

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2012–13

Melbourne — 18 May 2012

#### Members

Mr N. Angus

Mr P. Davis

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr M. Pakula

Mr R. Scott

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Mr R. Smith, Minister for Environment and Climate Change,

Mr G. Wilson, Secretary,

Mr A. Fennessy, Deputy Secretary, Natural Resources and Environmental Policy,

Mr P. Appleford, Deputy Secretary, Land and Fire, and

Mr M. Clancy, Acting Chief Finance Officer, Department of Sustainability and Environment.

**Necessary corrections to be notified to  
executive officer of committee**

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2012–13 budget estimates for the portfolios of environment and climate change and youth affairs.

On behalf of the committee I welcome the Honourable Ryan Smith, MP, Minister for Environment and Climate Change and Minister for Youth Affairs, and from the Department of Sustainability and Environment Mr Greg Wilson, secretary; Mr Adam Fennessy, deputy secretary, natural resources and environmental policy; Mr Peter Appleford, deputy secretary, land and fire; and Mr Matthew Clancy, acting chief finance officer. Members of Parliament, departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings I remind members of the public gallery that they cannot participate in any way in the committee's proceedings. Only officers of the 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 to provide information to the minister by leave of myself as Chairman. Written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room and no more than two TV cameras are allowed at any one time in the allocated spaces. May I remind TV camera operators to remain focused only on the persons speaking and that panning of the public gallery, committee members and witnesses is strictly prohibited. As previously advised to witnesses here today, I am pleased to announce that these hearings are being webcast live on the Parliament's website.

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

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

Following a presentation by the minister, committee members will ask questions relating to the inquiry. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the environment and climate change portfolio.

#### **Overheads shown.**

**Mr SMITH** — Thank you, Chair. I am sure after 10 days of hearings you will be very pleased to see another slideshow. The first slide we have here is the departmental outputs for which I am responsible and also the one that the Minister for Water is responsible for — effective water management and supply, which I am sure the minister has already spoken to. The departmental outputs for which I am responsible are: effective management of Victoria's land assets; effective environmental and climate change policy, investment and regulation; and effective management of fire. There have been some changes to the output structure, and you will notice in the budget papers that there are those changes in this particular budget. On 1 July 2011 the department implemented a new regional on-ground service delivery structure. The department has revised these output groups to better reflect the new departmental structure, and this process resulted in the realignment of some of our department's policy groups. As a result there have been changes in the output grouping names.

The 2011–12 output grouping names 'a healthy and resilient natural environment' and 'effective adaptation to the impacts of climate change' have been merged into one output, 'effective environmental and climate change policy, investment and regulation'. The 2011–12 output grouping names 'healthy and productive land' and 'land administration and property information' have been merged into 'effective management of Victoria's land assets'. There have been variations of greater than 10 per cent for two of these output groupings. Compared to the 2011–12 budget the effective management of Victoria's land assets has decreased by 11.4 per cent from

465.6 million in the 2011–12 budget to 412.4 million. The 2012–13 budget is lower than the 2011–12 budget due to machinery of government transfers to the Department of Primary Industries relating to the Australian Paper agreement, which contributed to the variation, and also once-off funding in the 2011–12 budget for flood recovery including flood recovery and repair on public land as part of the 2011–12 budget initiative.

Compared to the 2011–12 budget the effective environmental and climate change policy, investment and regulation has decreased by 22.3 per cent from 439.2 million in 2011–2012 to 341.3 million. The 2012–13 budget is lower than the 2011–12 budget due to the completion of the Victorian bushfires royal commission recommendations, including native vegetation and hazard mapping, the completion of a number of other initiatives and the deferral of program activity due to wetter climatic conditions in 2011–12, including the movement of the natural resource investment program funding from 2012–13 to 2013–14.

This year's budget delivers new funding projects that have tangible benefits for the Victorian public. This slide shows us that we are taking a responsible and necessary approach to boost safety with an additional \$24.5 million in output funding and \$10.6 million in asset funding for this coming year to scale up the planned burning program to 250 000 hectares in 2012–13 to help reduce the risk of bushfires to communities. This is on top of the base funding that has already been committed for planned burning efforts in 2012–13.

Already this year we have treated more than 190 000 hectares, which is significant progress against our target of 225 000 hectares for this year. Planned burning is the best tool we have to reduce bushfire risk to people, properties and communities. Regular planned burning will help reduce the risk of there being more damaging large-scale fires like Black Saturday, the alpine fires and the Great Divide fires, and a further \$8.6 million will be invested over the next four years to provide data mapping free of charge to other emergency response agencies. This new funding supports the delivery of recommendation 16 of the Victorian bushfires royal commission for this service.

The next major funding arrangement in this budget is the 13.7 million that we have put to secure the future of our zoos, with upgrades to cater for the larger crowds at Werribee Open Range Zoo and funding for improved displays for lemurs and lions at Melbourne Zoo. Last year the coalition government delivered on its election commitment to provide free entry for children to our zoos during school and public holidays, and the response has been overwhelming. These upgrades will not only support future economic activity, productivity and jobs at our zoos but also secure the future of these facilities for generations to come.

Our government also supports regional Victoria, and the securing regional waterways initiative is delivering on-ground regional works by the catchment management authorities, for which I share responsibility with the Minister for Water. This significant investment into the regions will help improve the condition of the rivers, wetlands and estuaries, and these important works will be delivered by the CMAs in partnership with local land-holders and will include the construction of fencing alongside riverbanks and wetlands, spraying and removal of weeds, erosion control and riverbank stabilisation.

Our government is also concerned about making sure Victoria gets the balance right between water users and environmental water, and that is why as part of this investment the government is putting a further \$40.7 million into restoring the balance of water consumption and maximising the efficiency and effectiveness of environmental water use. Environmental water is managed by the Victorian Environmental Water Holder, which reports to me as Minister for Environment and Climate Change, and this funding will assist the Victorian Environmental Water Holder to ensure the effective management, monitoring and reporting of the environmental water reserve and to facilitate the development of water resources. This work is done in partnership with water corporations and as such this initiative is jointly delivered by the Minister for Water and me.

This last slide covers the additional efficiencies that will be undertaken by the Department of Sustainability and Environment as part of the 2012–13 budget. We are aiming to build a stronger budget position across the forward estimates period by promoting productivity and achieving efficiency gains within the departmental portfolio. These savings measures focus on head office and non-service delivery administrative savings and expenses such as professional services and contracting, employment agency staffing, stocks and materials will be achieved as a result of these efficiencies. Further savings will be achieved by Land Victoria through a system of consolidations and efficiencies, and portfolio-wide discretionary grants programs not aligned with government priorities will be reduced.

I would like to note that Minister Walsh and I are working towards minimising any community impacts as a result of the implementation of these efficiencies.

**The CHAIR** — Thank you, Minister. The remaining time available on this portfolio until 11.45 a.m. is available for questions on the environment and climate change portfolio. Minister, I ask: given the key growth and efficiency initiatives announced in the budget, can you please outline for the committee the likely impact of the budget on enhancing service delivery, promoting productivity and achieving efficiency gains within your portfolio? In your response could you also indicate how you intend to monitor the portfolio's effectiveness in maximising improvements in these areas?

**Mr SMITH** — I would like to take the opportunity to discuss the efficiencies that are being undertaken within the department. It is fair to say that the government has released a very responsible budget to protect the Victorian economy in this period of global economic uncertainty. The government has set out a very comprehensive strategy to achieve very strong economic growth. In recent years we saw, and the Treasurer has made it very clear, that spending by government has not been sustainable. It has outstripped revenue that has been brought in and quite plainly we cannot continue to spend money that we do not have. In my portfolio we are striving to ensure that we get the best efficiencies out of the public service so that we can deliver the best outcomes for Victorians in the most productive way we can.

In the 2012–13 budget we have \$30 million in 2012–13 in efficiencies for the environment and water portfolios, and these efficiencies will total approximately \$140 million over the next four years. We are very keen to raise productivity, we are very keen to enhance the value for money and we are very focused on improving public service delivery. So the savings measures in my portfolio will be focused on head office and non-service delivery administrative savings, and will focus on areas that will minimise the impact to the environment and to the community.

The portfolio also intends to drive efficiency through better procurement practices, and the department is currently reviewing its current procurement strategies in order to encourage savings through group purchasing. We are also looking at ways that we can deliver a more streamlined administrative process, so, for example, the department is looking at implementing measures to minimise the amount of incidental expenses it has in terms of the use of stocks and materials and will deliver better services to the environment and to the community because we will be doing it more efficiently.

The portfolio will also start to maximise the use of in-house resources so it can rationalise the use of professional services and limit the use of contractors in the department. Certainly contractors do play a very important role in my portfolio, particularly around fire management. Aircraft contractors are a vital part of what we do with regard to the state's response to emergency management. Around bushfire season we will certainly be continuing to use those contractors, but there are other examples such as legal services where the expertise within the department can be used to maximise efficiencies in that regard.

We are also looking at funding the department to treat that 250 000 hectares of burning that I mentioned earlier and to make sure that we are in a position to be able to do that through investing in essential front-line services such as resources and additional firefighters. We want to be more efficient in those operations, but certainly we acknowledge that it is a very important part of providing safety to country communities.

Really they are the efficiency savings that we are looking at as part of the budget, and I think that demonstrates that certainly in this portfolio we are acting very responsibly and will still deliver good services in a value for money way for the community.

**The CHAIR** — Thank you, Minister. Thank you for outlining those efficiency initiatives. Could you please advise the committee what the likely impact will be on industry and the community stakeholders in relation to those efficiency initiatives?

**Mr SMITH** — As part of the efficiencies we are trying to minimise the impact on the community, and I have had assurances from my department that the effect on front-line services and to the community will be minimised as much as possible. In answer to your question, I guess we are looking for a minimal impact on stakeholders, although the government's approach is to engage the various volunteers, community groups, conservation groups, Landcare groups and friends groups — a number of those community organisations — a lot more, so I would expect that through the budget and through the initiatives in the budget those community

organisations will see a much greater engagement with them than has been seen in the past. But overall what we are trying to do is enhance our environment and make sure that the biodiversity is protected and make sure that we have the estate in a state that can be enjoyed by all Victorians.

**Mr PAKULA** — Minister, I will just take you to your presentation under operational efficiency. You went to some of this in your answer to the Chair's question. In your answer you talked about savings and you made reference to the head office stuff, the non-service delivery administrative savings, contractors and stuff like that, but you did not talk about the reduction in portfolio-wide discretionary grants programs not aligned to government priorities. I am wondering if you could detail for the committee what portfolio-wide discretionary grants programs are being reduced and by how much.

**Mr SMITH** — Thanks very much, Mr Pakula. That is a question at the moment. There is a range of discretionary grants that have been given out by the portfolio in times gone past. With the budgetary impact since the budget was released being evident, we are doing the work now to see what those particular programs are going to be, but I might pass over to my secretary just to give us some further information around that.

**Mr WILSON** — As the minister said, a lot of these things we are working through in terms of our own priority-seeking processes and business planning, which we go through at this time of year as a matter of course, so that will be something that we will need to work through in terms of that alignment with priorities as we go through that process.

**Mr SMITH** — Can I say, to add to that, the work has not been finished on which particular discretionary grants we are going to put out. I am happy to take it on notice, although bearing in mind that the work has not yet been done to identify which particular programs or discretionary grant funding will be taken off the table.

**Mr PAKULA** — Minister, the time, I suppose, at which it becomes transparent what grants are funded and for how much is normally either the budget or through the estimates process. Can I ask: if the decision is made outside of the 21-day period for responding, how will it be publicly known, how will it be transparently known what grants have been cut and by how much? How is the community going to know?

**Mr SMITH** — Certainly I take your point and it is a valid point. However, we are not going to arbitrarily just go through the discretionary grants program and pick things out. We understand that there is money that is committed to these programs, and we are doing the work to make sure, again, that we look at the programs that are not, I suppose, entirely necessary and do not align with the government's priorities. There will be an opportunity, I guess, through the Parliament to ask where those discretionary grant savings have been made, but certainly — —

**Mr PAKULA** — Will you publish the decision when it is made?

**Mr SMITH** — Within that 21-day period we would certainly let you know, but we would also make it very clear going forward which ones are not going to be funded going forward.

**The CHAIR** — The process, just so the minister is clear, in relation to questions taken on notice is that we write to you, the minister, at the conclusion of the hearings identifying those issues which you have taken on notice, and we anticipate a response within 21 days. The issue, which reasonably the deputy raises, is the prospect that decisions may not have been made by the department, by the minister, within that time frame and therefore, obviously, the information we receive will be up to a certain date, after which there may be subsequent decisions. So that is a challenge for this committee, but that is the process.

**Mr MORRIS** — Minister, you indicated in your presentation that the government is making a significant investment in Zoos Victoria, and indeed there is a reference to that in the DSE asset initiatives contained in BP 3. Can you provide the committee with some further information about this initiative, perhaps including the sorts of works that will be carried out on what is undoubtedly a significant Victorian asset?

**Mr SMITH** — I can say that one of the great pleasures of this portfolio is the association with Zoos Victoria. It is a great institution. The three zoos — Healesville Sanctuary, Werribee Open Range Zoo and Melbourne Zoo — are all great Victorian and Melbourne assets and icons, and I think it is a real pleasure to be involved with them.

Prior to 2011 the zoos were receiving around 1.3 million visitors per year, and over the last two years that number has jumped up to about 1.85 million. That increase in visitation is directly attributable to the coalition's commitment last year to have free entry for children under 16 on school holidays, public holidays and weekends. We have seen an enormous jump, which has really given the opportunity for families to enjoy the zoo together. I think for those around the table who have taken their children to the zoo, there is nothing better than actually enjoying that first experience where young children see these animals for the first time. I am really pleased that we have been able to engineer a situation where that is happening a lot more often. It also gives the opportunity to be aware of the conservation message that the zoo has put out. As a result of that free entry, we have seen Friends of the Zoo memberships grow substantially as well. So the parents who take their kids — or the grandmothers, aunties, uncles or friends — they are getting into the zoo effectively free as well under their membership.

Because we have seen a large increase in visitation, it has also put somewhat of a strain on some of the facilities. After discussions with the zoo — and I took the Treasurer around the zoo to have a look at some of the issues that we have had there — I am very pleased to see that the bid for the \$13.7 million was supported in the budget. That money will go towards two projects at Werribee Open Range Zoo and two projects at Melbourne Zoo.

At Werribee zoo some will be aware that there is a system of taking visitors around the savanna on a bus. There are not currently enough buses in the fleet to cater for the increased visitors. At the moment what is happening is that the zoo is contracting buses in during those peak periods, which is not ideal because the buses are not purpose-built. So in that 13.7 million we will be putting 2.2 million towards increasing that fleet to make sure that visitors can get the optimum experience that they can.

There are also issues around the entry and car-park area. Again, as I say, there has been a fair increase in visitors and those particular facilities are quite stretched, so the increased car park will certainly cater for that increased visitation. And we are also finding again in peak periods that there are waits of up to an hour at the ticket box, so the aim of this \$2.5 million funding, which will cover off the car park and the entrance, will be just to get people through the door a hell of a lot quicker.

Four million of the 13.7 million will go towards a new entry display at Melbourne Zoo. It is the 150th birthday of Melbourne Zoo this year, and I think this is a great way of celebrating that. If you go into the zoo, and for those who have been there, over on the left as you enter are the old gorilla enclosures, the old concrete ones, which I remember as a child. The gorillas have now been moved to Werribee zoo, and what the zoo is going to do is redo that area for a lemur and tree kangaroo display. I think they will do a wonderful job, as we have seen them do with many of the other areas within the zoo. I think there are some really quite creative displays that get people involved in the habitat of the animals as they go through.

Lastly, there will be \$5 million of the 13.7 put towards revitalising the lion display. Feedback that the zoo has had as visitors have exited has shown that there is dissatisfaction, and probably more dissatisfaction than with any other display at the zoo, with the lion enclosure, and I think what the zoo is trying to do there is make it a much better enclosure and make it a more interactive enclosure. As well as that, the area behind where the lions are displayed is where they basically bring the lions out to feed them. You can see there that I do not think that has been updated since around the 1960s — from memory. Having seen how run down it was the Treasurer was not keen to get too close to that area, so as part of that \$5 million towards the lion display that back infrastructure will be enhanced.

All in all, it is a great outcome for the zoo. I think it is a great outcome for Victorian communities and visitors to that zoo that we get from all over Australia and from all over the world. I am very happy and proud to be able to deliver that to the zoos.

**Mr SCOTT** — Minister, I would refer you to budget paper 3, page 269 and page 270, which refer to the major outputs/deliverables to environmental policy and climate change, and a series of deliverables under that; but then it has got the total output cost, which appears to have a funding reduction of 23 million from the target and from last year to the target this year. The text underneath states that that is as a result of the completion of a number of projects due to the introduction of the carbon price. I would ask you a question, but I would also note that in part my question is going to relate to completed, or, as often referred to in other contexts, lapsing programs. With the Chair's indulgence, I note that the questionnaire that came back to this committee, and I

think this was highlighted in another hearing, frankly told the committee to go find it ourselves — lapsing programs — which I think is a discourtesy to this committee, because it is saying that the committee's valuable staff and time should be used seeking information which is readily available to the department; but I will turn to my question. Can the minister outline what projects have been completed and what specific programs have been cut or reduced, as referred to in that reference?

**Mr SMITH** — I was worried when Mr Scott talked about going and finding it themselves; I was concerned what he might say there. I think we need to put this particular question in some context, and I would like to pursue two avenues in order to do that. The first is that last year we had a substantial review of Sustainability Victoria, which was the body charged with delivering a lot of the climate change initiatives. As a result of that review we had enormous stakeholder feedback which basically said that the landfill levy — which was the major funder of a lot of these climate change projects and awareness programs — really should be diverted to waste recovery initiatives. The waste sector and local councils were basically saying, 'We pay the money; it is not coming back to assist us in the same sort of sector'. We took that on board. We listened to the community and to the stakeholders, and we heard them say that there was too much emphasis for Sustainability Victoria in the climate change awareness program space and they sought to see the government change that focus. That is the first part that I would like to use as a context. The second part is, with the introduction of the carbon tax from July next year, the national environment has changed. The carbon tax is now the principal policy mechanism to address emissions mitigation.

**Mr FENNESSY** — It is July this year.

**Mr SMITH** — In July this year, yes. As a result there has been a direction, or a suggestion, from the federal government that states look at their mitigation programs and try to avoid duplication of them going forward to make sure that states are not getting into the same space as the federal government; and really to make sure that we are spending Victorian taxpayers' money on areas where the state is best placed to deliver them. We have had both the Victorian community and stakeholders through the Sustainability Victoria review tell us that they want less emphasis and less direction of the money on emissions reduction programs. Under the new federal regime we have also had the federal government tell us that we need to take a step backwards with these emissions programs. It is fair to say that the movement in outputs that you are talking about reflects the government's priorities going forward, and to discuss some of the funding that has been removed — we have had a number of programs that have finished, and I will not call them lapsing programs because it is actually programs that have reached their completion mark, such as the Future Coasts program. That work has been finished, so there is no need to fund that going forward.

As a result of the carbon tax being introduced there has also been a reduction in policy advice that the environmental policy and climate change division within the Department of Sustainability and Environment provides. That state activity is no longer required and a lot of the policy work that was previously done by that unit, or which would have been done going forward, is no longer required because the federal government has taken the lead in that regard.

**Mr SCOTT** — Firstly, is that all of the programs that are referred to in the text there that have ceased or been reduced, and could we have some dollar values attached to the programs that have ceased or been reduced?

**Mr SMITH** — The other programs would be funding for the Climate Communities sustainable supply chain initiative, which was proposed to support business by investing in mitigation projects to prepare for a low-carbon economy. That has been withdrawn. I think we have an enlarged bureaucracy from a federal level that will assist businesses in that regard. The commonwealth has stepped up into large-scale assistance programs to help manufacturers that will provide support to industry and small business. They are initiatives we have previously had that will no longer be needed, again because the federal government will be taking that space. I mentioned the Future Coasts program. I mentioned policy advice, and really they are the ones that I have at hand. As for putting a dollar value on it — I think we can take that on notice and tell you what those are.

**Mr ANGUS** — Minister, I refer you to budget paper 3, page 59, the output initiatives and on page 65 the asset initiatives in relation to support for efforts to reduce bushfire fuel loads, and also responses to the Victorian Bushfires Royal Commission. I note that you also touched on that in your initial presentation. Minister, can you

please advise the committee what more the government is doing to invest in the management of fire on public land?

**Mr SMITH** — Thanks very much, Mr Angus. Obviously the planned burning program that we have in place is a major election commitment and it supports the Victorian Bushfires Royal Commission recommendation, which states that:

The state fund and commit to implementing a long-term program of prescribed burning based on an annual rolling target of 5 per cent minimum of public land.

I just want to take the opportunity, and I thank you for giving it to me, to thank DSE and park staff and the NEO partners that we have for the work that they have done over the last year and a half in trying to achieve the targets that we have set ourselves. We are putting more money into this because obviously we want to ratchet up the number of hectares that we burn and achieve that target so that we can continue to protect country communities against the risk of bushfire. As I said before, this year's budget provides an additional \$35 million towards efforts to carry out that planned burning, and that funding is going to go to things like firefighting vehicles and funding for the employment of new firefighters and additional burn breaks.

As I said, the funding is there to help the government reach the target of 250 000 hectares which we have set ourselves for the financial year 2012–13. I think that would be a significant milestone. In fact it is significantly larger than the average amount that had been burnt over the 10 years prior to us coming to government.

If I can draw the committee's attention to page 274 of budget paper 3, the land and fire management output, it shows there that the coalition government has increased funding for fire and land management from \$299.5 million to \$325.5 million in its first budget, and we are committed to now \$353 million in the 2012–13 budget. So, as it states on page 272, the output covers work that is intended to lead to a reduction in bushfire risk through the use of fuel reduction burning and other management activities, and this particular funding will help us to achieve the targets that we have set.

We also have funding to accommodate another bushfire royal commission recommendation, which was that the Department of Sustainability and Environment provide mapping and spatial data free of charge to emergency service organisations. These are maps and imagery that are used by a range of emergency service organisations such as the CFA as part of their emergency response capability. Previously that data was provided on a cost recovery basis. As part of this budget we are providing \$8.6 million over the four years to provide that mapping and spatial data free of charge to emergency services. The funding will ensure that the spatial information that is provided to those emergency service organisations is kept up to date, it is good quality and it is accurate.

**Ms HENNESSY** — Minister, if I could just refer you to budget paper 3, page 269, and the outputs related to environmental policy and climate change: I have to say what a difference a year makes, Minister, because it was before this committee last year that you talked about the bipartisan support for the 20 per cent by 2020 target. I noticed that in your press conference when you announced that the government was no longer committed to that as a target, what you said was that the state only had a role in climate change adaptation and stuff like that. Can the minister outline what climate adaptation programs have been funded in this budget and how much funding has been provided to those programs?

**Mr SMITH** — Thanks very much, and I take up the preamble in that bipartisan support for the 20 per cent target. Indeed when the Climate Change Act was introduced into Parliament in 2010 the coalition in opposition certainly did not oppose it, but it is worth pointing out that that was in an environment where the federal government had not yet introduced its Clean Energy Bill and certainly there was not — —

**Ms HENNESSY** — You indicated your support last year — —

**Mr O'BRIEN** — When the federal government promised they would not bring in a carbon tax. What about that? You can put that in your preamble. What about the federal government's promise 'not to put in a carbon tax under a government I lead'?

**Ms HENNESSY** — Mr Smith told this committee last year — —

**The CHAIR** — Come on, Ms Hennessy.

## Members interjecting.

**The CHAIR** — Ms Hennessy, Mr Angus, Mr O'Brien — order! Thank you.

**Mr SMITH** — As I said, the details of the federal government's approach had not yet been made public, so of course in the absence of a federal regime or a federal target, I think it was legitimate that we supported what the then Labor government had put forward, although I hasten to add that, from my memory of the debate, opposition members on many occasions asked government members what the cost of the particular 20 per cent target would be and in every case when government members — the then Labor government members — got up, every one of them declined to answer that.

**Ms HENNESSY** — But you were the minister last year and you told this committee — —

**Mr ANGUS** — They do not care about the cost.

**Ms HENNESSY** — Enough said.

**Mr O'BRIEN** — And jobs.

**Mr ANGUS** — Exactly.

**The CHAIR** — Come on, colleagues — order! I am interested in hearing what the minister has to say and I am sure Hansard is as well. Thank you.

**Mr SMITH** — As a result of the review into the Climate Change Act, which was triggered by the introduction of the federal government's legislation, we found that indeed at last we did have a cost figure on it and the cost would be in the order of \$2.2 billion that the Victorian government would have to trump up between now and 2020 in order to get us to that target. So to say that we had support and we have changed, well, I think certainly the environment has changed and, dare I say, the climate has changed.

In line with what the federal government said and what the federal climate change minister, Greg Combet, has said — his instruction has been that there is a duplication of carbon dioxide emissions mitigation programs and that we should do the work to ensure that we are not spending taxpayers' money needlessly on programs that may be duplicated.

That leads me to the substantive part of your question, which is what the government is doing in terms of adaptation. In terms of adaptation we at this point have obviously reviewed the Climate Change Act to make sure that we are not having additional costs, but I am legislatively bound to table in Parliament at the end of this year under the Climate Change Act a statewide adaptation plan. There has been a lot of work going on over the last year and a half in regard to that work. That work is, as I said, going to be delivered at the end of year, and it brings together, really, what whole of government will do as an approach to climatic events that may affect Victorians.

We have also funded a number of regional adaptation plans to local governments through the Victorian Local Sustainability Accord. If I can just get a figure on that — I do not have that handy, but I can get that for you. Those plans will certainly assist with the feedback we have had from local government and which was raised during the recent Select Council on Climate Change meeting that I had on 4 May. Local government representatives raised also that there was a minimal amount of ability for local councils to put together their own adaptation plans, so through the sustainability accord we are also funding local government to make sure that they can put those plans together. Local government really has a large part to play in the statewide adaptation plan, so we are ensuring that we work very closely with them in order to put that statewide plan together.

**Ms HENNESSY** — Minister, you are the minister for climate change. I hear what you have said around there being funding in this year's budget for the purposes of climate change adaptation plans. What other state programs are funded in this year's budget for climate change adaptation?

**Mr SMITH** — As I just covered off on, we are currently working on the statewide adaptation plan, so obviously we are not committing funds to a high degree on a plan we have not finished yet. We are still getting coordination with other departments about how that plan is going to look at its end. More information will be provided around that plan as we go forward.

**Mr O'BRIEN** — Minister, I would like to follow on from a line of inquiry commenced by my colleague Mr Angus in relation to planned burning. I refer you to a different part of the budget papers, budget paper 3, page 273, and the performance measures in relation to planned burning targets, and in doing so I note your presentation where it says, 'This puts our government on track to meet the recommendation of the 2009 Victorian Bushfires Royal Commission to increased planned burning to 390 000 hectares', and there were previous parliamentary inquiries and recommendations. I know Mr Hall had a long involvement in this issue.

I would like to ask you, Minister — and others as well, I am sure, Chair, as you are a longstanding member of that Eastern Victoria Region — in your response to the earlier question asked by my colleague Mr Angus about the investment being undertaken by the government in the management of fire on public land, could you advise the committee how the government is progressing in its planned burning program in 2011–12?

**Mr SMITH** — I can advise Mr O'Brien and indeed the committee that as of this week there have been a total of 813 burns carried out, with the total treated area now standing at 191 253 hectares, which is even more than last year's figure, which was just under 190 000 hectares. The target in 2010–11 was 200 000 hectares, and we did very well to get to 94 per cent of that target despite the rains. Indeed committee members will remember that a lot of the state was flooded at the time. So we did a fantastic job, and at that time we achieved more in burning than had been achieved over the last decade.

I think it is worthwhile going through the figures of hectares burnt over the last 10 years just to put that mighty effort by DSE, Parks Victoria and NEO staff into perspective. Back in 2001–2 there were just over 81 000 hectares burnt; 02–03, 49 200 hectares burnt; 2003–2004, only 90 000 hectares burnt; 2004–2005, 127 000 hectares; 2005–6, only 49 000 hectares; 2006–2007, 138 490 hectares; 2007–2008, 156 473 hectares; 2008–2009, 154 260 hectares; and in 2009–2010, 146 106 hectares. Those figures were basically the previous Labor government's commitment to planned burning, and last year's total of 188 997 clearly showed the commitment of this government to implement the bushfires royal commission's recommendation. I think, as I said, the staff involved in those burns have really done an amazing job, and I think they should be congratulated for that.

What the bushfires royal commission showed us was that the amount of prescribed burning occurring in Victoria in the past 10 years has been insufficient, and those figures certainly bear that out. We do know now that Victoria was left dangerously unprepared for bushfire by the previous government, and this government, as a result of the recommendations by the bushfires royal commission, is really committed to turning around that neglect.

This year we broke through that 190 000-hectare figure despite what we all know has been a very wet summer. We all know it is pretty hard to carry out burns when it is so wet and when, as I said, a lot of the state is under water. I do note that in January this year, I think, the Labor opposition was criticising us for not burning enough, and I think that is a real disservice to the staff who are out there doing a great job under pretty difficult conditions.

**Mr PAKULA** — But it was not a disservice when you criticised!

**Mr ANGUS** — But you didn't do it when you were in power — 11 years of neglect.

**Mr PAKULA** — You didn't worry about the staff when you were criticising them.

**Mr MORRIS** — How many years did you have?

**Mr PAKULA** — Try burning in the middle of a drought!

**The CHAIR** — Thank you for that intervention. Minister, carry on.

**Mr SMITH** — According to advice I have had from DSE it has been difficult to burn a lot of areas, as I said, because it has been wet, although there has been on top of what has been burnt a large amount of preparation done — a lot of slashing and a lot of clearing being done to make sure that we keep those firebreaks in good order. There are a great deal of hectares out there that have been prepared for burns so that when the climatic conditions are right we can actually move in and do the burns straightaway.

As I mentioned earlier, in this particular budget we provided another \$35 million to enable the department to treat the 250 000 hectares we intend to reach, or that we are aiming to reach, over the 2012–13 period, and that is obviously going to be a sharp rise from what we have been able to burn in previous years. Certainly that funding will help us to try to achieve that target, weather permitting.

Ultimately we are aiming towards that 390 000-hectare target that we have said we are going to aim for. We are going to be doing a lot of work over this year to try to put together a plan to make sure that we can achieve that target. Whether that involves partnerships with the CFA or with interstate firefighters or whatever that entails, that is the work we will be doing. Of course those options come with a cost, and that cost will be taken into consideration as well. But I certainly think the funding we have put in place and the work that we are doing to head towards that 390 000-hectare target will do a lot to reassure certain country Victorians that we are doing all we can to keep them protected from the risk of bushfire.

**Mr PAKULA** — Minister, I want to stay on the ‘Operational efficiency’ page of your presentation. I am wondering whether the savings measures you have referred to are it. You have described head-office, non-service delivery savings, you have described contractors and you have talked about portfolio-wide grants — even though you cannot tell us yet what they are that are going to be cut — Land Victoria consolidations and stuff like that, but what you have not talked about entirely is jobs. I am wondering whether you can tell the committee whether there are going to be any job losses amongst staff employed by Parks Victoria?

**Mr SMITH** — As has been said many times, the growth in the public service has far outstripped population growth, and we have got to a stage where that cannot continue. We cannot continue to fund a public service that is growing at far above the growth of the population. In this budget we have obviously flagged a number of — I hasten to emphasise — voluntary redundancies and the non-continuation of fixed-term contracted staff. We have had to do that in order to deliver a responsible budget to Victorians, and I think it is the right thing to do. Certainly I know that all the departments are working very hard to ensure that they deliver that in the best way that they can, in the most reasonable way that they can and as sensitively as they can.

The base review for Parks Victoria, going to your question, which started under the previous government clearly showed that there were a number of financial concerns with Parks Victoria and that there had not been sufficient oversight for them to run within the finances that they were allocated. We have said many times that front-line staff will not be affected, and in this case certainly we have said that rangers will not be affected. My expectation is that the voluntary redundancies that we have announced will obviously flow through to Parks Victoria.

**Mr PAKULA** — Just to pick up on a couple of the points you have made then, Minister, can you tell us what your expectation is for how many? I will take it as a yes that jobs are going to go from Parks Victoria; you have not said that they will not. Can you tell us the quantum — how many jobs are going to go out of Parks Victoria — and what positions within Parks Victoria you describe as not front line?

**Mr SMITH** — Front-line staff are obviously not back-office staff or the executive team. As to the numbers that need to go from Parks Victoria in order to achieve the financial stability that they need to achieve — and I again stress that there have been real problems financially with Parks Victoria for many, many years which need to be addressed and that are being addressed under this government — it is really up to the executive team and the CEO of Parks Victoria to work out how he manages his staff in order to achieve the savings that we need to. It is not up to me as minister to say which staff are going or what jobs need to continue.

**Mr PAKULA** — But you would set a target. You would set a number — a target.

**Mr SMITH** — For Parks Victoria? It is up to the CEO and his executive team to manage Parks Victoria as he sees fit to achieve the savings that are required of him.

**The CHAIR** — I refer you to your presentation, Minister, and slide 5 in the presentation relating to the funding for effective water management and supply across the environment and water portfolios. This presentation in effect talked about providing for on-ground environmental works to improve and protect regional waterways as well as funding support for the management of the state’s environmental water reserve. Minister, can you please advise me and the committee in relation to the budget commitments what they will in fact achieve?

**Mr SMITH** — Obviously the funding provided in the 2012–13 budget shows that we are making a significant investment towards the environmental health of the state through the securing regional waterways initiative. This particular initiative will provide \$59.3 million over four years to deliver on-ground regional works to protect and improve the environmental conditions of Victoria’s high-priority rivers, waterways and estuaries.

This very important work will be undertaken by the 10 catchment management authorities in partnership with local stakeholders and land-holders. The funding commitment will deliver specifically the construction of fencing and gates along riverbanks and wetlands; the planting of native vegetation in priority riparian areas; the engagement with land-holders to enable completion of riparian area management agreements; and the control of riparian and aquatic pest plants and animals, with a particular focus on willow trees and carp. We will also be using that funding to implement the new Victorian strategy for healthy rivers, estuaries and wetlands.

DSE are also going to undertake improved management approaches and further work to deal with the emerging challenges related to a growing population and to land-use change. All of these works will be done regionally, so the money that is being provided will directly support regional jobs.

In addition the 2012–13 budget includes a further investment of some \$40.7 million over four years to ensure effective management, monitoring and reporting of the environmental water reserve. This investment is consistent with the government’s commitment to making sure that Victoria gets the balance right between water users and environmental water. Making sure that we get this balance includes the fact that this funding will be used to focus on the effective delivery of Victoria’s environmental watering framework. It will support the on-ground delivery of environmental water by the Victorian Environmental Water Holder. It will improve the awareness and the value of water for rivers and wetlands, and it will help develop and implement better ways to manage these water resources. Again, this funding is also going to be used in regional areas and will directly support jobs in those areas. The CMAs will be doing a lot of work in that regard.

I have to say that I have been visiting a lot of the CMAs in recent times; I have a program of getting out and seeing them, and I never cease to be impressed with the work they are doing and the community engagement they have. I think the community certainly enjoys that engagement and, I think, with this funding, we are just going to get a whole lot better outcomes for our waterways.

**Mr SCOTT** — Minister, in a related issue, on — I think it was — 4 March of this year there was a media release that made reference to the establishment of a Port Phillip Bay and Yarra River task force. Obviously that would be funded from within your area of responsibility. I want to know what funding has been provided to support the work of the high-level task force. I am sure we all hope they will work hard for the money they are receiving, but I would like to know the quantum of that amount and also what the terms of reference are and when the task force is likely to report to the community.

**Mr SMITH** — We saw during the heavy rains of last year and this year that a lot of litter and pollution and, indeed, vegetation matter came down the river quite quickly. We saw some of the effects as it went into the bay with the nutrients and the algal blooms that came as a result of that. It became very apparent that we had come to government inheriting a very fractured responsibility framework around the Yarra and around the bay. There are a lot of organisations that have responsibility for various aspects of the bay and they include local government, they include the Port Phillip and Westernport Catchment Management Authority, the EPA, the DSE, Parks Victoria and water corporations. There is a whole group of organisations that have responsibility for the management of the Yarra River.

Having had that reality made clear to me, I undertook to ask the various agencies to get together and form a task force to see if we could remove the duplication that was currently there and fill some of the gaps that were currently there in terms of responsibility to the Yarra. That has been a very important process, and we have made sure these conversations are ongoing. The plan has not been completed yet and, of course, as those who have been in government before know — and certainly as Mr Pakula, who has been a minister, knows — much of the planning that goes towards these projects can be quite involved, and certainly on an issue that involves so many agencies there is going to be a period of time before we solidify what the plan is going forward.

In terms of the substantive part of Mr Scott’s question, I can say that the work that is being done presently is being funded within DSE’s current appropriation and, again, I guess similarly to Ms Hennessy’s question earlier

about the statewide adaptation plan, when a plan is complete, that is the time to start allocating funds to the implementation of the plan. At the moment we are having a conversation and we are ensuring that the various agencies are talking to each other. I want to make sure that each agency has very clear parameters about their areas of responsibility, because I do not want to see a continuation of what has happened in the past where various responsibilities have been abrogated or shelved off to other agencies. I want to make it very clear into the future who is responsible.

**Mr SCOTT** — Just to follow up and to seek some clarity, you are stating that the plans are not completed and that the funding will be from within the allocation. I would just like to seek some clarity about whether the terms of reference have actually been developed and the likely time when reporting or similar stuff will come forward.

**Mr SMITH** — Just to answer your question, Mr Scott — —

**Mr SCOTT** — It is really simple; have the terms of reference been developed and when is the task force likely to report?

**Mr SMITH** — The work is being done. The terms of reference are being put together now — —

**Mr SCOTT** — Yes.

**Mr SMITH** — I can give you some clarity around the work plan. The task force is basically going to develop a plan to manage the threats to water quality including pollution, litter, stormwater inputs and other issues and to support Victorians to take actions that care for and protect our iconic rivers and bays, including litter prevention and clean-up. One of the things that this government is doing is making sure that the community has some responsibility for the environment as well. The environment is not wholly and solely a government responsibility, I think you will agree. I think all areas of the community, be it industry, be it community groups or other levels of government, should take responsibility for the environment. One of the things I want to encourage going forward is a larger — or greater — awareness of the importance of the Yarra to our community and make sure that more people get involved in helping to clean it up.

There is actually a really good framework. Recently — just a few weeks ago — I announced funding for a partnership and a clean-up of the Maribyrnong River. From memory it is a \$3.6 million partnership between local councils, the state government and Melbourne Water. Those various entities were brought together by the Port Phillip and Westernport Catchment Management Authority. It is a model I would like to see progressed for the Yarra River, because I think by all working together we get a whole lot better outcomes.

As part of the work plan we are also developing a plan to provide better, more timely and easier access to information for Victorians about water quality in the Yarra — and that goes to what I was saying about them being more aware — and tightening the response and management arrangements for all government agencies that have a hand in environmental management. As part of that commitment I have just been alerted that we are providing \$1 million to the Port Phillip and Westernport Catchment Management Authority for on-ground works to support and improve catchment management around that river. Hopefully we will get some good outcomes towards the end of the year.

**Mr MORRIS** — If I could turn to the environmental policy and climate change output, Minister, on page 269 of budget paper 3, included in the performance measures there are two projects — the local sustainability accord and the sustainable schools initiative — which I believe are both being undertaken by Sustainability Victoria. Can you indicate to the committee what sort of outcomes are being achieved from those initiatives but also any other work that is being undertaken by Sustainability Victoria in addressing energy efficiency and waste management?

**Mr SMITH** — Thank you. As I mentioned earlier, when I took office it became apparent to me through anecdotal evidence that Sustainability Victoria's program delivery was, may I say, a little fractured; it was not particularly well targeted; and the feedback that I got was that there were very few tangible outcomes that had come as a result of the number of grants that had been put out by Sustainability Victoria.

With that information I undertook a review of the organisation, and we did extensive consultation. As I said before, the feedback was that the landfill levy which funded much of Sustainability Victoria's work should be

directed more to the waste sector, and as part of that review we reached the conclusion that the government's priorities for Sustainability Victoria were going to be around waste management and energy efficiency.

Around the same time also the Victorian Auditor-General released a report saying that targets that the previous government had set in terms of waste recovery had not been met and that there had not been enough effort or direction placed on pursuing the targets that were evident towards a zero waste strategy. What we are going to do and what we are instructing SV to do in conjunction with partners such as DSE and the metropolitan and regional waste management groups is to ensure that we do minimise the amount of waste that is going to landfill and minimise the amount of waste that is generated. We are planning on delivering, and we have been delivering, funding support for a range of initiatives to increase recycling as well as support for capital investment and market development, because it is very important that when we are diverting this waste material from landfill we actually have an end market for it. So you cannot really do one without doing the work around developing the markets for it, going forward.

One of our goals is to improve littering behaviours by 25 per cent by 2014, compared to 2003. We are going to do that through the implementation of the Victorian litter strategy. We are helping councils adopt best practice in kerbside recycling, and we have a number of programs around household recycling which we are implementing, which include the free chemical disposal through the detox your household recycling project. As I said before we are also getting SV to focus on resource efficiency, and there is a number of programs that we are putting in place in that regard. We are supporting some resource efficiency initiatives in smaller commercial buildings through the suburbs and in retail buildings, we are implementing the ResourceSmart sustainable schools initiative to which we provided \$8.3 million to help reduce energy and water consumption and waste issues in our schools, and that program will be rolled out to an additional 400 schools up to 2015.

We are continuing the Victorian government's assistance to homeowners to install solar hot-water systems by providing a rebate at the point of sale. As well as that, I will go back to the waste programs that we are putting together because I think that is a very important part and will be a very important focus for Sustainability Victoria going forward. In fact it is under legislation that Sustainability Victoria should have a real focus on this, so we have put together a range of programs under the banner of conserve, invest and save, and this strategy is about putting creative plans together to help reduce the amount of food scraps and organic waste going into our landfills.

We began that with a regional organics package of \$5.5 million. That addresses the problems of organics in landfill in regional and rural Victoria. What this initiative does is to basically help regional areas and regional councils find ways to turn that waste into resources such as compost and fertilisers, and we are hoping in the future that we can actually use it as a fuel. Of the \$5.5 million that we put forward, 2.5 million of the funding will be supporting the development of a regional organic strategy led by Sustainability Victoria, in partnership with the regional waste management groups and the councils, and the other \$3 million is there to support those regional waste management groups fund priority waste projects in regional Victoria over the next couple of years. Some of the feedback I have had from some of the local councils in regional Victoria has been that there has not been the support for them to remove that waste in the past.

We have also released recently a \$3.8 million package for a metropolitan organics plan, and that is aiming to achieve similar goals, but it is focused on building and supporting a network of new organics recycling facilities for metropolitan Melbourne and developing, as I said before, those viable end markets for the products that we do take out of landfill. The first step in that particular process will be the development of a new facility to be built by Veolia Environmental Services in Bulla, in the north of Melbourne's suburbs, to process food and garden waste from 11 different councils. Those 11 councils have come together with Veolia, and the funding that we are providing will help them inform their very diverse communities about the best ways to dispose of that organic waste.

As part of that package we are putting half a million dollars over two years to develop those strong markets for the end product. I think that is very important, and that project is going to be led by Sustainability Victoria. They will work with various industry groups and interested parties to investigate some viable long-term markets for those recycled organic products.

Finally, as part of that waste package we are also providing \$3 million to regional councils to ensure that their landfill cells are at a standard that they should be. Under the previous government, rightly, regulations were put

in place to ensure that geomembranes were put in to ensure that we did not get the leakage that we have seen in landfills gone past, and I very much support those regulations. Unfortunately when those regulations were put in place under the former government, the former government did not provide any assistance to the regional councils who own those landfills, so they were left to wear the very high cost of achieving the increased standards, but they, in many cases, simply could not afford it. So we have been able to put together a \$3 million package to help regional councils achieve the standards they should be achieving.

You also mentioned the local sustainability accord. That is a partnership between state government and local governments which aims to build the capacity of local governments to deliver tangible sustainability outcomes through strategic projects and grants. It goes back to the issues raised by Ms Hennessy earlier in that that accord will also help us fund adaptation plans by those local councils. Through all of these projects we are delivering, and Sustainability Victoria is now delivering, some tangible and real outcomes for Victorians for the money instead of projects that previously may have raised awareness but had very little that you could point to in terms of tangible outcomes. The change in focus for Sustainability Victoria is certainly one that stakeholders have embraced, because they feel that we have listened to them as a result of their input during the review, and there will be more work being done by Sustainability Victoria in the energy efficiency and waste avoidance areas in time to come.

**Ms HENNESSY** — Minister, in budget paper 3, the output at page 267, there is a reduction in funding by over \$21 million in the biodiversity output. At the end of 2010 the DSE staff involved in biodiversity work were 35 at Gippsland, 33 at north-east, 26 north-west, 31 working in Port Phillip, 49 in the south-west. Can you tell us how many staff will be employed in those regions undertaking biodiversity-related activities at the end of the estimates period?

**Mr SMITH** — As I have said before, certainly the budget involved making some tough decisions but I believe the right decisions under the circumstances. We have often said, and many of my colleagues have said, that there should not be an impact on front-line staff. With regard to the allocation of Department of Sustainability and Environment staff throughout the regions, I think that is an issue for the secretary, and I would very happy to ask him to answer.

**Mr WILSON** — Sorry; can I confirm that was the end of 12–13, Ms Hennessy?

**Ms HENNESSY** — No, at the end of the calendar year 2010, so the start of 2011 — at the end. Effectively I am asking what is going to happen to these numbers. Do you intend to cut them?

**The CHAIR** — Over the estimates period, was your question, yes?

**Ms HENNESSY** — Where will these regions be in terms of the number of DSE staff working on these biodiversity-related activities at the end of the budget period.

**Mr WILSON** — As I mentioned before, we are going through the planning processes and so on around resources which will go to matters like staffing, savings and efficiency and so on. As the minister mentioned in his presentation, we have adopted a regional model for the department, which we implemented in July last year. Certainly the aim of that was to strengthen the activities, the role and the leadership in regional Victoria for on-the-ground service delivery and for stakeholders to go to someone in a region on any issue, whether it is biodiversity or public land or water or threatened species, fire or whatever. I cannot confirm a number to that level of detail, let alone the total figure for that period, but I would say in terms of the directions of the department that we have been heading in it is to strengthen the role of DSE in regional Victoria in terms of that on-the-ground service delivery.

**Ms HENNESSY** — A follow-up question, Chair?

**The CHAIR** — Certainly, Ms Hennessy.

**Ms HENNESSY** — So on those 174-odd workers — employees — is it your evidence that the biodiversity-related workers are front-line workers and therefore will be exempt from the government austerity program; I say in quotation figures.

**Mr SMITH** — I will pass on to the secretary, but I emphasise once again that these are voluntary redundancies that have been proposed by the government. I really want to emphasise that, because it —

**Ms HENNESSY** — Some have been give notice in the south-west, Minister, so let us not mislead the committee.

**Mr SMITH** — seems to overlooked — voluntary redundancies and the ending or the non-renewal of fixed-term contracts. If I can pass on to the secretary — —

**Ms HENNESSY** — Incorrect. That is just incorrect. Some have already been given notice.

#### **Members interjecting.**

**The CHAIR** — Deputy, if you want to bring in other evidence, we can have a debate about what members think the evidence was. The evidence is on the Hansard transcript. Let the minister respond now — and Mr Wilson. Thank you, Mr Wilson.

**Mr WILSON** — Two things: a lot of our biodiversity staff and a lot of our staff generally are on fixed-term contracts to do time-limited initiatives. Secondly, a lot of our biodiversity staff contribute to fire roles as well, so it is not as clear cut — certainly not in my mind. The role around biodiversity, along with all of our staff in regional Victoria, is not as definitive as you might want it to be. We do have to work through that process of where our priorities are. As I said, when you look through the burning program and the issues that the department deals with, most of those are in regional Victoria. My job is to make sure we have got the right numbers of people doing the priority work, recognising that we still need to achieve savings and do things more efficiently.

**Mr ANGUS** — Minister, I refer you to the department's response to the PAEC questionnaire, and in particular question 9.1. Underneath that you identified Communities for Nature as an important program being delivered by your department. Could you please elaborate on that for the committee?

**Mr SMITH** — The Communities for Nature program is one that we announced prior to the election, and it was a \$20 million commitment over four years to assist local communities to do works in their local environment. One of the great things about this particular initiative is that where previously funding was targeted towards your traditional conservation groups — Landcare, friends groups, very worthy organisations — and the targeting of grants prior was very properly going to those groups, what the Communities for Nature program did in addition to targeting those groups was to target groups that would not previously be aware of those programs dealing with their environment. We targeted schools, and we targeted sporting groups and a range of other organisations to say, 'If you recreate or operate in your environment and you want to do some good work around it, then this sort of grant will be something you can access'. It is all part of the government's commitment to ensuring that we have community responsibility in their local environment. What this particular program does is enable these different groups to access grants of between \$10 000 and \$150 000 to help them achieve some really significant environmental outcomes in their areas.

We had four broad parameters around these particular grants. The first was that the action taken by the groups would support practical community action in the environment. I emphasise 'practical' because this government is also about making sure that we have tangible outcomes for the money that is given out, that we, as a government, can point to money given through a grants process and actually say, 'This is what we achieved with that particular money'. I think that is the responsibility we have as a government to Victorians who do pay their taxes.

Another of the parameters was that the program had to create a visible and lasting improvement to the environment and that it foster a greater enjoyment of the actual environment. Certainly one of my priorities as minister for the environment is to make sure that the parks, gardens and forests and all of the things on public land that make up this great state of Victoria are accessible to as many people as possible. I think there is a hell of a lot to enjoy in Victoria, and we really should be ensuring that its use is available to all Victorians.

The fourth parameter was that it should strengthen any partnerships or participation by the community. If we had a grant application that showed that a number of different groups wanted to get together and achieve an environmental outcome, then that would figure highly in the process. I have to say that with this particular grant

program we really hit the mark. We had more than 300 applications in the first round of grants. I have to say also that the applications we received were of a particularly high quality.

Just last month I announced the first round of successful applicants. In that first round we were able to fund 120 community groups with grants totalling in excess of \$10 million, which is a really great outcome. That \$10 million is going to be allocated over four years, and it will enable all these groups to conduct some really great work that is going to protect and enhance their environment.

I announced the successful applicants just last month at Bentleigh West primary, And that is just one example of a group who would not traditionally have applied for a grant such as this, but the kids down there are a very enthusiastic bunch. I have to say I have met a number of environmental groups within schools where students have been made environmental captains. They are all extremely keen to be involved in their environment. I think it is a great thing for the future to see so many young people involved and interested in their environment.

I know you have a personal interest in one of your own areas, the Bellbird Dell group. Bellbird Dell is a lovely little park in the middle of Forest Hill which is pretty much hidden amongst eastern suburbia. But there is a great group down there that I met with you, Mr Angus, and I was certainly very pleased to be able to see that their application was supported and that they receive funds for the work that they do down there. I think that is a great result — —

**Ms HENNESSY** — An admission of pork-barrelling, Minister?

**Mr SMITH** — Not at all. It is a very worthwhile organisation and a very worthwhile application.

**Ms HENNESSY** — I am sure they are.

**Mr SMITH** — They do some great work, and they are well supported by the local member, who I think made sure that they got their application in and that with his assistance it was to the standard that was necessary.

We also provide funding to a whole range of others. The Project Platypus association, which I know both governments have provided for over years, is an organisation that is a very worthwhile. It does a lot of work to save the platypus in the Upper Wimmera catchment area. I was over in the Wimmera just recently and had a talk to some of the people who are involved in that group. They are obviously, as are the other 119 or 120 community groups, very pleased to receive funding.

I think the emphasis that I am taking in this role is to make sure that communities are involved in protecting their environment. This grant really does take a big step towards involving those communities and making sure that we get some really good outcomes at a local level with funding that addresses the priorities of local groups rather than government telling local groups the work that they should be doing. In this instance we have local groups submitting priorities to government and government supporting them in that regard.

**Mr PAKULA** — Thanks, Minister, for helping us to steer our local community groups so they can pull their grant applications together in a way that helps ensure success.

**Mr SMITH** — If I can take that up, I certainly think it is the role of every local member to engage with their communities to make sure that they are aware of grants and make sure they are aware of support from government. I think that is admirable work by every local member. Although upper house members do not always focus on particular electorates, they still have constituents that they should be helping in that regard and helping them access those funds.

**Mr PAKULA** — I will send them your way, Minister.

**Mr SMITH** — Pardon?

**Mr PAKULA** — Can I just ask you about page 271 — —

**The CHAIR** — I am not quite sure what we are up to here, but anyway, Deputy — —

**Mr PAKULA** — I did not ask a question. The minister chose to start with a comment.

**The CHAIR** — The minister responded to your observation.

**Mr PAKULA** — Yes. That is the minister's choice.

**The CHAIR** — It is your choice to make an observation. Let us get this back into order.

**Mr PAKULA** — Chill out, Chair!

**The CHAIR** — Deputy, ask your question.

**Mr PAKULA** — Thanks. I will. On page 271 of budget paper 3 the output for statutory activities and environment protection, which I understand is primarily about the EPA, shows that the 12–13 target is about 30 million lower than the 11–12 target. Can you take through what specific programs and activities, if any, are going to be reduced or pared back as a result of that reduction in the output for the EPA?

**Mr SMITH** — I think in this regard, as you can read from the footnote there, which says:

The lower 2012–13 target and 2011–12 expected outcome reflect the timing of expenditure from the Environment Protection Fund.

that is basically saying that although the output cost has decreased, it reflects the timing of expenditure, not necessarily a savings or a cut from the funds. What we have is a circumstance, Mr Pakula, where the majority of funding from the Environment Protection Fund is paid out on a basis of a memorandum of understanding or a similar agreement. That means that a project owner must meet set milestones in order to receive a payment, so it is difficult to exactly predict the timing of these payments, because they are subject to external parties. What you are seeing here is really a movement from one year to another rather than a cut.

**Mr PAKULA** — Minister, am I to understand that there have been no grant programs cut from the EPA, because my understanding was that there were, and I am wondering whether that funding has been redirected to continue those programs through DSE?

**Mr SMITH** — Could I please take that on notice?

**The CHAIR** — Thank you, Minister.

**Mr O'BRIEN** — I would like to follow on from the answer you gave, Minister, to a question from my colleague Mr Morris. It relates to the important issue of litter fines and illegal dumping. In that regard I note that the answer to question 6.3 of the budget estimates questionnaire refers to the government undertaking a one-off increase in littering fines as part of the 2012–13 budget and some of your explanations about how, whilst you can minimise the waste going to landfill, you also need to consider making disincentives for illegal dumping and littering. I appreciate those answers, but I would ask you, Minister, specifically to please elaborate on the changes to the fees and how the government is planning to tackle these problems of litter and illegal dumping.

**Mr SMITH** — Thank you, Mr O'Brien, and I think it is a great shame that there are still many Victorians out there who think that littering is okay. I think the majority of Victorians should be commended for putting litter in the right spot, but there is still a problem with people who think they can still throw litter from cars or they can throw litter on the ground, and I have certainly had extensive conversations with various charities about illegal dumping around their bins. And of course the most dangerous form of littering is throwing that lit cigarette butt out of the window in country areas, which of course brings the risk of bushfire to communities.

We are certainly committed to tackling that littering, and as I said, Sustainability Victoria and indeed the EPA are all making the prevention of littering a priority, and that is why we have decided that we will hit people directly where it hurts, in the hip pocket, with regard to making them change their littering behaviour. I have to say that this particular litter fine increase is just one of a range of measures that we are taking as part of a holistic approach to litter reduction. As I said, I have been talking to charities and to the National Association of Charitable Recycling Organisations about the big problem they have with illegal dumping and with littering in their area.

What we have found is that with the introduction of the landfill levy, introduced under the former government and supported by this government, there have been instances where people who, I guess, do not have the right mind frame about what they should be doing are dumping a lot of litter and rubbish in and around charity bins

and around the entrances to charity organisations, and it costs those charities a fair degree of money to dispose of that rubbish. We are talking about litter or articles such as mattresses that are stained and unusable, broken furniture — there have been all sorts of anecdotal conversations I have had regarding the sort of stuff that is being dumped at these places.

Unfortunately when the landfill levy was introduced there was no real opportunity for charities to have any relief from that levy, so what we have recently announced is that, as part of our whole litter strategy, we are putting \$1.5 million towards the charities so that they can have landfill levy relief. Basically that is in some terms a rebate on the landfill levy they will have to pay. We have also put another half a million dollars towards helping them find some solutions to the problem they have of illegal littering around their areas, around their bins, around their shops. That money will go to things such as maybe fencing or signage or security cameras to make sure that we catch those people who are doing the wrong thing in action and with the EPA they will be fined accordingly.

We are also funding litter prevention officers for councils to make sure that we have people out there to ensure that littering is not happening but also to educate people on what they should be doing with their rubbish. Recently I was down at Hawksburn station to announce funding for Metro to reduce the impact of litter as well. They are rolling out recycling bins across 107 of their stations to make sure that when people get off the train they know where to put their litter. And to help people understand where they should be putting their litter the Packaging Stewardship Forum is also putting up consistent signage on those bins to make sure people understand where their recyclable litter should go.

Things like the *mX* which, many Melburnians read, often end up in landfill. There is certainly a better place for that to go, and through this grant we are giving Metro, this 298 000 which is part of \$1.4 million worth of litter grants programs we are putting out, we are hoping to remove something in the order of 880 000 tonnes of litter from landfill into recycling. That will be a very good outcome.

I think between the litter fines you mentioned and the work we are doing with regard to litter prevention officers, with these recycling bins and with the whole range of programs we are rolling out, it is certainly my hope that not only will Victorians and Melburnians be educated more about what they should be doing with their rubbish but also we will be able to get a whole lot more of this rubbish out of landfill and into a more sustainable use.

**Mr SCOTT** — Minister, I refer you to budget paper 3, page 262, which relates to the total output cost for the outputs related to public land. I would specifically like to ask you about the impact of this reduction in funding on bays, beaches and marine parks. I ask: what funding reduction has occurred in the management of our bays, beaches and marine parks? To expedite things, considering the limited time we have, I will ask my follow-up question at the same time. Could the minister also outline the specific program areas of work that have received reduced funding?

**Mr SMITH** — In the public land output that Mr Scott refers obviously there is a movement of the figures there. The decrease primarily reflects once-off funding that the department received as part of the 2011–12 budget to assist in the recovery of the 2011–12 Victorian floods. That particular funding included \$22 million provided in that previous budget to the department to reinstate and repair community facilities on Crown land reserves in the north-west and the south-west regions of Victoria. Further once-off funding was provided as part of the government's flood response for the recovery and repair costs of public land assets.

With regard to the reduction of funding to beaches — —

**Mr SCOTT** — Beaches, bays and marine parks.

**Mr SMITH** — Yes. With regard to that, we are still working through what the allocated funding for DSE means in terms of that, but we obviously still have a very high commitment to ensuring that we get the right environmental outcomes. Could I ask you to repeat your follow-up question?

**Mr SCOTT** — The second part was as to specific programs, areas of work that have received reduced funding. What decisions have been made within the time frame of the 21 days? If that could be taken on notice.

**Mr SMITH** — I am very happy to do that.

**The CHAIR** — Thank you. That brings us to the conclusion of questions on the environment and climate change portfolio. I would like to thank Mr Wilson, Mr Appleford, Mr Fennessy and Mr Clancy for their attendance. We will take a short adjournment.

**Witnesses withdrew.**