

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 23 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr G. Jennings, Minister for Environment and Climate Change,
Mr P. Harris Secretary, and
Mr D. Hill, Chief Finance Officer, Department of Sustainability and Environment.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008-09 budget estimates for the portfolios of Environment and Climate Change and Innovation. On behalf of the committee I welcome Mr Gavin Jennings, Minister for Environment and Climate Change and Minister for Innovation; Mr Peter Harris, secretary; and Mr Des Hill, chief finance officer. Departmental officers, members of the public and the media are also welcome. In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice, the transcripts and PowerPoint presentations, along with any other documents which are tabled, will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I invite the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of environment and climate change.

Overheads shown.

Mr JENNINGS — Thank you, Chair, for the opportunity to run through an overview of the important priorities within my responsibilities. In this instance I will be dealing with environment and climate change responsibilities, and subsequently will be dealing with innovation in an hour or so. In the first context we are dealing with budget matters that fall within my responsibility and that have been funded through the budget papers and identified in the Department of Sustainability and Environment. We might immediately go to the pie chart which indicates the program output areas that we will be referring to this afternoon.

I will start with what I am not responsible for, but for completeness that chart shows the output summary for the whole department. The area of healthy and productive water systems is part of that pie chart, and obviously part of the responsibility of the department. The ministerial responsibilities are undertaken by my colleague the Minister for Water, so I will not be addressing matters that relate to outputs and programs within that area.

In terms of what I will be talking about, I will be talking about the programs under healthy and productive land; healthy, productive and accessible marine coastal life and estuarine systems; and flourishing biodiversity in healthy ecosystems. For those of you who are well versed in environmental matters and conservation ethic, please be aware many of our programs support land values and environmental values, and the biodiversity of Victoria are covered within that program area.

Another program area of significance is less waste, less pollution and clean air and livable climate. They deal with, as you would expect, some of the major challenges confronting our community in relation to climate change. We are trying to make sure that we use our resources wisely, that we reduce waste and that we adapt to the climatic conditions that prevail within Victoria and, if we can, mitigate the adverse impacts.

In the area of land administration, it is important for the committee to understand that I am charged with responsibility for various matters relating to land titles, mapping and other forms of land information systems. That is a significant part of my responsibilities.

In terms of having a look at what climate change is in the Victorian context, for the committee's benefit I demonstrated the most recent CSIRO and Bureau of Meteorology projections that go forward about what the impacts of climate change may be. The map of Victoria on the left relates to what the CSIRO suggests is the best-case scenario going forward for the next 50 years in terms of what the climatic variation may be in the state of

Victoria. The legend at the bottom indicates the degree of climate change variation that may occur. On the left it indicates that somewhere between 1.5 to 2 degrees Celsius is what is currently projected, given the state of greenhouse gases within the atmosphere. And the worst case scenario on the information that is available — may lead to somewhere between a 3 to 4 degree Celsius change across the state of Victoria.

The CHAIR — Do you have any copies of this, Minister?

Mr JENNINGS — I would be happy to subsequently provide copies to the committee about this. It builds on what has been an historical trend in Victoria. It is important for the committee to understand that since 1950 there has been an increase of somewhere between 0.8 and 1 degree in both the average minimum and average maximum temperature that occurs in the state. That has already been established, and what the projections are going forward is that we may put added pressure on our natural environment.

In terms of what that might mean, some of the pressures that come on that we have to be responsible for to manage — and the next slide relates to one of those key instances, which is the prevalence of fire and the importance for us to mitigate against the threat of fire. This map of Victoria demonstrates that — in fact, the legend is impossible for members of the committee to determine.

What I can tell you is that the red and orange areas on that map of Victoria are where there is significant fuel load across the state that constitutes a threat in terms of a propensity and the intensity of fires. The green areas are in fact where that load has been reduced. I am very sorry to share with the committee that the primary reason that those areas are green is because of the significant fires that actually took place across Victoria within the last few years, which include the 06–07 fires, which burnt more than 1.2 million hectares across Victoria.

The good news in terms of our fire management regime — and the graph on the right side indicates that in this most recent fire season, the number of outbreaks of fires continued to be, right throughout the season to be in excess of what the 30-year average was. So close to 700 fires started in Victoria in the last summer season. But our cumulative effect of our mitigation effort and our first issue response in terms of repelling fires meant that 32 000 hectares of Victoria were burnt last summer. So even though the propensity of fires were more, the climatic conditions remained, acute efforts — —

Dr SYKES — Wait on, there was serious summer rain in December and January, which had a dampening-down effect, didn't it?

Mr JENNINGS — Are you using my 5 minutes, or am I?

The CHAIR — Continue, please. Get onto the estimates, Minister, because it is meant to be for 5 minutes.

Mr JENNINGS — Thanks, Chair, for assisting us both. I will move forward in relation to what is going forward. Well it is significant for us to understand what we have actually been doing in relation to protecting the environment. In relation to fire and floods significant effort has been undertaken by the Victorian government supporting the community in the last reporting period, which is in fact something that you might be interested in.

In the forward estimates in relation to the programs going forward, we will skip forward to those, we wanted to make sure that the committee is aware of climate change initiatives which have been designed to assist households in reducing their greenhouse gas emissions. We see this as a significant program to support the ecological footprint of our communities. Significant investment has gone into regional areas, even those represented by the National Party, to make sure that members of the community are encouraged to install solar hot water rebates. So we have provided a significant stimulus to members in our regional communities. Those of course who do not have a reticulated gas supply will have extreme benefits from this program. We have also rolled out a program to try to make sure that we have plumbers in regional areas to install these hot water systems.

There are other significant programs designed to assist in measuring what the impacts of climate change may be on our coastal management, in terms of the mapping of coastal areas to know what risks there might be in terms of accounting for them going forward, to make sure that we have better coastal management. And, indeed, adaptation is a feature of this budget because we want to make sure that we know, we have the scientific knowledge about how our community can adapt.

In relation to land and biodiversity, that is a very important area in terms of climate change. We have issued a green paper which is currently undergoing extensive consultation, which is designed to lead programmatic changes going forward. We have invested significantly in programs to support land and catchment management activities, and I would be happy to talk to the committee about those during the course of the hearing.

The last issue I draw attention to is the significant support we have provided to our parks and reserves systems to managing our very important natural environment, to make sure that we invest wisely to protect access to those locations and make sure that we can protect them through fire activity and hopefully increase access for the Victorian community into our parks and indeed into our marine environments. There have been significant investments in the budget to allow for that.

The CHAIR — Thank you very much, Minister, for that presentation. We would appreciate a copy, as you have promised. To begin, Minister, as I have done with other ministers, the committee is interested in getting a full picture of revenue forgone, any subsidies, both explicit and implicit, and also any concessions which may be funded through the estimates into the future, and also whether there have been any significant changes in that regard in this budget. I would appreciate it if you would do that in regard to your department.

Mr JENNINGS — As you would be aware, Chair, the substantive part of this question has been addressed in terms of the questionnaire but I guess for the committee's benefit I could — —

The CHAIR — Maybe you will be able to summarise it and then maybe add some stuff, if you have had further reflection.

Mr JENNINGS — Certainly. With what I am responsible for, there are 1600 fees and charges that are administered via the department, and they will be amended in accordance with the Monetary Units Act 2004. In relation to concessions, we offer a range of concessions for licensees and permits, for instance under the wildlife game regulation act, and concession rates are available for game licences. These concessions and the examples that I have provided, of which we say that there are about 500 concessions provided, the revenue foregone we estimate to be in the order of \$300 000, and those concessions are proportionate to the fees and charges that apply across the department.

The CHAIR — I assume it is the minister for energy who is responsible for the concessions in regard to solar tariffs and things like that.

Mr WELLS — Minister, just to clarify, that photo you had up at the start of your presentation, was that Crown land? Was that a photo of Crown land?

Mr JENNINGS — We will go back and have a look at it.

The CHAIR — I am not sure this is about the estimates.

Mr WELLS — No, it is just to clarify. Is that of Crown land? It is just like it does not look like it has got any weeds on it. It does not look like Crown land.

The CHAIR — Is this your question?

Mr WELLS — No, I am just clarifying. I think you should just ignore that one, Minister.

Mr JENNINGS — I hope you have a fine eye for detail.

Dr SYKES — It has probably been digitally enhanced.

The CHAIR — Can I remind all members of the committee that it makes Hansard's task very difficult if you keep talking over each other. Can we just go: question and then answer? Thank you.

Mr WELLS — Question and then answer?

The CHAIR — Correct. Get on with the question.

Mr WELLS — Minister, budget paper 3, page 242 is in regards to the Environment Policy and Climate Change output, and I note that Labor's 2002 election policy *A Sustainable State — Labor's Plan for a Greener*

Victoria has a goal of reducing greenhouse gas emissions by up to 8.3 million tonnes of carbon dioxide by 2010. However, between 2002 and 2005, *Victoria*'s greenhouse gas emissions have actually increased by almost 7 million tonnes. So given the government's greenhouse strategy has failed to date, how will the government reduce *Victoria*'s greenhouse gas emissions by over 15 million tonnes between 06–10 in order to achieve the election promise from 2002?

Mr JENNINGS — As a starting point, Mr Wells, I understand you are a member of the Victorian Parliament which has actually passed a number of pieces of legislation which will assist in achieving the outcome, so in part you know the answer is that schemes — —

Mr WELLS — I just would not mind if you could just recap what the answer is and the way in which you will achieve that objective.

The CHAIR — Let the minister answer.

Mr JENNINGS — The way in which we will achieve the objective is the cumulative effect of programs we have in place, the cumulative effect of programs that you have passed in the Victorian Parliament that assist in achieving that. So as a measure of that commitment, there is a range of programs that the government has already embarked upon, some of which I have referred to today, relating to the programs designed to assist our citizens in reducing their environmental load by purchasing programs that are designed to ensure that the Victorian government, and indeed the Victorian Parliament, becomes a leader in the adoption of green power through the cumulative effect of programs such as the VRET scheme, which has been endorsed by the Parliament and which is designed to achieve significant greenhouse gas abatement by driving investment in renewable energy, and significant investment has already been made and has already been earmarked to be delivered within *Victoria*. Indeed, *Victoria* is the leading jurisdiction in relation to setting that pace.

In terms of the most recent legislative-based program, that is the Victorian energy efficiency target which in its own right has the potential to make a significant contribution to that outcome, and that is the piece of legislation that has been recently passed by the Parliament, within the last six months, to facilitate that program. We are very confident that the cumulative effect of these programs will be able to make significant inroads to meeting our target, and I am very pleased to say that our efforts are now augmented by a commitment by a federal Labor government to achieve those outcomes, and that we are actually working within an agreed policy framework as distinct from a contested one. So we are confident that, in fact, we will make significant trajectory towards that target.

In terms of your question, in relation to whether the profile of emissions continue to increase or then start to be reduced, this is actually something that confronts this jurisdiction, confronts the nation, and in fact it confronts the world, and it is very important for you to be mindful of the trajectory that we inherited as government. That trajectory saw a significant increase in the emissions coming from *Victoria*. That trajectory has been slowed and indeed has started to be reversed. If that is something that is achieved by the Victorian government in terms of our jurisdiction, our nation and indeed the world, then we will be in a much better place.

Mr WELLS — Just to clarify — —

The CHAIR — Quickly, please.

Mr WELLS — Minister, do you still stand by your 2002 election promise that you will cut emissions by up to 8.3 million tonne?

Mr JENNINGS — Absolutely.

Mr PAKULA — Minister, on page 353 of budget paper 3, you have got a program called the Natural Resources Investment Program, and it talks about addressing key environmental issues, including — I will not go through it all — species and habit loss, salinity and water quality. I am interested in the program, and particularly in regard to those elements I have referred to I am wondering if you could expand on it for the benefit of the committee.

Mr JENNINGS — This is an area where there has been great collaboration, so I will contrast my answer to this question with my last answer. There had been a high degree of collaboration between the Victorian government and the last commonwealth government in relation to providing certainty for programs under the

natural heritage trust and the national program for action on salinity and water quality. The program you have referred to is the matching element from Victoria in terms of trying to make sure we support the great effort that takes place in catchment management areas across Victoria, the great contribution that catchment management authorities make professionally and by calling on community volunteer activity in relation to shoring up land values for the viability of habitat, actions to make sure that we protect threatened species, that we revegetate and restore the integrity of stream sides not only for their natural values but also to support the productive capacity of those lands. That has been a very successful program in Victoria; in terms of collaboration, it has been far more successful than other jurisdictions across the country, and there has been a higher degree of effect in those programs, delivering results to the Victorian environment.

The reason I draw attention to that is because at this point in time in terms of the matching arrangements for this program we are currently doing a lot of work with the incoming federal government to try to make sure we provide certainty for the program going forward, because it is a significant program, delivering great results for the environment and great benefits to community participation in land catchment management activities and in, as I said, protecting biodiversity. Because of a shift in commonwealth priorities we are going to be in a contested environment for access to some of those funds, and you may have heard me talk about this in Parliament. It is an issue that the state of Victoria is acutely mindful of in making sure that we provide for a smooth transition within the combined state funding-commonwealth money going forward and that we do not lose the effort that has been undertaken because we are very pleased with that effort. I will give you a couple of examples of what that means.

The projects that we have been able to provide through this program and we would like to go forward include providing salinity solutions and protecting biodiversity, as I have indicated; re-establishing native vegetation and saline soils; ensuring the survival of the Snowy River rainforest plantings and indigenous seed collection; recovery programs for a number of endangered and native species, both flora and fauna. One of the measures of that is the protection for sea grasses across Victoria, which has been very important, and generally for us to deal with biodiversity and salinity concerns. We are very confident and congratulate the work being undertaken by catchment management authorities, and we are working very assiduously to protect the ongoing role going forward.

Mr RICH-PHILLIPS — I would like to ask you about the cost of the Statutory Activities and Environment Protection output group on page 243 of budget paper 3. You will see that the total output cost for 2006–07 lists an actual cost of \$91.2 million. Last year, when the budget was produced the estimated cost for 06–07 was listed as \$102.8 million, some 11.6 million more than is now being reported. I wonder if you could tell the committee why there has been that 11.6 million variation between the estimated and the actual outcome?

The CHAIR — Are you talking about 2006–07 or 2008–09?

Mr RICH-PHILLIPS — 2006–07.

The CHAIR — I think that is more of an outcomes question. Can you rephrase the question so that it deals with expected outcomes and targets in the estimates going forward?

Mr RICH-PHILLIPS — I think the minister is getting some information.

The CHAIR — I think we will take that one on notice.

Mr JENNINGS — I am happy — I can take it on notice.

The CHAIR — It is really not a part of our hearing to deal with 2006–07.

Mr RICH-PHILLIPS — The issue is, Minister, that between publishing the estimates in May there has been a big variation between the estimate and the actual, which only occurs eight weeks later. What I would like to know is why there was that large variation and the impact that has on how reliable the estimates are for this year.

Mr JENNINGS — In terms of the comparison you are after, it is not in the budget paper that you are referring to, is it?

Mr RICH-PHILLIPS — No, it is not — —

Mr JENNINGS — No, it is not.

The CHAIR — Maybe you could comment on the target for 2007–08 and the target for 2006–07 and the expected outcome, which is lower. It is a similar question.

Mr RICH-PHILLIPS — That is not the question. The question is about the variation between the 2006–07 actual and the 2006–07 estimate.

The CHAIR — I am happy to take it on notice, Mr Rich-Phillips. Have you got another question?

Mr RICH-PHILLIPS — Has the minister got any information about it?

Mr JENNINGS — You have just confirmed, Mr Rich-Phillips, that the question you asked me does not relate to the budget papers before us.

Mr RICH-PHILLIPS — Yes, it does; it is in the fourth column on page 243.

Mr JENNINGS — In terms of the comparison, it does not.

The CHAIR — Mr Rich-Phillips, we have taken this one on notice. It does not actually deal with the estimates. I am happy for you to ask another question.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the government's reporting of government environmental performance. What does the government collect and report with respect to whole-of-government environmental outcomes — that is carbon footprint? If the government is setting carbon reduction targets, what information does it collect and report with respect to whole-of-government performance as to carbon footprint; specifically, why is that not reported in the output groups?

Mr JENNINGS — Because, again, Mr Rich-Phillips, you actually sit in the Parliament with me when I give answers about a whole variety of things, you are aware that the commissioner for sustainability actually does provide reports on the whole-of-government performance in relation to environmental outcomes.

Mr RICH-PHILLIPS — That is not something you put in the output groups as a measure.

Mr JENNINGS — Because he is a statutory officer of Parliament and does so.

Mr RICH-PHILLIPS — It is not something you put in?

Mr JENNINGS — He does so; he does that.

Mr RICH-PHILLIPS — But not in the output groups?

Mr JENNINGS — He is a statutory officer of the Parliament and he accounts for those matters to the Parliament. I have an interest in what he reports on, but in fact in relation to my budget that I am responsible for, this is actually something that we do not purport to measure in relation to what I am coming here to the Public Accounts and Estimates Committee to report on. The commissioner publishes a report that is available to all members of Parliament, and that is the place where whole-of-government reporting occurs.

Mr RICH-PHILLIPS — But you as Minister for Environment and Climate Change do not see yourself as having a role in overseeing whole-of-government environmental outcomes and therefore reporting that in your output groups as one of your performance measures?

Mr JENNINGS — The Parliament of Victoria, whether you like it or not, in its wisdom made a determination that a statutory officer who was connected to government, including having a good working relationship with me, was the body that was responsible for reporting on the matter that you are now asking me to report on.

Mr RICH-PHILLIPS — I am asking you to take responsibility for your measure and your output groups.

Mr JENNINGS — The Parliament has taken the responsibility by commissioning a statutory officer to do so.

Mr RICH-PHILLIPS — Which legislation is that?

Mr JENNINGS — It might be my legislation, Mr Rich-Phillips, but it is not my budget output group.

The CHAIR — I think you will find in terms of the budget papers that we do get whole-of-government in terms of Growing Victoria Together; that comes in the early part of the service delivery budget paper. And also you do find some government-wide initiatives.

Mr WELLS — But that is not an output group — —

The CHAIR — But the output groups do relate to the individual departments.

Ms MUNT — Page 352 of budget paper under ‘Output initiatives — sustainability and environment’ has a line item called ‘Bays and maritime initiative’. That is expanded on a little more on page 355 under the heading ‘Bays and maritime capital works program’, where it states:

This initiative will upgrade piers, jetties and other assets around Port Phillip Bay to enhance community access and improve environmental outcomes.

As my brother is a lifelong, dedicated, fanatical fisherman, I wonder if you could expand on that a bit. There is not a pier he will not stand on!

Mr JENNINGS — I am sorry in advance if I do not actually account for the issues that are of concern to your brother. But beyond that I know he is in good company, because Victorians have visited about 40 million times our bays and piers every year. It is a very popular part of the Victorian environment. It is very essential for the goodwill and the connection between our citizens and the marine environment. So part of what I outlined in my presentation at the beginning — and I am pleased you have picked up this — is the significant commitment we have made in this year’s budget to specifically try to enhance the access to the bays and maritime environment. The \$5 million that has been allocated in this budget builds on the \$10 million that was allocated in previous years to upgrade piers and jetties in Port Phillip and Western Port bays. This \$5 million allocation is designed not only to build some new infrastructure, but to create a case for the way in which we should better plan for development into the future, which will incorporate both public and private investment, and see the development of hubs for making sure that we deal with access to bays in a more considered and more regulated way, rather than in a deregulated, chaotic way, which sometimes is a feature of people trying to get access to our waterways. Specifically there will be some investments, and some of them may end up not being too far from you, Ms Munt, or your brother.

Ms MUNT — Blinds Bight.

Mr JENNINGS — So certainly we are investing at Patterson River. Over a million dollars will be provided, plus additional support from the Marine Safety Victoria boating safety facilities program, to upgrade that facility at Patterson River. At Mordialloc pier there will be a half-million dollar upgrade — —

Mr BARBER — Along with the toxic dump again.

The CHAIR — Just questions and answers.

Mr JENNINGS — To be spent on undertaking repairs and a pier structure upgrade for boat facilities and amenities. At Williamstown — there is a bit of a recurring theme among PAEC members in relation to this — \$100 000 will be invested to improve boat mooring facilities, and similarly at Kerferd Road \$400 000 will be spent to undertake repairs on that pier. Beyond that, in terms of general assistance to those who are on our bays, there will be additional navigational aids for recreational boating. So significant investment will be undertaken to support an additional 130 navigational aids to hopefully enable people to get safely around Port Phillip Bay.

Dr SYKES — My question relates to the food bowl project and, more importantly, the associated north–south pipeline. What are the expected environmental impacts of the proposed north–south pipeline, in particular the restoration of vegetation damaged or destroyed in the construction of the pipeline through several kilometres of the Toolangi State Forest, noting that one householder in the Murrindindi shire had to plant 900 trees to replace 7 trees removed in order to access electricity; secondly, the environmental impacts of the greenhouse gas emissions produced when the water is pumped over the Great Divide, which one estimate says will be the equivalent of 130 000 tonnes of CO₂ emission equivalents per year; and finally, what are the budgetary implications of the pipeline complying with the cultural heritage act, which is being applied with great vigour on projects as little as a small extension to the Yarck hall?

Mr JENNINGS — I am pleased to know there is a united game plan by those people who represent the opposition, in that they have asked a succession of questions that are not necessarily related to the budget papers before us.

Dr SYKES — It relates to climate change, which does.

Mr JENNINGS — You are on a theme, on a roll.

Dr SYKES — But you spoke about climate change, Minister.

Mr WELLS — Are we going to get him to answer?

The CHAIR — Yes. Answer, please.

Mr JENNINGS — I am answering.

Mr WELLS — We are not sure about it.

Mr JENNINGS — I can give long or short answers.

Dr SYKES — Just a straight answer, Minister.

Mr JENNINGS — I am very happy to give you an answer to the question. The matters that you have raised in terms of the environmental dimensions of this project are currently being reviewed. I am not quite sure whether the report that details those issues is in the hands of the Minister for Planning, but in fact they have been collated to be considered by the Minister for Planning who will then make recommendations to other parts of government about the way in which those issues should be dealt with. It is the intention for us to deal with any environmental matters and environmental considerations appropriately. Certainly within my responsibility I will be particularly mindful of any — any! — responsibility that I actually have in terms of either statutory or programmatic issues that will be drawn to my attention to respond to. There are a lot of other matters that were embedded in your question that may fall outside my responsibility, but I assure you that I will account to the Parliament in full about any matters that fall within my responsibility.

Dr SYKES — On the figure for the estimated greenhouse gas emissions for pumping the water across the Great Divide, in your role as environment minister and with a concern about meeting our greenhouse gas targets, have you any indication of what the estimated emissions will be and how that will impact on our ability to meet the government's targets?

The CHAIR — If you like, you can answer it, but it did not seem to be a clarification of your previous question, that's all. You can take it on notice.

Dr SYKES — It was in the question.

Mr SCOTT — Minister, my question relates to climate change and the low-income home retrofit program, which is referred to on page 297 of budget paper 3. What is the government doing to help low-income households to reduce their energy bills and greenhouse gas emissions?

Mr JENNINGS — Certainly in relation to the estimates, Chair, this is something that is actually covered going forward in relation to a significant part of the 294 million that was allocated in this budget going forward, to deal with these matters. Indeed, Mr Scott's question is about part of the output group. It appears on page 290 and deals with \$33 million that has been allocated to a program to encourage members of regional communities to change their hot-water services to solar-powered hot water. That applies to both gas and electric solar hot-water systems. A significant rebate will be available to Victorians in those areas: \$2500 rebates will be available for people to replace their systems, which will probably reduce their out-of-pocket expenses to about \$500 to \$800 to replace a gas system, and for an electric system the replacement cost will be around \$1000. We actually think that there will be significant take-up of this opportunity, because people who want to replace their hot-water systems will realise that these will lead to out-of-pocket expenses for their energy consumption being reduced by somewhere in the order of \$245 a year, and, in terms of the environmental impact, it will be reduced significantly because over the life of these systems they will save somewhere between 42 to 61 tonnes of CO₂.

A cumulative total of 25 kilotonnes will be achieved through this program by 2010, which is our intention. The equivalent environmental load of each system will be reduced by about 462 tonnes over the life of the system. So there will be benefits to consumers and to the environment. Part of the \$33 million has been allocated, as I indicated, to train about 1400 plumbers to be able to undertake this work across Victoria.

Mr BARBER — Minister, this time last year your predecessor reported on the progress towards a native vegetation clearing permit tracking system, which I think was set up by a grant from or under an agreement with the federal government. Can you tell us if that permit tracking system is now in place and give me an idea of whether it is yielding the kind of data that might indicate how much native vegetation clearing has occurred and whether in fact a net gain in the quality and quantity of vegetation has been achieved, and is that the sort of data that Parliament might be interested in accessing?

Mr JENNINGS — My colleague Mr Harris is about to share with me where in the budget papers we have reported on it. I am assuming that a very astute reader of budget papers like you, Mr Barber, knows the answer to the question that you have asked in relation to the result. That answer is on page 401, and it not the story that you or I would like. I volunteer that to you: it is not the answer that you and I want.

In terms of our ability to plot these changes as they go forward, it continues to be an issue that is of concern to many members of the community such as yourself who worry about the net loss of vegetation. We have actually been trying to remedy that decline and we have not achieved the results that we would actually hope for. In terms of our ability to track those, to actually add to our ability to have offsets in place and a variety of ways in which offsets can be achieved, either through additions to the public estate or by placing covenants or by entering into programs like BushBroker and indeed the establishment of ecomarkets, these cumulative programs we actually would hope would reverse what has been a sorry story in relation to this for some time. I would like to be in a position to be able to report on a positive result. It was my intention to do that, but I am not at liberty to do so today.

Mr BARBER — Just in terms of the tracking system, if you could perhaps provide us — —

The CHAIR — This is the new one you are talking about, which will come into operation mid this year?

Mr BARBER — Maybe a little bit more data about the progress of it and how it will operate — that is, how do I access the data from it?

The CHAIR — Minister, on the native vegetation tracking system.

Mr JENNINGS — I am happy to share on a regular basis within the Parliament how we progress in relation to rolling out the system and rolling out the effectiveness of our programs.

Mr NOONAN — Minister, I want to ask you about the bridge replacement program, which is a new investment over the four-year period commencing in 08–09 and ask you to elaborate on the importance of this initiative, particularly in the area of fire protection.

Mr JENNINGS — Thanks for the opportunity to talk about a significant element of our program. In the budget papers there are about \$232 million worth of programs going forward designed to try and support our natural environment in terms of building infrastructure, and trying to make sure that we improve access for Victorians to go into our natural environment in a safe and secure way. That is obviously very important in the context of fire, which was in your question. So a significant program has been undertaken to improve the quality of our bridges, the infrastructure of our bridges on public land and stream crossings to try and make sure that we establish a number of priority projects that will make that our firefighting effort is actually undertaken with a degree of safety. In terms of that program going forward, \$60 million has been identified to replace the 300 bridges and stream crossings. Priority programs have been established by DSE and Parks Victoria in collaboration with local communities, and I can identify a number of them for the sake of the committee. For instance, the junction of the Timbarra and Tambo rivers in Gippsland, Gunbower Island up in the north-west, at Corryong in the north-east and indeed in the Grampians area, all of which have been — not necessarily all of which, many of those areas have been subjected to threats of fire and instances of fire in the last two years, and our ability to provide for that certainty is very important.

Of course this builds on our efforts in terms of an issue that I raced over in relation to my presentation, which is the commitment that we have actually made to providing additional resources to our firefighting effort; \$27 million

was allocated to increase that effort coming up to the last summer. Notwithstanding the fact that it rained once or twice in summer, we actually had a fantastic array of resources that were available for the firefighting effort. We had more aircraft, more bulldozers and more water tanks than we have ever had before. The cumulative effect of our fire mitigation program in terms of fuel reduction burnings has now meant that we have had an effort that has never been seen before in Victoria. We are very pleased to be able to provide that support going forward.

Mr DALLA-RIVA — Minister, in the budget overview on pages 30 and 31 there is quite a substantial amount of literature by the government on tackling climate change. Part of that has a number of commitments by the government on reducing greenhouse gas emissions from households. I reference the service delivery budget paper, pages 352 and 353, and I am just curious because in previous questions that were asked relating to the issue of climate change it seemed to be an issue that was not of your concern. I raise the issue about the *New Residential Zones for Victoria* discussion paper. This paper by the Department of Planning and Community Development makes no reference to greenhouse nor reference made to the implications of massive clearing of existing vegetation and its contribution to the livability of an area nor its environmental or diversity impact. It is actually talking about mass buildings in Melbourne and regional Victoria. With the light of the \$3.6 million initiative that is outlined on the pages I referenced, what are the greenhouse implications that you see will happen as a result of the moonscaping of parts of metropolitan Melbourne under this substantially changed zone plan, and is that part of the reason there are no metropolitan or regional city biodiversity measures in the biodiversity output on page 236 of budget paper 3?

The CHAIR — Minister, insofar as it relates to your portfolio and the estimates.

Mr JENNINGS — I think it was an extremely tortuous path that Mr Dalla-Riva went on to get to the question.

Mr DALLA-RIVA — You are the minister for climate change.

Mr JENNINGS — Too right. The program that you actually pinged in relation to what I am directly responsible for is the land and biodiversity green paper-white paper process. That is at the heart of your question that relates to me. That paper does actually consider impacts upon land and biodiversity within the peri-urban areas and indeed other parts of the metropolitan area where those values are maintained and need to be preserved. So in terms of good work, you might have got to an area that in fact we are actually being very mindful of trying to assess and trying to deliver on in terms of making sure that we protect biodiversity, which is the prime driver of this piece of work that you have referred to. In a general context these need to be protected through a variety of mechanisms, which include the appropriate integration with the planning scheme and the way in which planning approvals are made and urban development occurs, particularly at the edges of the urban area.

So in terms of the ability for us to incorporate those considerations within the program that I am responsible for, they are not mutually exclusive propositions; they are able to be considered, and I will be particularly mindful of any analysis or any recommendations that come through a very extensive community collaboration on those matters.

Ms MUNT — I would like to speak about the black balloons campaign. I think most households now are very aware of their carbon emissions and try to do their best to help out and minimise their carbon emissions. I notice on page 290 there is 5 million in 2008–09 for the black balloons campaign, and it is followed up on page 297 with a bit of an explanation on reducing greenhouse gas emissions for households. What is included in that \$5 million; what initiatives are planned with that funding?

Mr JENNINGS — The most significant issue will be to maintain the high-profile nature of the black balloons campaign, which has resonated extremely well with not only the Victorian unity but as a model it has been seen around the world as being one of the best applications of an advertising campaign designed to lead to households changing their energy use and being mindful of their environmental obligations and indeed undertaking it in a way which ultimately saves their income as well, because in fact they are reducing their expenditure. The way in which we will build on the pre-existing program through the black balloons campaign You have the Power. Save energy will be continued going forward. The success of that can be measured in a variety of ways. The advertising campaign, in terms of recognition, has one of the highest recognition rates of any campaign that has been undertaken in Australia in relation to environmental outcomes.

Mr BARBER — What about measured behaviour change?

Mr JENNINGS — There is a bit of behaviour change measurement. That can be measured in a variety of ways, which include the fact that Victoria has the highest take-up rate of green power in the country.

Mr BARBER — Is that what the ad tells them to do, though?

Mr JENNINGS — It is consistent with the approach that the government has funded. It is the cumulative effect of a range of programs, going back to Mr Wells's first terrific question, which provided me with the opportunity to outline a range of measures which we are undertaking. The VRET scheme that went through Parliament, which might have been forgotten but not forgotten by the Victorian government, is designed to ensure that there are mechanisms put in place to improve the energy efficiency — the profile of energy consumption — of Victorian households. It has been designed to reduce greenhouse gases by 2.7 million tonnes.

Mr BARBER — It has not started yet.

Dr SYKES — Do not worry about that!

Mr JENNINGS — It is on the way.

The CHAIR — Minister, on the question, please.

Mr JENNINGS — I have not strayed from the question, Chair.

The CHAIR — Ignore the interjections.

Mr JENNINGS — Yes. There are significant programs by the government to do energy audits and to retrofit a range of households in terms of their energy profiles. The cumulative effect of these programs has been designed to support the government's commitment to reduce household consumption by 10 per cent by 2010. The longer we sit in this parliamentary setting, with a bit of luck, I might have an opportunity to come back and report on how well we are travelling in relation to that, if that is an ongoing interest of PAEC. We think Victorians are doing their bit, because they are responding very positively to this campaign and the associated programs that the government has introduced.

Mr BARBER — Chair, maybe since the government has raised this question the minister could take on notice and provide us the evaluation of the black balloons campaign where it has led to behaviour change. I know these ad campaigns are rigorously evaluated.

The CHAIR — We are waiting for a government response to our recommendations in **its** (our last report, which said there should be evaluations of all advertising campaigns. So in that context, Minister, you can take that on notice.

Mr RICH-PHILLIPS — Minister, you spoke earlier about the government's emission reduction targets and also your solar hot-water program. What impact is the commonwealth's decision to slash the rebate for solar power going to have on the take-up of the solar hot-water program and on the government's emissions reduction target?

Mr JENNINGS — First of all, the issue about the — that is not the question that you hoped to have asked me, Mr Rich-Phillips, because it will not make any impact at all in relation to the take-up of the solar hot-water system rebate program that I have indicated. The commonwealth actions in the budget may assist, because in fact they are providing 200 000 Australian households with low-interest loans to assist them to improve the environmental performance of their houses — so solar hot-water systems and not the basis of the change to the rebate, which related to the installation of photovoltaic cells on people's roofs.

Mr RICH-PHILLIPS — It is not the government's view that there is less incentive to take up solar hot water given they cannot take up solar power under the existing scheme?

Mr JENNINGS — I think it is a long bow.

Mr RICH-PHILLIPS — And the impact on your emissions targets?

Mr JENNINGS — The impact upon the emissions targets is that both the Victorian government and the commonwealth government are committed to a range of outcomes in terms of changing the renewable energy profile of Australia in going forward. Victoria started off with a 15 per cent reduction or 16 per cent reduction by 2015, and the commonwealth has actually subsequently come in with a commitment to 20 per cent by 2020.

The impacts upon those renewable energy targets are currently being implemented in Victoria's case and are soon to be implemented and reactivated in the commonwealth's case. There will be a need for us to harmonise our approach through these schemes going forward, and not only will the harmonisation be very important but also how they will hopefully augment the mechanisms to transform our generation capacity going forward under a national emissions trading scheme. This is one of the great policy areas that will involve a lot of quality thinking in the next couple of years as we introduce a national emissions trading scheme over that period of time.

Mr RICH-PHILLIPS — Just to clarify: is the removal of that rebate going to impact on your 2015 target or not?

Mr JENNINGS — We have no reason to believe that it would adversely impact upon reaching that target.

The CHAIR — Minister, there are a number of questions on notice we have here which you could address, particularly from Dr Sykes in regard to the north–south pipeline. I will not read them out, but I will hand them to the secretariat to send to you. They are also in regard to bushfire risk management and of course Lake Mokoan. Thank you, Minister.

Witnesses withdrew.