide further detail and advice if I cannot answer those questions.

I will start, if I can, Chair. Firstly I wanted to address what obviously has been a very significant issue over the last few weeks. We have had a significant storm and flood event, and this has had an impact across the state, including the energy emergency and Yallourn mine. The picture shows an aerial view of the mine and surrounds, and the situation at the Yallourn mine does remain quite dynamic. As acting water minister I recommended to the Governor that she issue orders to allow our water agencies to deal with these matters urgently and without unnecessary regulatory impediment. This provides an exemption from the need for public consultation periods, notice and referrals that would normally be required to divert water or to do other works on a waterway. The agencies concerned are South West Water and West Gippsland CMA, and they can now act with urgency if that is required. Obviously the government is working with the mine operator, EnergyAustralia, to deal with the emergency and water will need to be diverted to ensure the wall can be stabilised, and we are prepared to do this work.

The storm also had wideranging impacts across the state as we know, including flood damage and interruption to over 40 water and wastewater infrastructure sites in seven water corporations. Water corporations did

preposition emergency and operational crews ahead of the storms and have undertaken significant works since to maintain services.

The storm event has had a welcome short-term impact on Melbourne's water storages, including 3.1 per cent, or about 70 gigalitres, in one week, and storages are now at 74.8 per cent as of yesterday. Obviously this is a significant and welcome boost, which is the equivalent of 60 days worth of water usage by Melburnians. I mean, it is a good number.

However, over the long term climate change has affected and will continue to affect our water resources. The graph shows the historical stream flows into Melbourne's four major harvesting storages and the clear step change occurring from around 1996. While the millennium drought ended, inflows have never recovered back to their historical levels. Indeed over the last 20 years, 17 recorded below-average inflow into the storages and obviously at the same time our population increased by 1.5 million people. This means we are already using about 70 gigalitres per annum more than storage inflows, so without desalination orders we would be sitting today at just over 56 per cent of storage volume. The desal has become a normal part of the water supply to keep storages at a healthy level.

Our continued efforts in water efficiency have to be a key part of meeting our water security challenge, and this graph shows the trend in per capita usage over time and it shows that Melburnians have continued to use water efficiently. Currently Melburnians are using 157 litres a day, just 2 litres above our target of 155 per day. We will continue to implement Target 155 and work with schools, sporting groups, businesses and local government to use water more efficiently. I mean, we just cannot have a sustainable situation where we are using drinkable water to irrigate our parks and gardens and so forth; we have to find a better way. We will also continue to pursue and promote opportunities to ease the burden on our drinking supplies, and clearly stormwater and recycling have got to be part of that solution.

We are investing \$660 million over four years and in the 2021–22 budget close to \$50 million to expand flagship waterway programs, improve management of Ramsar wetlands and address impacts of mining on groundwater in and around central Bendigo. We are going to continue to strengthen our monitoring and oversight of water use across the state. That is my presentation.

The CHAIR: Thank you very much. Mr O'Brien.

Mr D O'BRIEN: Thank you, Chair. Minister, budget paper 3, page 193, is the water outputs, but the question goes to the issue of the Murray-Darling Basin plan. Does the government support the amendments moved in the federal Parliament last week to scrap the 450 gigalitres in up-water and legislate to prevent any future water buybacks?

Mr WYNNE: We do not support water buybacks, as you know. That has been a position of Minister Neville and it remains the position of the government, as I am sure you would agree. But I have to say, Mr O'Brien, I think probably both of us look askance and say, frankly, 'What the hell is going on?'. I do note the—

Mr D O'BRIEN: We can comment, but I am just interested in the Victorian government's position at this time, Minister. I am sure we do have some shared views on this—

Mr WYNNE: We both have views about that and—

Mr D O'BRIEN: The 450 up-water is probably the key question as well.

Mr WYNNE: I do note the commentary from our colleague the Member for Euroa and her assessment of others, but I mean, frankly, this is a bit of a moving situation. Victoria was very surprised at two points. We have been involved in, as you know, the Murray-Darling Basin plan since 2012. I had the opportunity to engage in a ministerial council with our colleagues, along with Minister Pitt, who seemed to be a pretty decent person and on top of his agenda, but lo and behold, he is out of the cabinet—

Mr D O'BRIEN: He is still the water minister. I guess I am just wanting to get to the question of—

Mr WYNNE: Well, yes—

Mr D O'BRIEN: The 450 gigs up-water—does the government agree that is not going to happen?

Mr WYNNE: He is still the water minister, but the reality is water is very fundamental, and having that in the cabinet, I would have thought, was one of the strong suits of the National Party—

Mr D O'BRIEN: They agree.

Mr WYNNE: but anyway, that is not the case.

We are delivering projects towards the extra 450 gigs for the environment, and these projects will not take water from farmers; they actually save water. The clear message, if I have learned anything in this very complex area of public policy, is that there are clearly competing demands, but we absolutely guarantee no buybacks, and existing rights that are enjoyed by irrigators we will absolutely maintain.

Mr D O'BRIEN: Does the Victorian government, though, accept that the 450 gigs up-water cannot be delivered and therefore the federal *Water Act* should be amended?

Mr WYNNE: Well—

Mr D O'BRIEN: It cannot be delivered without the socio-economic impact on the communities of the north.

Mr WYNNE: Well, we support projects with a positive outcome, absolutely we do. I indicated in our conversation with Minister Pitt that we are on track to deliver 19 of the 22 projects that we needed to deliver by 2024, but we did indicate that there were three projects that would not meet that time line. That is well established and well acknowledged, and I think acknowledged last year by my colleague Minister Neville. But we will continue with best endeavours, absolutely we will. I have to say, Mr O'Brien, it is a pretty mixed bag at the minute. We find ourselves in a position where we are not absolutely clear of the federal government's ongoing commitment to the Murray-Darling Basin plan, but we understand our obligations through to 2024.

Mr D O'BRIEN: Are you clear on the federal Labor Party's? Have you written to the shadow minister or the Leader of the Opposition expressing the view that we do not want buybacks and we cannot deliver the 450 up-water?

Mr WYNNE: Whilst I have not written that—no, I have not—the position of the Victorian government has been consistent for a very long time, and you would not be surprised by my answer to that.

Mr D O'BRIEN: Okay. Minister Neville told us at the last hearings that she had indicated to the commonwealth she is very happy to put forward projects that would give greater water security to people in the north of Victoria that are, quote, 'non-rainfall dependent'.

Mr WYNNE: Yes.

Mr D O'BRIEN: What non-rainfall dependent projects has Victoria put forward for funding to the commonwealth?

Mr WYNNE: Above and beyond the Murray-Darling Basin?

Mr D O'BRIEN: Well, in broad terms, because the federal government has funding available. Does that include sending desalinated water north of the divide?

Mr WYNNE: No. We have got a \$177 million project to save water in the Goulburn-Murray irrigation district, which I am sure you are aware of.

Mr D O'BRIEN: Yes.

Mr WYNNE: As I said, we will continue to pursue water efficiency projects that deliver water for the environment, but I again reiterate without—

Mr D O'BRIEN: Without more time.

The CHAIR: Thank you, Minister. Mr Maas.

Mr MAAS: Thank you, Chair, and thank you, Minister.

Mr WYNNE: Not enough time.

Mr MAAS: You will get him again.

Mr D O'BRIEN: I will be back.

Mr WYNNE: We will get a second go. Good on you. Sorry, Mr Maas.

Mr MAAS: That is okay; that is all good. Thank you very much, and thank you as well, water team, for your presence.

Mr WYNNE: A pleasure.

Mr MAAS: Minister, if I could take you to your presentation and the topic of floods and Victoria's water security, in your presentation you talked to the impact of the floods on regional communities. I was hoping you would be able to explain for the committee what else is being done to ensure water supplies are secure.

Mr WYNNE: Thanks, Mr Maas, and I appreciate the question. The water supply system has stood up well through the impacts of the recent storms. Melbourne's—indeed Victoria's—water supply and sewerage system did a really excellent job. Although we saw widespread power outages, road cuts and large amounts of rain in Gippsland, the system did perform in exceptionally challenging circumstances. The storm did cause flood damage and interruptions to mains power supply to more than 40 water and wastewater infrastructure sites managed by seven of our water corporations, but as I indicated in my presentation, water corporations did reposition early, and emergency and operational crews, ahead of the storms, and they have undertaken significant work since to maintain services to households and businesses. Where power went out at treatment facilities, such as at Silvan, redundancy in the system kicked in, and Silvan operated on generator power. We did see two 'do not drink' notices, one for 700 properties in the Dandenongs and another at Trentham. Both were lifted inside three days, and the water authorities did a lot of work to reach out to those communities to ensure they got access to bottled water through community facilities and so forth. So I think they managed that extraordinarily well. But I do want to acknowledge this was difficult for those communities obviously already facing the impact of the storms, and we want to particularly thank them for their patience in what was a very challenging time.

The other significant impact has been turbidity in the Upper Yarra dam due to the heavy rain north-east of Melbourne. Whilst the rain has been good for the storages, as I say, which have risen by 3 per cent, it does mean Melbourne's water needs to use other reservoirs to supply Melbourne while the turbidity at the Upper Yarra settles over coming weeks. The healthy state of the storages and the system and operations put in place by Melbourne Water mean that there will be no impact on the water supply. However, a small number of towns in the Yarra Valley will have fluoride in their water for the first time as a precaution. That is where that is at at the moment.

Mr MAAS: Terrific. Thank you very much. If I could take you to budget paper 3, page 36, the 'Resilient water markets, regional communities and infrastructure' initiative, and note the government's commitment to infrastructure that supports water security for Victoria, Minister, would you be able to explain further the main pillars of our policies to ensure water security for our cities, towns, communities, businesses and farmers?

Mr WYNNE: Well, we set out our plan, which the minister launched in 2016. Broadly there are four main aspects for securing water across the state—augmenting our supplies: the desal plant has added an annual capacity of 150 gigalitres to Melbourne's supply, about one-third of annual use; building and better using the water grid: upgrading farming and irrigation systems and building pipelines to connect regions, towns and cities; they are using all alternative sources of water to ease the burden on our drinking water, as I indicated earlier, particularly stormwater and recycling; and obviously continuing as a community to focus on the 155 target. We need all of these options at the same time to ensure that we do meet the challenges ahead. Population growth, clearly, and climate change are putting increasing pressures on our water supply, and climate change means less flow, as indicated by the graph earlier, into our storages, and Melbourne's catchments have been

below average in 17 of the last 20 years. So there is quite a lot of work to do here, along with population growth. So it is four-pronged attack to that—basically desal, infrastructure, change in attitude, recycling and stormwater.

Mr MAAS: Thank you very much, Minister.

The CHAIR: Thank you. Mr Limbrick.

Mr LIMBRICK: Thank you, Chair, and thank you, Minister and team, for appearing again. I would like to ask a couple of questions about the desal plant. I noticed on the desal plant's website that they are starting production of a new order of 125 gigalitres starting next week. How much does that cost?

Mr WYNNE: Yes. Mr Limbrick, let me just take you back on little bit of history. You were not here at the time—clearly I was—when we had to debate the question of: do we actually invest in a desal plant? I am reminded by my colleagues at the time that during that drought we had less than 30 per cent of our dam capacity. In effect potentially metropolitan Melbourne would have run out of water. I mean, no government can be in that position and no community can be in that position. And whilst it was hotly contested at the time and people said, 'Oh, you're never going to use the desal plant. This is ridiculous. Why are you spending all this money? Let's have a pray-for-rain policy. Let's build more dams', the truth is the desal plant is fundamental to our water security going forward. There is no question about that. Typically we are able to by contract have 150 gigalitres for Melbourne's supply, and in the circumstance the advice that was provided to me by the department was we put in an order for 125 gigs for the 2021–22 year, and that came at a cost of \$77 million. That equates to about \$30 on a typical, average household bill, but it is an investment in the security of our community.

I would indicate to you, Mr Limbrick, that Melbourne's bills are the cheapest in Australia, and the Essential Services Commission decision last week on Melbourne's bulk water price will see a further reduction, you will be pleased to hear, of \$20 in the 2021–22 year for a typical residential household in metropolitan Melbourne. This combines with the decision in 2018 where on average typical metro bills fell between \$30 and \$40—obviously before inflation. So that is savings of between \$150 and \$200 over five years. We have the cheapest water of any state: \$112 below Sydney, \$159 below Canberra, \$595 below Perth—goodness—\$304 below Adelaide and \$477 below south-east Queensland. The desal is a critical part of our infrastructure, and it is a critical part of ensuring that we can meet the challenges of water security and of course population as well.

Mr LIMBRICK: Thank you. I suppose what I am getting at is: why an order of this size? I mean, we have seen large rainfalls. Dam capacities are at almost 75 per cent at the moment. One of the reasons for bringing in the desal plant was growing population. We have recently seen a population decline. Why was an order of this size, which is only slightly less than last year—

Mr WYNNE: Yes, 25 gigs.

Mr LIMBRICK: Yes, 25 gigs less than last year—why an order of this size? Why do we need it at all right now? I understand for the future—it is insurance or whatever.

Mr WYNNE: Simply put, Mr Limbrick, we need it because if we did not have desal supplementing, our dams would be at 50 per cent. We are in a climate-challenged environment, no-one debates that. As I indicated in my earlier presentation in relation to planning, our population will continue to increase—to 6.1 million—and we have to address these dual challenges of climate change and population. And the desal plant absolutely underpins and gives us the security of water supply.

Mr LIMBRICK: Thank you. I think I am just about out of time, so thank you very much.

The CHAIR: Thank you, Mr Limbrick. Mr O'Brien.

Mr D O'BRIEN: Thank you again, Chair. Minister, can I just take you to budget paper 4, page 147. It shows Coliban Water buying up low-reliability water shares, Coliban Water being the central Victoria-based urban authority. Why is a government-owned authority buying up low-reliability water shares? It is the third line item up, under 'Existing projects', \$1.1 million.

Mr WYNNE: Sorry, I am going to have to refer this one to my colleague.

Ms VAUGHAN: Mr O'Brien, I apologise; I have not got that information.

Mr D O'BRIEN: Sorry, Ms Vaughan, could you take your mask off so I can hear you properly.

Ms VAUGHAN: Sorry about that; I get a bit used to it. I have not actually got the information relating to Coliban Water in front of me right now, Mr O'Brien, but I can take that one on notice.

Mr D O'BRIEN: Do you know if it is for the Goldfields Superpipe?

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

Mr D O'BRIEN: Okay.

Mr WYNNE: Sorry, I have just checked down the back there too, Mr O'Brien. We do not have an answer to that at the moment, but we will take it on notice.

Mr D O'BRIEN: That is fine. If you could take the following questions on notice too, Mr Vaughan, if you could: how much has Coliban Water bought and sold in the past five years? How many low-reliability shares does Coliban Water currently own? How many shares are they buying and from what systems with this money that is in the budget? And if you could also take on notice whether they have been trading any of the allocation of this water.

Mr WYNNE: We will ensure we get an answer for that question.

Mr D O'BRIEN: Thank you. Can I move on to the Broken system. The government is currently conducting a review into the Broken system. The Broken irrigators are increasingly distressed that their system is not sustainable. They are not getting water. They cannot plant crops or take out contracts because they do not know if and when they will actually get any water allocation. Do you acknowledge that Labor's decommissioning of Lake Mokoan has resulted in significant change in water use and availability for Broken River irrigators?

Mr WYNNE: Mr O'Brien, a review into the future management of the water supply in the Broken system, as you would be aware, was announced by Minister Neville in late 2019, as you know. Since then, my advice is we have established a project steering group of Broken system entitlement holders, supported by an independent facilitator. The review is considering the impact of ongoing dry conditions and low inflows, which have become of course more frequent over recent years. Climate change clearly plays a role, and now we are looking at how we can give people more certainty no matter how the Broken system may operate into the future.

Mr D O'BRIEN: I understand that, Minister, but the question was about Lake Mokoan in particular. I think the nub of it is that the Broken River irrigators feel like they were sacrificed. They were told that their entitlements would not be impacted when Lake Mokoan was drained. It was done to mediate commitments to the Living Murray program back in the early 2000s. Clearly they are not getting the water. They feel like they have been duded. Will you consider as part of this review a voluntary buyback of some of those entitlements?

Mr WYNNE: Well, there are two things to say here. My advice is, Mr O'Brien, there is in fact a meeting scheduled for next Monday with the project steering group. Do you want a more detailed answer? I do not know if we have got enough time, but Grace is here and she can provide a more detailed answer to that question, if you wish.

Mr D O'BRIEN: Yes, maybe for the next lot, if Grace would like to come forward.

Mr WYNNE: Sure. Grace, can you come up?

Mr D O'BRIEN: The question remains, though, and I do not know whether you can answer it: will you consider voluntary buyback of some of the entitlements to improve the sustainability of that system given the review you are currently undertaking?

Mr WYNNE: I cannot commit to that at this stage, obviously. We have got a process in place. There is a meeting, as I indicated, next Monday. You have got 50 seconds, Grace, to perhaps address that question from Mr O'Brien.

Mr D O'BRIEN: Thank you.

Ms MITCHELL: We are absolutely committed to listening to what the committee has to say, the project steering group, and also with any of the options that they put forward it is really important to make sure that they are not adversely impacting on the obligations to supply water downstream, because it goes to the Goulburn and the Murray and also to the environment. So it is a really challenging problem that the committee has been looking at, and the challenge that climate change been for the system—it is one of our systems that really is showing the impact of climate change—and how to actually manage that stress.

Mr D O'BRIEN: But does the government accept that decommissioning Lake Mokoan has also had an impact on those Broken River irrigators?

Ms MITCHELL: Lake Mokoan was a very inefficient system, so there was—

Mr D O'BRIEN: Yes, I appreciate that, but there were assurances given at the time. Thank you, Ms Mitchell.

The CHAIR: Thank you. Ms Richards.

Ms RICHARDS: Thanks, Minister and team, for your appearance here and the evidence. I am going to change tack a little bit. I would like to explore infrastructure projects. You mentioned in your presentation some of the infrastructure projects, and I would like to refer you to budget paper 4, pages 74 to 77, under the topic of 'Completed projects'. Can you provide some more detail on what infrastructure the government has built to secure our water supplies, with changing demands and of course climate change across the state?

Mr WYNNE: Thanks very much, Ms Richards. We know we need to continue to pursue a range of measures to secure our water supply, as I indicated, and to meet obviously the twin challenges of climate change and population. As I indicated in my planning answers, the population will come back—there is no question about that—and once the borders open we will again be both a welcoming place and a place of destination for many, many people both from intrastate and from overseas. As always, we look forward to that.

We have the water grid to move water where it is needed and improve efficiency, and we have augmentation of supplies, obviously as I indicated, through desal. We are also supporting efficiency programs clearly to save water. Victoria has approximately \$2.6 billion of major water infrastructure projects currently underway, including the recently completed Connections Project, which has now reached its water savings target and is closing out its operation. These projects increased water security and improved drought resilience, particularly for our regional communities. We have also completed Australia's largest irrigation project, a \$2 billion Connections Project, completing works to reach its 429-gigalitre long-term water savings on time and, can I say, within budget. In March of 2020 the close to \$90 million South West Loddon rural water supply project was completed. This project is providing secure reticulated water supply to 1500 rural properties over close to 3000 square kilometres across central north-western Victoria and strengthening the water grid by interconnecting the Wimmera, Glenelg and Goulburn systems. In October of 2019 the \$7.8 million Sunraysia modernisation project was completed. The project augmented and modernised infrastructure adjacent to Merbein and Red Cliffs to achieve higher flows of water supply over 2000 hectares of new agriculture development in low-impact salinity zones. That supported 60 jobs in construction and 30 jobs in the regional economy. In suburban Melbourne the \$30 million Werribee and Bacchus Marsh irrigation district modernisation reached practical completion on stages 3 and 4 respectively in 2021, and that project underpins approximately 660 jobs in the region. I will probably stop there; I could keep going for another half-hour on that.

Ms RICHARDS: You have gone through some of the projects that are complete, and I am interested in understanding a little bit more about those that are underway and those that are planned.

Mr WYNNE: Sure. Victoria has another \$300 million in the pipeline for projects which are underway or just commencing. These include \$85.2 million for the East Grampians domestic and stock pipeline project, \$20 million for on-farm storage for farms around the Lindenow Valley to support the region's important horticultural industry, and just recently \$11 million from the commonwealth for the final phase of the Werribee irrigation district, and this is money that Victoria has been seeking for some time to match our contribution and that of irrigators. We are also investing in recycled and stormwater harvesting projects through our integrated

water management framework, and as I indicated, that is part of the broader water-saving strategy that we must put in place. It includes \$60 million for the Macalister irrigation district phase 1B project, which is now complete, with phase 2 of the project starting last year through the Victorian government's stimulus package. Phase 2 will complement modernisation works across Macalister to improve water delivery efficiency to an estimated 90 per cent, allowing for flexibility in changing farm practice. That project will generate 254 jobs, save a significant 10.3 gigalitres in water, of which 1.7 will be environmental water for the flow-stressed Macalister River, as well as reduce nutrient run-off into the Gippsland Lakes, which I know is very strongly supported because of the very significant vulnerability of the Gippsland Lakes if we do not have good water flow into them.

Ms RICHARDS: Thank you, Minister. Thanks, Chair.

The CHAIR: Thank you, Ms Richards. Mr Hibbins.

Mr HIBBINS: Thanks, Chair. Thank you, Minister and the team, for appearing this evening. I want to ask about the 2 gigalitres that became available in the Murray-Darling allocation that was allocated entirely to irrigators, and I ask: after traditional owners worked in good faith on things like the Aboriginal water policy, why did the government fail to provide even a single drop of water rights to First Nations people in that region when it became available?

Mr WYNNE: Well, as you know, Mr Hibbins, there is no greater supporter of First Nations people than me. I mean, I think you were in the Parliament at the time when we did the Yarra River protection Bill. Were you there? Yes, you were. We brought the Wurundjeri community to the floor of the chamber—unprecedented, never happened before—when we celebrated the protections and reforms that we made to the Yarra River. So there is no greater supporter of traditional owner groups than me, and I understand absolutely that through the treaty process this is not just about land. Water is absolutely fundamental to the cultural health of our traditional owners—I get that. In that context, the budget in 2021–22 did deliver a \$448 million investment for Aboriginal people and statewide healing, and \$21 million was announced in last year's budget to support Aboriginal values of water and build on the work of the previous four years, returning 2 gigalitres of water in the Mitchell River to East Gippsland to traditional owners.

But you are right in relation to the 2 gigs for our traditional owner groups on the Murray—basically from Mildura down through Robinvale and so forth, where there are significant Aboriginal communities. I indicated in my ministerial meeting that I had with Minister Pitt, as you may be aware, that there is \$40 million that needs to be allocated for Aboriginal community water outcomes. I advocated very strongly that we ought to get a Victorian commitment to that. His response—whilst recognising that work had to be done, he took a view that there was not a consensus position amongst the Aboriginal communities up in that region as to what the outcome would be. My argument is a pretty simple one, and that is to say, 'Well, go and talk to traditional owner groups, recognise what their modest aspirations are'. If there is a proposition that the federal government wants to put forward, we will consider the option of being able to match that in the future.

Mr HIBBINS: So just for clarity in terms of the decision, stage 1 was funded by the state government, the Victorian government. Stage 2 is the commonwealth government. The stage 1—that was your decision, though; it was not a federal government decision.

Mr WYNNE: In relation to the 2 gigs?

Mr HIBBINS: Yes.

Mr WYNNE: Yes, the water generation through the Connections Project included the 2 gigs that you mentioned. It is obviously going to the Connection Project's partners, which obviously includes irrigators. So, again, this is a question of balance, isn't it? I mean, it is a question of recognising what are the not unreasonable aspirations of traditional owners, of Aboriginal communities. I have written today to their collective group, I guess you would call them, to indicate to them that I want to continue that conversation.

Mr HIBBINS: Okay, so balance—the reason for your decision was balance.

Mr WYNNE: Yes. But I will never walk away from my relationship with traditional owners—ever.

Mr HIBBINS: Thanks. I want to ask now just about climate change, as it has been mentioned several times, and I just really want to ask: are you factoring in climate change to future projections in the sustainable water strategy that is currently under development, noting that the current system is based on retrospective information?

Mr WYNNE: Well, if you recognise—as you do, clearly—I mean, we all recognise the challenges of climate change and population. They are the two elements that we have to as a community understand and accept that we all have a role to play in. But we have also and the minister has also always taken the view that where we have existing rights that are available that are existing rights for irrigators, and—

Mr HIBBINS: Could I potentially take that on notice for further information?

Mr WYNNE: Yes, we will be able to do that—sure.

The CHAIR: Thank you, Mr Hibbins. Ms Taylor.

Mr WYNNE: It is frustrating, this. You cannot get it out. They are important questions. I mean, there is no doubt about that. They require more than just a yes or no answer, as you know, because they are complex, particularly in relation to our traditional owner groups and how we manage those.

The CHAIR: Ms Taylor.

Ms TAYLOR: Yes, I think it would be helpful to explore the Murray-Darling Basin plan further. If I can refer you to budget paper 5, page 98, can you explain how the government is securing Victoria's position in delivering the plan to get environmental benefits while protecting communities in the north of the state?

Mr WYNNE: A very apposite question, and thank you very much, Ms Terpstra, for the question. Victoria is delivering on our obligation under the plan to recover water to improve the health of our waterways—oh, it is late, sorry, Nina. I do not know why I went there. She is 'Taylor'. I think I need another sugar hit.

Mr NEWBURY: You need the department's glossy brochure.

Mr WYNNE: Let it go. Come on. Let it go. Sorry, Chair. Where did I get that from?

Mr NEWBURY: Come on. Back to it.

Mr WYNNE: All right, I am going. This includes environmental water recovery, environmental flows through our great rivers, the Goulburn and Murray, and delivering water to iconic sites such as Hattah Lakes. 826 gigs have been recovered towards Victoria's obligation of 1075 gigalitres. We have identified projects to meet the remainder of our obligations without further water recovery from farmers, Mr O'Brien. This will be achieved by environmental projects that deliver an equivalent benefit and include better use of the large amounts of water we have already recovered, including flood plain recovery projects along the Murray. An example is the delivery of water to wetlands to support fish breeding, native vegetation and habitat. The project represents some \$300 million of local investment, and they are currently in the planning, approval and consultation stages.

On top of meeting our basic obligations, we are also leading the state in delivering our share of the additional 450 gigalitres of water under the plan, and this year we have secured \$177.5 million in commonwealth funding to deliver further upgrades to ageing infrastructure on the Goulburn-Murray irrigation system. Obviously this project will improve service standards for in excess of 1000 farms—Ms Taylor—and other water users, create up to 1000 jobs under construction and deliver 15 gigalitres of water savings. Obviously the project protects our farming communities from the threat of the commonwealth buying water out of these districts. It is much better, in our view, to save the water than to take it from productive farmers.

Ms TAYLOR: Thank you. So the basin plan requires a recovery of significant amounts of water to benefit the environment. How is Victoria meeting the water recovery requirements in the plan?

Mr WYNNE: Well, frankly, Victorian communities have done the heavy lifting in water recovery under the basin plan. We know that we need to improve the environmental health of the basin for all those who rely on it, not just here and in our part of the world but up into New South Wales and Queensland and also the outcomes

of course in the Coorong as well. I mean, these are very, very environmentally sensitive areas. But we also know the plan has resulted in socio and economic harm, with farms closing and hundreds of jobs lost in northern Victorian communities, and our government's focus is on water efficiency projects that save water and return it to the environment and projects that get direct environmental benefit without taking water from farmers, such as the piping of water over riverbanks to wetlands.

We have also completed, as I say, the Connections Project, the largest modernisation project in Australia, which returned 279 gigs for the environment. We kicked off the preconstruction work for the Victorian Murray Floodplain Restoration Project, which will be a major step towards restoring the health of 14 000 hectares of high-value Murray River floodplain. This project construction will allow us to use less water to achieve similar economic benefits to a natural flooding event. It also represents \$300 million of investment to support regional economies. Many of the environmentally significant sites also have significant cultural values for traditional owners, and a key part of this project, not surprisingly, is of course ensuring that we have proper consultation with traditional owner groups.

Ms TAYLOR: Thank you.

The CHAIR: Thank you, Ms Taylor. Mr O'Brien.

Mr D O'BRIEN: Thank you again, Chair. Ms Vaughan, can I ask some questions about the department? Can you tell me how many staff are currently employed in the water group?

Mr WYNNE: How many staff?

Mr D O'BRIEN: The budget paper reference is BP3, page 212, just for those playing at home. But yes, in the water group. Do you have a figure for staff numbers?

Mr WYNNE: Could I suggest the Secretary might answer that question?

Mr D O'BRIEN: Sorry. I assumed it was Ms Vaughan's group, but whoever has the data.

Mr WYNNE: I think it is for the Secretary, Mr O'Brien. He will just refer to his notes there.

Mr BRADLEY: Having built that expectation, Minister, I am afraid I do not have the figure with me.

Mr D O'BRIEN: Happy to take it on notice, Secretary.

Mr WYNNE: Just give us a minute. We will come back with a number. It should be easily found.

Mr D O'BRIEN: Okay. While we are doing that I am actually also after the numbers for last year and ideally for the past five years.

Mr WYNNE: Yes. Probably the five-year number I suspect we will have to take on notice.

Mr D O'BRIEN: I will ask some others, and you might be able to come back to me on the first two. Last year the budget for this part of the portfolio was \$354 million. It is down—

Mr WYNNE: Sorry, Danny, I just did not pick that up.

Mr D O'BRIEN: The portfolio budget for water—the output, sorry—was \$354 million. It is down \$37 million this year, and it is down almost half since 2015–16 when it was \$603 million. What programs have been cut in order to meet these reductions in budget funding to the output area?

Ms VAUGHAN: Mr O'Brien, I will need to take that one on notice.

Mr D O'BRIEN: You will take it on notice? Okay. Can you also take on notice whether there will be any staff redundancies, voluntary or otherwise, given that level of funding reduction and whether there has been a program of savings presented to government to meet the reduced funding arrangement.

Mr WYNNE: Well, I can start by saying that there has been no advice provided to me to that effect.

Mr D O'BRIEN: Okay. But, yes, you are happy to take the rest of it on notice?

Mr WYNNE: The rest we will take on notice. Hang on, John, have you got that now?

Ms VAUGHAN: Mr O'Brien, I could I just—

Mr WYNNE: Sorry, Helen, I think John has got the answer. Graeme, have you got the number?

Mr EMONSON: I have not got the staff number, but I have got the output number.

Mr D O'BRIEN: Have you got further to add, Ms Vaughan?

Mr WYNNE: A false start, Mr O'Brien. We thought we had the number. Helen is telling me it is 300.

Ms VAUGHAN: We have around about 300 FTEs within the water group.

Mr D O'BRIEN: Okay. If we could get last year's and the previous five years on notice.

Mr WYNNE: Yes. We will get that for you on notice.

Ms VAUGHAN: That has been reasonably consistent. We operate to that level.

Mr D O'BRIEN: Okay. And the questions about redundancies and the like on those would be great. Can I just, in the very short time I have got left, ask about my own patch. The government had funding in last year's budget for the Central Gippsland irrigation study. Has the department had discussions with the Department of Treasury and Finance about releasing water in the Latrobe system? In particular there are 25 000 megalitres allocated to the Loy Yang Bench 3/4 power station that was never built, and most likely never will be built. It is about having that water released, because it is currently held by Treasury, I believe.

Mr BRADLEY: So I can respond to that.

Mr WYNNE: Yes, please.

Mr BRADLEY: Yes. Sorry, Mr O'Brien. That is a Treasury portfolio matter, and Treasury are responsible for that land. The water allocation that travels—

Mr D O'BRIEN: For the water, you mean?

Mr BRADLEY: Well, they are responsible for that land, and the water allocation travels with that tenure. So it is fair to say that the Treasury portfolio could answer questions about the potential use of the land and the water allocation with it. It is naturally something that this department would be consulted on as part of that whole-of-government consideration, but it is a Treasury portfolio matter at this point.

Mr D O'BRIEN: Well, it sort of goes the other way around, Secretary, because your department has funded two studies now—or the federal government funded the first and you are studying the second, which is looking at irrigation development on the Latrobe and the Avon, as I understand it, in particular. But that requires water, and so my question is: where is that water going to come from, and does the department acknowledge that there is water in Blue Rock Dam that actually could be utilised for irrigation?

Mr BRADLEY: Yes. Ms Vaughan might be able to address—

Mr WYNNE: No. I think Andrew—

Mr D O'BRIEN: Whoever can answer it, Minister.

Mr WYNNE: We are going to run out of time again.

Mr D O'BRIEN: We are going to run out of time.

Mr BRADLEY: Are you right?

Ms VAUGHAN: Yes, I am right.

Mr BRADLEY: Helen is right to go, Minister.

Mr WYNNE: Go on. Away you go, Helen.

Ms VAUGHAN: So Mr O'Brien, the sustainable water strategy that we are actually going through at the moment will help plan out the next 50 years for water within the Gippsland area as well as metropolitan Melbourne. In terms of the water study, we, as you know, have been doing the \$500 000 study. That is almost at completion. We know that there is a lot of competition within the Gippsland region, and we are very conscious of that, and so putting it into a very clear process to engage with the community about how best to deliver water to water users is the process that that sustainable water strategy will go through.

Mr D O'BRIEN: Can I ask, Minister, whether you would commit to—

The CHAIR: Sorry, Mr O'Brien, your time has expired—

Mr WYNNE: You can ask me anything you like.

The CHAIR: and I will pass the call to Mr Richardson.

Mr D O'BRIEN: Yes. Have a talk to the Treasurer about releasing that water for me. That would be good.

The CHAIR: Mr O'Brien—thank you. Mr Richardson.

Mr WYNNE: I will do my best.

Mr RICHARDSON: Thank you, Chair. And thank you, Minister and department officials, for joining us this evening. I want to take you to the topic, Minister, of Aboriginal water.

Mr WYNNE: Yes.

Mr RICHARDSON: The government has undertaken some significant work to support Aboriginal values of water, and I refer you to budget paper 3, objective 5, 'Safe and sustainable water resources', which outlines some of that funding. For the committee's benefit, are you able to explain the importance of this work?

Mr WYNNE: Thanks, Mr Richardson. You and I were both there when we celebrated that wonderful day, when we were with the traditional owners of Wurundjeri at Parliament and we celebrated that fantastic breakthrough of the support that we provided and the framework that we provided for the planning and integrity of the Yarra River, recognising absolutely the crucial importance of water to the cultural life of our Aboriginal community. It was a fantastic day. And of course we are doing work on the Maribyrnong and the Barwon at the moment because of what we have learnt from the journey that we took with the Wurundjeri, and I think that is going to be a fantastic opportunity again for us to recognise these two very significant waterways as well in the future when that consultative work is completed. So it is a good journey that we are on together.

The 2020–21 Aboriginal water budget initiative provides \$21 million over four years to contribute to traditional owner-led projects, programs and resources across metropolitan and regional Victoria. The point that I want to make, Mr Richardson, and you would be well aware of this, is: traditional owner-led projects. It is not for us to be telling traditional owners; it is up to us to listen and to understand what in many circumstances are really very modest aspirations that they do have, but we need to go on that journey together. This investment continues to deliver on our commitment to traditional owners and Aboriginal Victorians in water for Victoria. It will build obviously on the work over the last five years and provide further opportunities for traditional owners and communities and greater recognition of Aboriginal values of water.

There are a couple of key parts of that program: improving the involvement in the water sector and our management of water, supporting the values Aboriginal communities and TOs put on water and supporting economic development through water. I mean, there are great opportunities for traditional owners to play a really significant role in their own right, because there are potentially tremendous economic outcomes that can be derived from these opportunities. I know a number of traditional owner groups are looking at opportunities around fishing and eels and all sorts of very, very interesting economic opportunities. So we can and we will continue to support those groups going forward.

Mr RICHARDSON: You touched quite a bit on economic development, but how is the government supporting economic development for traditional owners through water?

Mr WYNNE: Well, I guess there are a couple of elements to that. As I indicated, the values are absolutely fundamental to that, but I think there are real opportunities. There is potential, obviously, for water trading to occur where traditional owner groups may in fact have water rights in their own right. There are obviously economic opportunities by way of some of the projects that traditional owner groups are considering, which could be scaled and become very economically viable going forward, but always with I think in the first instance a clear recognition that any of these projects must be firmly anchored in cultural values first, and then economic activity that comes off the back of that becomes a secondary bonus. So I really very much look forward to the next few years, when we enshrine potentially other opportunities, whether they are the Maribyrnong or whether they are the Barwon or indeed, as Mr Hibbins talked about, work that we need to do with traditional owner groups up on the Murray. We can be doing some fantastic work there that deals with cultural water issues but also economic activity that can derive from that.

Mr RICHARDSON: Fantastic. Thank you.

The CHAIR: Thank you, Mr Richardson. That concludes the time we have set aside for consideration of the water portfolio today. We thank you very much for appearing before the committee in this capacity as well as your others. The committee will follow up on any questions taken on notice in writing, and responses will be required within 10 working days of the committee's request.

Mr WYNNE: Thanks, Chair.

The CHAIR: We thank all ministers and officers who have given evidence to the committee today as well as Hansard, the attendants and the secretariat, as well as the cleaning, catering and security staff.

The committee will resume consideration of the 2021–22 budget estimates tomorrow.

Thank you. I declare this hearing adjourned.

Committee adjourned.