

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2016–17

Melbourne — 17 May 2016

#### Members

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Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Dr Rachel Carling-Jenkins

Mr Tim Smith

Mr Steve Dimopoulos

Ms Vicki Ward

Mr Danny O'Brien

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#### Witnesses

Ms Lisa Neville, Minister for Environment, Climate Change and Water,

Mr Adam Fennessy, Secretary,

Mr Alan Goodwin, Chief Fire Officer, and

Ms Carolyn Jackson, Executive Director, Finance and Planning, Department of Environment, Land, Water and Planning.

**The CHAIR** — Before opening today's hearings, I would like to acknowledge the fact that today is the international day against homophobia and transphobia.

I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2016–17 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Environment, Climate Change and Water, the Honourable Lisa Neville, MP; Mr Adam Fennessy, Secretary of the Department of Environment, Land, Water and Planning; Mr Alan Goodwin, Chief Fire Officer; and Ms Carolyn Jackson, Executive Director, Finance and Planning. In the gallery there is Dr Paul Smith, Deputy Secretary, Environment and Climate Change; Kate Houghton, Deputy Secretary, Water and Catchments; and Lee Miezi, Deputy Secretary, Forest Fire and Regions.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Comments made outside the hearing, including on social media, are not afforded such privilege. Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

Questions from the committee will be asked on a group basis, meaning that specific time has been allocated to members of the government, opposition and crossbench to ask a series of questions in a set amount of time before moving onto the next group. I will advise witnesses who will be asking questions at each segment.

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

All written communication to witnesses must be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way and cannot photograph, audio record or videorecord any part of these proceedings. Members of the media must remain focused only on the person speaking. Any filming or recording must cease immediately at the completion of the hearing.

I invite the witness to make a very brief opening statement of no more than 10 minutes, and this will be followed by questions from the committee.

**Ms NEVILLE** — Thank you, Chair, and thank you to all the members of PAEC.

### **Visual presentation.**

**Ms NEVILLE** — This year's budget builds on, I suppose, last year's commencement of starting to turn around the lack of investment in both the environment, climate change and water. Overall there is a \$747 million investment across the portfolios. That does not account for other dollars that sit, for example, in other parts of government for climate change — for example, in the economic development department — and also does not include, as you can see down the bottom, an additional about \$31 million that is invested in things like the Hazelwood component, so money that goes to the EPA, for example, and to DELWP for Hazelwood air monitoring, the Port Phillip Bay environmental fund of \$10 million, the establishment of the Liveability Victoria centre, \$1.6 million, and additional aviation capacity for firefighting. So there is an additional \$31 million that sits on top of that. You will note in the water section that it also refers to \$20 million from the agriculture fund for the Macalister irrigation district.

This graph pretty much shows you a bit of the historical comparison of investment in environment and water and climate change. So it is the biggest water budget since 08–09, and that budget was pretty much the Food Bowl Modernisation Project, which was the equivalent of around \$600 million from the state at that time. So it is a really significant investment in water. It sees the fourth tranche of the environmental contribution levy established, and it also sees the full acquittal of tranche 3. I think I spoke at the last PAEC about the fact it had not been fully acquitted as it usually would be within its four-year period. It is the biggest environment and climate change budget in six years, with over \$128 million for climate change, and it is the biggest spend from the Sustainability Fund, and this will support biodiversity, waste and climate change investment.

If we have a look at the next slide, across the drivers of investment right across the portfolio, I suppose front and centre is absolutely climate change. Right across all our areas of reform and investment it acknowledges that

there will be and is a significant impact of climate change. You will see that running through our biodiversity strategy. You will see that in relation to our marine and coastal work we are doing — the new act. If you have a look across our coast, the impact on beaches and coast is significant. I was in Inverloch not long ago and places like Inverloch are having significant major changes in their coastal foreshore areas — really changing the nature of those areas quite significantly. We have got our work in the Climate Change Act framework and emissions reduction target. Also you will see it reflected through the investments we are making in bushfire and risk management, and climate change runs through all of the drivers for the investment in the water plan as well.

We have seen the hottest summer on record, and that builds on the previous summer's hottest record and the previous one on that as well. In parts of Victoria it is the driest on record. We have seen a 0.8 degree temperature rise in our average temperature since the 1950s. We have seen, for example, the Murray River 12 degrees above its normal temperature, which contributed to the blue-green algae. The estimates suggest that by 2020 we will see an increase in 25 per cent in the number of very high to extreme fire days, and that is a 230 per cent increase by 2050. That is reflected in our fire season, so you will see, as I talk a bit later about our fire season, that it pretty much started in October and has pretty much gone through till the end of April. It is a really much longer fire season than we have had before.

We also know that by 2070 we will see an increase of about 80 per cent in the south of Victoria in drought frequency and around 60 per cent in the north, and of course an increase in extreme events — floods, storm events and high winds. We have a role both in mitigation as well as in what role the state should be playing in adaptation.

As I said, across government we have got investment of \$128 million. That is quite conservative because what I have not included in there is any of the significant investment we are making in water programs and water infrastructure, all of which is really designed to deal with issues of water security, declining rainfall levels and issues around quality of water in our waterways and catchments.

This really builds on — last year the Premier signed the Paris Pledge for Action, a precursor to the under 2 degrees memorandum of understanding for the Paris agreement. We have got an act review, and we are about to release the government response to that, which will see significant action across government departments, across community and business. As part of that you will also see Victoria's emissions reduction target and the interim targets that will sit behind that, and we are in the process of developing the framework, which is a whole-of-government action. All of this will be completed by around about November, and that work will assist us in prioritising future investment out of, for example, the Sustainability Fund.

Some specific things within the climate change area include that we have got money for the upgrade of coastal infrastructure. This is on top of the Port Phillip Bay environment fund. Victoria has 2000 kilometres of coastline, all of which is struggling to adapt to storms, floods and changes in erosion patterns as well — from Port Fairy, which has really significant issues down there, right through to communities along the Gippsland coast as well.

There is money for waste, jobs and innovation. There is \$21 million, which will see waste-to-energy projects and an innovation fund, which Sustainability Victoria will run and which will enable us to leverage further private investment in that area. There is money for science and research and innovation. There is some exciting work that we are doing with the Bureau of Meteorology and CSIRO — hopefully they will continue to have a science capacity — to look particularly around the water and rainfall predictions going forward.

We have got significant investment in biodiversity. Submissions have just closed on the biodiversity strategy, and if you have a look at that graph — this has been put together by the Future Economy Group, which consists of a number of financial institutions like the National Australia Bank, VicSuper and a number of tourism groups and environmental groups — what that shows you is that investing in natural capital has a positive economic benefit to Victoria, and not investing will see the Victorian economy go backwards.

This budget invests \$33 million on biodiversity-targeted strategies, from weeds and pests through to the targeting of specific threatened species through to other on-ground wildlife corridors et cetera. It also sees us investing in the helmeted honeyeater. This is out of the VEAC inquiry into Yellingbo. This allows us to purchase additional land to create an additional wildlife corridor for the helmeted honeyeater.

There is money for private land as well — Trust for Nature and Landcare. Victoria is the most cleared state in the country. To turn this around we actually need to ensure that we are turning around the decline on private land. So we are looking at opportunities for Trust for Nature to expand its capacity for the covenanting of private land. They have got a backlog of that. In addition to that, there are the Landcare groups. This continues the 584 Landcare groups. It expands the facilitated program that has been so successful, seeing coverage of up to around 71 per cent after this investment.

We can move on to the Sustainability Fund. This will give you a bit of a sense of the expenditure that you will see this year and in the next couple of years, assuming no further investment in the next forward budgets, which of course would be unusual. The little blue bit down the bottom shows you that that was new investment by the former government of \$10 million into the Sustainability Fund. The rest of it over its life has been done by Labor governments basically, and they are quite significant investments.

Before you get to the Sustainability Fund, you have the landfill levy. And of that we have \$73 million that immediately goes into the EPA, into waste and recovery groups and into Sustainability Victoria. Then what is left is the Sustainability Fund, and this year we have \$41 million additional new money. It is the biggest expenditure of new money across the four-year period. There is \$173 million in spend, but \$136 million of that is new money. The trend is good, and this is about trying to commence the process of significantly drawing down on the Sustainability Fund for the purposes for which it was established.

In tourism and parks, one of the big announcements obviously, which came out of the regional tourism fund, is the money for Phillip Island Nature Parks. This had 650 000 visitors in the last summer. It is Victoria's no. 1 paid visitor attraction. It is the biggest employer on Phillip Island, and this investment — and you can see a bit of the design of what it will look like — will provide new visitor facilities but also new habitat for the penguins. So it really is doing both of those.

Just to give you a sense, they have 4000 people there a night and there are 120 places for meals, so there is a real disconnect with the potential for expenditure. Unfortunately also the penguins are actually now breeding in the car park and places like that, so the habitat is being lost as well. To continue to grow the penguin population, which is the attraction there, we also need to create more habitat. Of course Phillip Island Nature Parks is one of the world's leading conservation groups and advises on seabird health and wellbeing.

For Parks Victoria there is an additional \$20 million investment for infrastructure improvement, plus we have also announced an additional draw down on the Parks and Reserves Trust of \$15 million. Just to give you a sense of where Parks Victoria is now sitting at, back in 11–12 Parks Victoria went from \$116 million down to \$65 million in 14–15. In this budget we go back up to \$87 million, so we are beginning the turnaround in relation to that. Our staff numbers that dropped from 1100 down to 903 are now back at 970. We are starting the process of turning around Parks Victoria, and we have also announced basically a funding review for Parks Victoria to get this right.

In terms of bushfires, this year our staff has spent, up until 16 May, 265 000 hours dealing with bushfire suppression — 110 000 hours of that was at Wye River. We currently spend around \$110 million on planned burning and of course money on hazardous trees removal. This budget provides \$74 million, which enables us to increase the period of time in which we have project firefighters to a longer period. As I said, we had that last summer. So instead of just employing them from what we used to, basically from December, they are now from October through to May. There are also upgrades in digital radio communications to bring them in line with the CFA and the recommendations out of the royal commission. There is more aerial surveillance et cetera and some improvement in things like fire towers and maintenance.

Just quickly on water, again if you have a look at this map, it shows you why we need to invest in water. This is over a 30-year period, and as you can see, particularly in Western Australia and Perth particularly, and large chunks of Victoria, we are seeing the lowest recorded rainfall on record, and where it is not that, it is well below averages. So to secure our water security in the future we do need to continue to invest in infrastructure modernisation and water health as well, and this budget is backed in by the water plan, which is currently out for consultation. It sees \$468 million invested, including \$222 million for waterway health, \$59 million for improvements to on-farm irrigation projects and \$25 million for a water plan. And if you then go to the next slide and if we have a look at the infrastructure investment, this is one of the largest infrastructure investments — in the 15–16, 16–17 period — for almost a decade. To give a comparison: we are spending \$170 million; in the last two budgets of the former government it was \$38.9 million and \$1.9 million in 14–15.

What farmers have said to me is, 'Don't stop investing in our water infrastructure, even if it rains', because, as that map shows, the long-term average will see significant declines in water.

Finally, just on the environment contributions levy, as I said, we will have an environment contribution tranche 4, which we announced last year. This period of time will see overall \$539 million invested, which includes allocated projects of around \$394 million out of tranche 4, and the remainder of EC3, and then \$144 million that is still to be allocated, which will be allocated out of the water plan. Again, we will fully expend both tranche 3 and tranche 4 as they previously were done.

I suppose if there was an overall message, Chair, it is that these investments combine with the reforms — the Flora and Fauna Guarantee Act, the biodiversity strategy, the water plan, the marine and coastal acts, and the EPA review which we announced yesterday — to really provide a comprehensive framework to protect our natural environment for the benefit of all Victorians.

**The CHAIR** — Thank you, Minister.

**Ms SHING** — Thank you, Minister, for that extremely comprehensive presentation, which has covered a range of areas. I note the omnibus nature of your portfolios and the way in which they operate interchangeably. I might segment it at the outset into water and drought for this particular part of the discussion, and I would like to take you to budget paper 3, pages 69 and 76, in relation to a number of the water projects listed that you also talked about at pages 11 and 12 of your presentation.

One of the things that you have indicated is that you have met with farmers and irrigators and a whole range of community members in the course of your work but also as part of a drought relief tour. What is the information and the evidence that you have been given beyond that which you just shared with the committee, which was, as I recall you saying, 'Please don't stop investing in water, even if it rains'? What are they actually telling you about how we meet the challenges of drought and of water security from a long-play perspective?

**Ms NEVILLE** — Thank you for that question. The starting point is that map, which shows you the significant decline over the last 30 years in our rainfall averages. So what we have got is currently communities at the moment who have experienced a little bit of rain, which is great, particularly in the Wimmera and Mallee area — a little bit to commence the cropping process — and they are very happy, but storages have not improved. So the message from them is, firstly, that this is a long-term ongoing issue, we have to plan for the future and we have to provide opportunities for greater water security.

So the announcement we made in Wedderburn, which is for them to connect into both the Wimmera–Mallee pipeline but also into the broader grid, is to a community who said to me when the Wimmera–Mallee pipeline was being built, 'There is no way we would ever have contemplated the need to connect into the Wimmera–Mallee pipeline'. Their average rainfall was enough, they thought, to sustain them. That was enough. They did not need to be in that system. Now they are saying, 'We need systems that are connected, interconnected, maximising every drop of water', and that is what those systems do.

I was recently with the Werribee-Bacchus Marsh group of farmers who again have been fighting to get some significant investment in upgrading and modernising their infrastructure. They are big vegetable growers, the biggest: 11½ million for Werribee alone. Those farmers are sitting on a 15 per cent water allocation at the moment. What we know is that if we had the modernised system in place and we got rid of the open channels, they would actually be at 100 per cent allocation. That is the amount of water losses that come from those old systems. So not only does it improve their salinity issues — and they have got some salinity issues there — but it is actually about maximising every drop of water, as I said.

The message across the state is that the Murray-Darling is the same. You go up there and it is a lot greener, but people are doing it really tough up there. The inflows into the Murray are very, very low. It is so dry everywhere.

**Ms SHING** — Green droughts are a very pervasive thing, in Gippsland as well.

**Ms NEVILLE** — That is right, in Gippsland. As you know, in Gippsland we have got communities on stage 2 water restrictions. Again, I was asked recently at Korumburra, where we made the announcement there to connect those South Gippsland communities into the water grid, about this feeling like the death knell, and I

agreed. I said, 'This should have been done before'. The connection was possible. It should have been done, and we are catching up, because those communities are now on stage 2, and it has prevented some of the expansion of the industry down there. So we need to just keep focused on continuing to invest. Rain will happen. Let us hope it does happen. We need to have well above average rainfall to see farmers get 100 per cent allocation going forward.

**Ms SHING** — Minister, water, water supply and water security are obviously about a lot more than hope, and planning and funding come into that to a very significant degree. As was indicated in the course of announcing the \$30 million for connection of Nyora, Loch, Poowong and Korumburra to the Lance Creek grid, it involves a number of pieces around conservation efforts as well as smart water use, as well as infrastructure and programs to deliver an improved efficiency for water and the way in which it is made available. How does this budget, in particular the line items listed at pages 69 and 76, go to that jigsaw approach to delivering water security across the board?

**Ms NEVILLE** — At the top what is sitting there is the water plan. So the water plan, which has just closed for consultation, has been the effort of a whole range of experts — stakeholder groups who have sat round the table, forums and community engagement. What that talks about overall is both how do we ensure that water, whether it is in urban, rural or regional communities, is valued and that we are enhancing every opportunity out of that. On one hand it is the irrigation upgrade. So it is how do you optimise the water grid, how do you add to the water grid, how do you modernise the system? On the other hand it is how do you reduce consumption? How are you smart about this? Some of that is not just about water rebates and efficiencies; it is actually things like stormwater and recycle issues.

**Ms SHING** — Do you think this budget strikes the appropriate balance in relation to those competing options and opportunities?

**Ms NEVILLE** — I do. I think that — —

**The CHAIR** — Order! The Deputy Chair until 2.34 p.m.

**Ms SHING** — We will pick it up again. Thank you.

**Mr MORRIS** — Welcome, Minister. The budget paper reference is BP3, page 35, in particular the regional water infrastructure and irrigation subtopic. I am just wondering: is the \$1.2 million Mitiamo pipeline business case part of this initiative?

**Ms NEVILLE** — It is part of it. This is money that is coming out of the EC3 spend. Some of that EC3 spend is 15–16 money. As I indicated previously, Deputy Chair, not all of EC3 had been expended by the former government. We have now fully expended, and of that \$1.2 million is to Mitiamo.

**Mr MORRIS** — Thanks. You have announced it as a \$1.2 million project in your media release last week. I gather from your answer that that does not include the \$750 000 that you asked the Commonwealth to contribute for this purpose?

**Ms NEVILLE** — We have a number of requests in to the Commonwealth, which we are confident will be funded. Mitiamo was one of those, and we submitted that. It has taken a long time and Mitiamo has been on the priority list so we brought that forward. The agreement has not yet been signed with the Commonwealth, so we will talk to the commonwealth, if they agree to that funding, on how we work that through.

**Mr MORRIS** — I am just rather surprised — —

**Ms NEVILLE** — I did not want to hold it up, I suppose is what I am saying, because we were not sure, particularly with the Commonwealth going into caretaker. So there are a number of other business cases that we hope the Commonwealth will fund. The question is that there is no clarity around what they are going to be able to do in caretaker — if they can sign it or not. If it is funded through that process, we will then have a look at how best we can utilise those resources.

**Mr MORRIS** — I guess you are not saying that the applications is redundant; you are saying it is still on foot?

**Ms NEVILLE** — It is absolutely on foot. There are a number of projects as part of that. There is Yanakie, there is Sunraysia — the next stage of Sunraysia, modernisation — and the next stage of the Macalister. They are all on foot; I just do not know because of caretaker et cetera what is going to happen with them.

**Mr MORRIS** — Was there any particular reason you did not indicate in your media release that you had an application in for three-quarters of a million dollars of a \$1.2 million project — that you were seeking those funds from the commonwealth?

**Ms NEVILLE** — As far as I know, there was a public information session that we had. There is an expression-of-interest process for the original applications to the Commonwealth, so I do not that we were trying to hide it at all. It was just that we had determined that it was critical to get the Mitiamo one — that it was not worth waiting another three, six, who knows what length of time. There could be a change of government. I do not know what is going to happen, so we wanted to get that project started. As I said, if it is funded by the commonwealth, then we will either talk to the commonwealth around redirecting that or redirecting our resources to other areas. There is a lot of demand for business cases for the next lot of water infrastructure projects.

**Mr MORRIS** — You rattled off a number of projects. I was not quick enough to write them down, but can I ask you: are the other pipeline infrastructure projects contingent on undisclosed — —

**Ms NEVILLE** — No.

**Mr MORRIS** — None?

**Ms NEVILLE** — None of the ones that we have announced, no. So as I said, this is — —

**Mr MORRIS** — No, I am asking if there are other undisclosed funding applications to the Commonwealth upon which these projects are contingent?

**Ms NEVILLE** — If I understand the question right, no, there is not. There are two bits to this. There is a program that the Commonwealth have, which is the business case program, of which we have applied for a number of projects. The only one for which we have now announced our money is Mitiamo because we were really concerned about the delay on that one. It has been long awaited to do that work. The rest are not ones that we have announced funding for.

There are capital projects we have announced where we are seeking contributions from the Commonwealth, as you would normally do. Macalister is one of those. Wedderburn is one of those. Korumburra is not. There are a couple where normally you would have one-third, one-third, one-third, and those are two projects, but they are capital projects and I think we are always clear about that on those projects.

**Mr MORRIS** — So there are no others that are dependent upon Commonwealth funding for them to continue?

**Ms NEVILLE** — No.

**Mr MORRIS** — Thank you.

**Mr D. O'BRIEN** — Can I just quickly follow up: did I hear you mention Yanakie? I am just pricking up my ears. Did you mention that you have sought federal funding for a Yanakie pipeline?

**Ms NEVILLE** — For a business case for Yanakie, yes.

**Mr D. O'BRIEN** — Thank you.

**Ms NEVILLE** — I would just say on that, Danny, that I am having conversations with the regional development minister. There are a couple of proposals that the local farmers have put forward there that we may be able to try to invest in to get some greater water security in the short term. But we are still working — —

**Mr D. O'BRIEN** — Out of RDD?

**Ms NEVILLE** — Yes, or maybe a combination between us.

**Mr D. O'BRIEN** — Minister, just moving on to Goulburn-Murray — the reference is BP3, page 206 — will the Connections project be finished on time and on budget and with the required water savings?

**Ms NEVILLE** — Sorry, can you repeat the question?

**Mr D. O'BRIEN** — Will the Connections project be finished on time and on budget and with the required water savings?

**Ms NEVILLE** — It is an interesting question. I am not sure if you had an opportunity last year to hear about this. With the Commonwealth we commissioned a mid-term review of the project, which commenced mid last year. We reported back to the Commonwealth and the state at the end of last year, indicating some significant concerns with the project and the project delivery.

As to the report on it, for example, you may recall — you may not — that this was a project that was originally part of the food bowl modernisation. It was being delivered by what was called NVIRP, and the former government sent off the whole issue of NVIRP to the Ombudsman for an inquiry and then it was transferred at the end of that to Goulburn-Murray Water — —

**Mr D. O'BRIEN** — We have limited time, Minister. Can I just — —

**Ms NEVILLE** — And there was a midyear review — —

**Mr D. O'BRIEN** — I understand it is important, but — —

**Ms NEVILLE** — The midyear review is critical to this. What the midyear review says is that, firstly, in the process of that transfer the project lost 10 months — 10 months! — where nothing happened. Secondly, there was no project delivery model or capacity checked within Goulburn-Murray Water. My view is — and I say this publicly — that it was set up to fail. It was going to fail. They were not in a position to deliver a project of this kind.

Following that mid-term review I then had some independent assessment done. I put in also a primary agency who then went out and talked to over 300 of the farmers involved in the project and the community. Firstly, what the community said is, 'This project needs to continue', but the independent advice back to me was, 'We have to reset this. We can't continue to deliver this through our water authority just as the water authority'. So I have established the project control group, headed up by Mike Walsh, who did the Sunraysia modernisation and stakeholder group, including the VFF. They are reporting back to me in June. They were given 12 weeks to reset the project, and I am waiting on that review back, as is the commonwealth.

**Mr D. O'BRIEN** — So that is when the reset will be completed, in June?

**Ms NEVILLE** — Yes. The full reset will come back to us in June. Basically they are in the process of talking to everyone who has indicated an interest in being connected, signed agreements to be connected, and actually reassessing how do you best deliver this project to deliver the water savings but also to deliver the modernisation to that community.

**Mr D. O'BRIEN** — So the budget paper shows that the water savings were pretty ordinary last year. Is that the reason Goulburn-Murray Water's managing director was dismissed last week?

**Ms NEVILLE** — That is a matter for the board, about their managing director. I have been up-front every step of the way that this project got off track and that handing it over to Goulburn-Murray Water without any delivery model was a big mistake. My role, with the Commonwealth and working with Barnaby Joyce and the commonwealth department, is to get this project back up and running properly, because it is so critical to the economic future of that region and so critical to the delivery of the Murray-Darling Basin plan.

**Mr D. O'BRIEN** — So coming back to that, were you informed of a reason why the MD departed?

**Ms NEVILLE** — No. The board informed me that the managing director had offered and provided his resignation to the board.

**Mr D. O'BRIEN** — When did that occur?

**Ms NEVILLE** — When did we last sit? I think it was the Monday after the last sitting week.

**Mr D. O'BRIEN** — So just before it was announced?

**Ms NEVILLE** — Yes, just before it was announced.

**Mr D. O'BRIEN** — The PricewaterhouseCoopers report that I think was prepared for the project control group, have you or your office been provided a copy of that?

**Ms NEVILLE** — I have not read the PwC report. I have been briefed on the report. It is a report that does have some commercial-in-confidence components to it. However, I have asked for that report in some form, without the commercial-in-confidence components, to be provided on the website and for information, and PricewaterhouseCoopers is working on doing that so that the information is real but does not cut across any of the commercial-in-confidence issues.

Just on that issue, which I presume is where you are going, that was done by the project control group. The Commonwealth and the state asked the project control group to commission that report to provide a baseline figure of what money was left. What that baseline figure has shown is that there is about \$827 million left, which is a little bit more than what the mid-term review indicated, so we know what we are working with, and it is all within what we thought we had, and the reset includes that whole amount of money.

**Mr D. O'BRIEN** — Okay. Budget paper 5, page 99 shows a \$7 million cut in 15–16 and a \$2 million cut in Victoria's payments to the MDBA. What is that for?

**Ms NEVILLE** — These are agreements that we make with the Commonwealth across the states. Victoria has tended to pay more than, for example, New South Wales, so we are paying what we are required to pay under the agreement.

**Mr D. O'BRIEN** — But why is there a reduction this time around?

**The CHAIR** — Order! Dr Carling-Jenkins until 2.40 p.m.

**Dr CARLING-JENKINS** — Welcome, Minister. It is lovely to see you this afternoon. As you would know, your portfolio is not in my area of expertise, so every time you present or every time we have a chat, I learn a lot, so I appreciate that.

I just have some questions which overlap a little bit with what Ms Shing was asking. That is around the catchment management authorities, on budget paper 3, page 71, where there was brief mention there about the development of integrated catchment management strategies by the CMAs. I am thinking that this is probably an attempt to put together a structured response to the Auditor-General's report in 2014.

To refresh your memory, the auditor talked about the condition of catchments continuing to deteriorate. He made a number of recommendations about developing an overarching strategy with a long-term vision, developing mechanisms to enhance accountability. He talked about a consistent approach to monitoring and publicly reporting on conditions et cetera. I am sure that you are very familiar with that. In saying this, I absolutely acknowledge that this predates your ministry, but I wonder if you could speak about what is underway in response to this report — for example, specifically how will these new integrated strategies enable the catchment management authorities to address the concerns that were highlighted by the Auditor-General?

**Ms NEVILLE** — Thank you for the question, and it is a good question, because I am hoping tomorrow — I think I am — I will be launching the *Our Catchments, Our Communities* document, which is the new integrated strategy that has been a result, as you say, of the VAGO report.

**Dr CARLING-JENKINS** — So we are going to get a preview now, are we?

**Ms NEVILLE** — It is a great report.

**Dr CARLING-JENKINS** — Well, I thought I would try.

**Ms NEVILLE** — To implement the VAGO recommendation, there has been a cross-department — CMAs and water authorities — working together to try and make sure that we get CMAs back on track, really focused

with good targets, with good outcomes. We have got *Our Catchments, Our Communities* report. We have got really I suppose some on-the-ground work that is already happening.

One of the really great projects that I went and had a look at last year is the Hattah Lakes project. This is up in the Mildura area. If you have not been there, it is beautiful. The Hattah Lakes project was really a new partnership between the Murray-Darling Basin Authority with the CMA, with the department, Parks Victoria, Goulburn-Murray Water, the environmental water holders — both Commonwealth and state environmental water holders — who came together on how they addressed river vegetation, how they addressed drought conditions, so together each partner is doing their bit to really —

**Dr CARLING-JENKINS** — But developing a consistent — —

**Ms NEVILLE** — put water in the Hattah Lakes again. That is a sort of example where on the ground they are doing that work. What *Our Catchments, Our Communities* will do is set that vision and framework for how they will work again in each community, backed up by the \$22 million in the budget to help implement the recommendations out of VAGO and that, because one of the issues was definitely around their sustainability as well and ability to do their work. So that \$22 million will assist in undertaking that work as well.

We need to get this right, because CMAs are really critical deliverers of many of our projects. If you look at \$200 million for waterway health and improvement, an extra \$30 million for the riparian action plan — those are significant amounts of money, most of which the CMA will be doing in partnership with landowners, with Landcare, with water authorities, with communities, with farmers. We need them to be as strong as possible to deliver really good outcomes in our local communities. They have led the way themselves through *Our Catchments, Our Communities* — they have really led that way and that model of working in local communities.

**Dr CARLING-JENKINS** — Thank you, Minister. It was certainly an extensive report. I appreciate the time that it takes to respond, and I look forward to tomorrow.

If I could draw your attention now to budget paper 4, page 47, and to the fuel load management section there, I refer to the government's activities in the area of bushfire preparedness, and you spoke to this a little bit in your presentation as well. A big part of this, of course, is reducing that fire risk presented by the vegetation build-up in our national parks, and I notice in this budget paper reference that there is an expansion of the planned burning program to 390 hectares. I understand that you do not have a lot of time, so you might need to take this on notice, but I just wondered, given that national parks comprise about 4 million hectares, if you could describe how these planned burns are still sufficient.

**Ms NEVILLE** — Rather than speak to that particular figure, because it relates to something different, I will try to answer your question, Rachel — the substance of it. Basically we released last year what is called Safer Together, and this is as a result of the inspector-general for emergency management, our chief fire officers, community consultation — how do we move forward to continue to reduce bushfire risk in our community? What that said to us is that we need to have a risk reduction and a risk focus rather than just a hectare focus. So we would still see significant hectares treated — around 275 000 hectares treated — but we needed to use mechanical means, planned burning; we needed to look at private and public interfaces; we needed to look at roadside management; and we needed to focus on doing the burns in a way that reduces risk to life and property. The target we have set is what is called a 70 per cent target. In 2002, pre the Alpine fires, pre the 2009 bushfires, we were at 100 per cent in terms of our risk. We have dropped down to about 65 at the moment, post Black Saturday and recent fires. We do not want that to get back up. We want to keep pushing the pressure down and keep it below 70 per cent.

**Ms SHING** — I will take you back to budget paper 3, pages 69 and 76, and again back to water and drought, and also to page 11 of your presentation and that map indicating average rainfall changes. I would like to actually explore the links between climate change and drought — one of the elephants in the room when it comes to public policy and the policy-setting agenda on water security. What is the role that climate change plays in the way in which this investment or these sets of investments in the budget have been allocated as far as that long-play agenda is concerned that you referred to in earlier answers?

**Ms NEVILLE** — So there is no question that climate change is impacting already, so we are seeing that through — we are drier, we are hotter and there is less rainfall, and because we are drier there are less inflows

into our storages. We also then have these increasing storm events, which cause massive issues around flooding and stormwater run-off, and what we do with that? So you take all of that, and then over here you have also got population growth, so what do we need to do? We need to have a look at how we, I suppose, increase water availability, and that is grid extensions, modernisation — so again minimising the loss of water as much as we can.

It is also, on the other side, being smarter, particularly in our urban communities. So how do we plan and develop our urban communities in a way that reduces consumption of potable water and that keeps those communities green? Because we are actually going to need to keep our communities green to keep down some of the heat effects of climate change. So, for example, South East Water is working with a property developer at the moment, and a whole new urban community will see a reduction of over 70 per cent in the use of potable water just basically through design, use of technology and innovation, both for recycling of water as well as stormwater run-off.

**Ms SHING** — So that is intended to operate across industry and commercial enterprises as well as in a domestic setting?

**Ms NEVILLE** — That is right. This particular thing is in a domestic setting in an urban development, but certainly South East Water and a couple of our other water authorities are leading the way in terms of innovation around stormwater and recycled water use from waste to energy, from how we manage stormwater run-off and how we utilise recycled water. So we need to do much more of that, and that is certainly a big part of the water plan and a big part of this budget.

Livable communities — this was a debate recently about, ‘Do you have water restrictions or do you have livable communities?’. Well, we cannot afford not to have green communities. We cannot afford to lose our ovals, our grasses, our trees. Lots of trees were lost during the millennium drought, trees that provide great cover and a cooling effect. If you do not water trees, they often lose 10 to 15 or 20 years of their life. So it is being able to provide innovation around better use of stormwater and recycled, both for flood mitigation but also to reduce consumption, increase best use of your water supply through modernisation and of course having the non-rainfall-dependent source of water through the desal plant.

**Ms SHING** — That is probably a neat segue, Minister, in relation to moving on from water and drought and climate change on the one hand to biodiversity on the other. So I take you to budget paper 3, again pages 69 and 76, and based on my ready reckoner, it looks like about \$55 million in initiatives to protect our environment and biodiversity. How does this budget funding compare to previous years in terms of a trend on spending, and what will these specific initiatives lead to —

**Mr D. O’BRIEN** — Don’t ask about previous years.

**Ms SHING** — including by reference to the Landcare initiatives, which were an excellent program to have been allocated funding in previous years, Mr O’Brien — and you would be no doubt aware of them — and the strategy that has evolved as part of the review process of the Landcare initiatives?

**Ms NEVILLE** — The starting point really of all of this investment is an acknowledgement that Victoria’s natural capital is in decline; there is no question about that. As you saw before from the future economy work, we need to invest in that decline and turn that decline around for our economic benefit as much as anything. I suppose it is a real story about a healthy environment equating to a strong economy.

In this regard there are a number of things we need to do. The biodiversity strategy has two key goals. Firstly, how do we encourage and promote Victorians’ engagement with nature? We see that already through Landcare et cetera and our visitations to national parks, which are some of the best in the world. But secondly, how do we turn around that decline? And the biodiversity strategy has number of components to it, and it sets a number of targets that we will need to meet.

Part of turning around the decline, as I said before when I presented earlier, is that absolutely it is public land but it is also private land, as the most cleared state. I suppose financial institutions are probably a bit ahead of government in relation to this. They are already looking at how they loan money to private landowners or farmers to revegetate, because it is good for soil, it reduces salinity, it is good for water quality and it is good for

value of land, so they are already starting to look at what the things are that farmers need money for for long-term investment.

**Ms SHING** — The community-driven action initiative to protect biodiversity — how will that figure into the equation around preservation and conservation of private and public land?

**Ms NEVILLE** — Again, I suppose with our critical agencies and organisations that already do this — Landcare is one of those — as I said, there is additional money to keep Landcare going, their Landcare groups, and to expand the facilitator program, which has been really successful at getting really good outcomes on the ground. The Trust for Nature — again, private land, with a lot of volunteers as part of that — and the covenant system have proved extremely successful in protecting large areas of important vegetation on private land, and we know that there is a backlog for that.

**Ms SHING** — Does that include riparian areas as well?

**Ms NEVILLE** — Again, I suppose in the biodiversity space the investment we are making in waterway and catchment health and the riparian action plan will be a big contributor to improving biodiversity outcomes in Victoria. I think last year we invested 10 million in the riparian action plan, and in this budget it is an additional 30 million. So all up it is a really significant investment, and I am hoping some of that will be targeted to some of our drought-affected communities to continue to grow the CMA drought employment program as well.

**Ms SHING** — Does that include addressing the way in which Ramsar heritage areas are addressed as far as ongoing conservation goes?

**Ms NEVILLE** — Yes, absolutely. We have listed 36 key waterways and catchments that will require significant work over the next eight years as part of the water plan, and that is what the \$222 million starts to address. The Gippsland Lakes are part of that as well, so there is an additional \$10 million for the Gippsland Lakes management over the next four years, and as you know there are some really good people who are working with us on improving the outcomes on the Gippsland Lakes.

**Ms SHING** — Excellent. Thank you, Minister.

**Ms WARD** — Thank you, Minister. Just quickly, one issue that is very important to my community in the Diamond Valley, and the Yarra Valley generally, is one of preparedness and how we are responding to fire risk. You spoke in your presentation around the change to the fire season from October to May. You also talk about a 230 per cent increase in the number of very high to extreme fire days by 2050. I understand that in the budget there is \$74 million that has been invested to keep Victorians safe from the threat of bushfires. Can you speak about how this investment is actually going to deliver on this?

**Ms NEVILLE** — Yes, so it has been a big season and a big couple of years actually. In fact the amount of total fire ban days has doubled. We have got doubling in the number of fires that we on average respond to over the last 30 years, so a really significant — —

**The CHAIR** — Order! Mr Smith until 3 o'clock.

**Mr T. SMITH** — Just following on, Minister, from Dr Carling-Jenkins's questions about planned burns, can you please confirm how many hectares of public land have been burnt to date in 15–16.

**Ms NEVILLE** — Thank you for that question. Most of our planned burning program occurs in the autumn period, and that has always been the case in Victoria. We do a bit in spring, but most of it does occur in autumn because spring, as I think the Chief Fire Officer would call it, is fickle — particularly in places like Gippsland, pretty fickle. Fires can get away, as we did see in Lancefield last year. We had a very hot start to the season, which became pretty hot in October. It was pretty dry already. We did quite a lot of planned burning in April this year. We then had five cold fronts over eight days. At the moment 432 burns have been done, which equates to 184 655 hectares. In addition to that, we have treated 11 000 hectares, so about 195 000. We had a big spurt in April, but with the rain and the cold spell we have been doing little bits and pieces during May but are unlikely to get much higher than that in this particular season.

**Mr T. SMITH** — So you have completed 195 000 — —

**Ms NEVILLE** — Yes, we have treated 195 000. Of that, 184 000 is burns and 11 000 is of mechanical treatment.

**Mr T. SMITH** — Right, okay. Can you confirm how many controlled burns have escaped containment lines in 2015–16 so far, and are you able to please provide the committee with a list?

**Ms NEVILLE** — There was one escaped burn. Let us be clear: we have worked with the Inspector-General of Emergency Management to be very clear so that we are reporting any escaped burns. We have got three categories. We have got escaped burns, and escaped burns are basically where they impact on private assets — even if they do not burn down private assets — they are not contained by 8.00 a.m. the next day and there is threat to public safety. Then we have breaches, and these are where they are contained within that time and it is in the immediate vicinity. And we have got spot-overs — tiny ones. So what we do? All escapes are reported to the inspector-general. We have had one up until 16 May, one planned burn escape, and that was the Lancefield one. We have had seven breaches, and we have checked those with the inspector-general.

**Mr T. SMITH** — Sorry, how many breaches was that?

**Ms NEVILLE** — Seven. They are the ones that do no threat to public-private assets and are contained within that immediate vicinity by 8.00 a.m. the next day. We have had seven of those, and we check those with the inspector-general. Any escape will now automatically be reviewed by the inspector-general, and we will continue to check breaches to make sure, one, we are classifying them properly, but two, to just see if there is any — in fact, there have been quite a lot of private land escapes this year, actually; that has probably been the biggest amount this year.

**The CHAIR** — The Minister was happy to answer questions, but I would remind members that the focus is on the estimates process in terms of what is happening over the forward estimates. Anyhow, continue, Mr Smith.

**Mr T. SMITH** — Let me get this straight. So do escaped planned burns count towards the final figure?

**Ms NEVILLE** — Of what?

**Mr T. SMITH** — Of controlled burns?

**Ms NEVILLE** — Yes. Lancefield, which was the only state burn — I think it was 3000 hectares all up, so it was originally 240 hectares — can I ask the chief fire officer just to add to that?

**Mr T. SMITH** — Yes.

**Mr GOODWIN** — Thanks, Minister, thanks, committee. So yes, it does. There are different ways to measure what happens on public land estate. So fuel reduction burning, as the minister has mentioned; mechanical works; also, obviously, we had bushfires right across the state this year — 25 000 hectares, mainly around the Wye River area; all account to the effect of fuel reduction, so in answer to your question, yes. The minister is correct. There has been, since Lancefield, in the planned burning process to date, one escape. It actually technically, once we reviewed it, did not meet the requirements of an escape, but we worked with IGEM through the process of that one burn and, as the minister has mentioned, seven breaches also were reported to IGEM in the process.

**Mr T. SMITH** — So if I may, if you could maybe inform the committee what the total figure was that the Lancefield fire contributed to in terms of — —

**Ms NEVILLE** — Three thousand? I think it was 3000.

**Mr GOODWIN** — It was 3000 in the end. I would have to check.

**Ms NEVILLE** — Three thousand hectares.

**Mr GOODWIN** — Just over — —

**Mr T. SMITH** — Sorry, Sir?

**Mr GOODWIN** — I was just thinking, it was just over 3000 — yes, correct.

**Ms NEVILLE** — Yes.

**Mr T. SMITH** — Okay, thank you. Minister, have there been any conclusive reports as to whether the back-burning conducted during the Wye River fire over Christmas contributed to an escalated fire front?

**Ms NEVILLE** — Yes, there have been.

**Mr T. SMITH** — And if so, was this counted towards your planned burn target?

**Ms NEVILLE** — So there were two things that that question goes to: firstly, what happened with the fire in Wye River? This was investigated by the Inspector-General of Emergency Management. As people know, a lightning strike occurred on 19 December, and that commenced the fire in a very remote part of the Otways. I am not sure if you have had time to fly over or have a look at the Otways, but there are certainly some very remote parts, and it was in an area that was impossible to get to. A whole range of work was undertaken by the regional incident control centre and the incident control centre at Colac in an attempt to contain that fire, and basically the inspector-general said it was an amazing job. All resources, all effort was done, and then of course an evacuation was issued, with no lives lost.

That fire jumped, basically, from the bush. That is what the inspector-general found, that the fire basically jumped from where it was into the town and then the CSIRO recent report which has been released indicates that the fire then caused another fire, which was a township fire as well. So really two fires happened here — one was a bushfire, one was that. I think all up the Wye River burnt around 25 000 hectares — I think, in my memory, it was around 25 000 hectares — and that, as I understand, does contribute and has always contributed to the planned burned hectare figures.

**Mr GOODWIN** — Could I just clarify there, Minister?

**Ms NEVILLE** — Yes.

**Mr GOODWIN** — Just for the committee, the difference between, I guess, back-burning as a tactic in our fire response versus our planned burning program — they are quite different, planned burning being our fire operations plan, spring and autumn, as the Minister has described. We targeted areas, we fuel reduced those areas to lower risk — risk of bushfires becoming large and uncontrollable. Back-burning is a tactic we use in fire response, where we may remove fuel in front of a fire front where we cannot reach it for reasons of its topography, dangerous situations. We may take the fuel out by back-burning to a control line. That area will contribute to the area of the bushfire — so in this case contribute to the 25 000 hectares for Wye River — but it is not included as part of the hectares that we accumulate for our planned burning program.

**Ms NEVILLE** — So they are not in that 195 000?

**Mr GOODWIN** — They are different tactics, if I am making sense.

**Mr T. SMITH** — No, that is helpful. Thank you very much.

**Mr MORRIS** — Minister, can I move to Parks Victoria critical infrastructure, and BP4, page 47, is the reference. There is 5 million allocated for Parks Victoria critical infrastructure. It has a practical completion date of the fourth quarter, 2017–18, but as the tables indicate, there is a TEI of 5 million, and the estimated expenditure to 30 June is 5 million. I am just wondering why the completion is — —

**Ms NEVILLE** — I was just checking about that, Deputy Chair. What it is showing is when the funding goes to PV and then the TEI is the actual completion of the projects.

**Mr MORRIS** — So the money will go out — okay. Can you, on notice obviously, provide a breakdown of the projects funded and when you anticipate they will be completed?

**Ms NEVILLE** — Well that may not be until later, I suppose, because part of this is we know that there is — we will work with Parks Victoria on them identifying their critical asset list. We know that they have got an

asset maintenance backlog, as you can see just in the output measures in here, that we need to turn around, so we will work with Parks Victoria on those assets.

**Mr MORRIS** — So the money goes out the door by 30 June but the projects to be funded are not necessarily identified by that date?

**Ms NEVILLE** — Well some of them are easy, but yes.

**Ms PENNICUIK** — Good afternoon, Minister.

**Ms NEVILLE** — Am I allowed to take 1 second of your time and say that Wye River was 2500 hectares, not 25 000 hectares. My apologies. Sorry.

**Ms PENNICUIK** — Thank you. Good afternoon, Minister, and everybody else from the department who is here. Thanks for coming today. Minister, if I could question you a little bit about the Sustainability Fund. There is a very big graph on page 8 of your presentation and also in the budget papers, specifically budget paper 3, page 25, there is reference to four initiatives, I think, that are being funded from the Sustainability Fund to the tune of \$17.2 million this year or \$65.1 million over the next four years, if I have got that right. I have been busy adding everything up. This does not seem to tally with the figures you have got on your graph. You also said something about \$173 million, which I was trying to write down. Perhaps you could table or provide the information that you were referring to with all these figures before. But first of all, the question is: what is coming out of the Sustainability Fund actually this year, what is being funded from it over the forward estimates, and also what is actually in the fund? How much is in the fund, sitting there waiting to be spent on environmental initiatives?

**Ms NEVILLE** — Currently in the fund right now — sorry, what will be at the end of 15–16 is \$444.7 million. As I said, in 16–17 the landfill levy will generate around \$200 million. Of that landfill levy, around \$73 million — there will be some potential increases in money, to EPA, Sustainability Victoria waste and recovery groups and the environment sustainability commissioner, so around \$74 million comes out.

**Ms PENNICUIK** — Out of that 200?

**Ms NEVILLE** — Out of that 200. Then the rest hits the Sustainability Fund, and the Sustainability Fund is designed to do a number of things. It is designed to invest in waste, biodiversity and climate change. They are the three key things that it is there to spend money on. Out of this year's budget there is an allocation over the four years — 136 million of new money. I will take you through where that is going. There is money for energy, in growing jobs, which goes to DEDJTR. There is money for renewable energy, which goes to DEDJTR. There is resource recovery money, so the waste recovery. There is money for weeds and pests. The biodiversity money, so Trust for Nature, biodiversity. There is more money for that innovation and jobs, so that is the climate change innovation centre and the waste to energy innovation project. There is money for the ResourceSmart Schools. There is money for environmentally sustainable development standards. These apply and work in New South Wales, where developers and individuals can get advice on what those standards are around energy use, water use et cetera.

There is money for science, innovation and excellence. This will look at issues around coastal flooding, erosion, land stability — so what are the things we should be investing in that are going to help our communities the most in terms of adaptation. Then there is money for this project I spoke about before, between the Bureau of Meteorology, DELWP, water authorities et cetera, and CSIRO, in relation to rainfall, water and what do we need to do in that space. There is money for beaches and foreshores and there is money for critical coastal protection assets. That, according to me, works out to be a new figure of \$41 million for this year and over the four years of \$136 million of new money. The \$173 million is other projects running out over that four years.

**Ms PENNICUIK** — Could you just elaborate on that, the 173?

**Ms NEVILLE** — That would, for example, include the \$10 million that is rolling out that the previous government allocated, of which there is a little bit left, for example. One of those was the illegal dumping project of the EPA.

**Ms PENNICUIK** — So the 200 goes in, 73 comes out for a certain number of things that you mentioned and there are all these projects that add up to \$41 million.

**Ms NEVILLE** — Yes.

**Ms PENNICUIK** — How much would you expect to be left in the fund by the end of next financial year, with the next tranche of levies going in?

**Ms NEVILLE** — If no other commitments are made — if you can bear in mind a couple of reform areas, including climate change reform, the framework, the adaptation plan, emissions reduction target, the new act — assuming nothing else comes out from the fund, there will be \$531 million left.

**Ms PENNICUIK** — Minister, you have said before that you will be working to have some sort of plan to allocate things, well, with some sort of a plan attached. What can you say about that in the very short time we have left?

**Ms NEVILLE** — I suppose: what is the plan? Sitting under this there is the biodiversity strategy, which we have put some money in. That strategy will set some targets and initiatives — —

**The CHAIR** — Order! Ms Ward until 3.16 p.m.

**Ms NEVILLE** — We will finalise that. Climate change, the same thing.

**Ms PENNICUIK** — Thanks, Minister.

**Ms WARD** — Thanks, Minister. If I can pick up where we left off, which was around bushfire preparedness, I talked about the \$74 million investment that you spoke to us about in your presentation to us earlier. How is this \$74 million investment going to help Victoria's communities and regional townships be prepared, especially considering the season, as you say, is now October to May?

**Ms NEVILLE** — Thank you. I will come back to where I was on the previous question. It was a big season for us. All up I think it was around 265 000 hours of our DELWP and agencies like Parks Victoria, EPA involvement in fires — 110 000 hours at Wye River — and 1200 staff, so a massive season. Some areas like the Grampians did planned burning even through some of the winter period because it was so dry. So we have had staff who have really been ready to go, instead of being from December really having to be brought forward into October. We did a number of things. I think in the end we ended up spending an additional \$5 million to do that so we could put on some additional firefighting capacity within the department — so bringing forward our project firefighters earlier. We brought additional aircraft in, the biggest fleet that we have had, because we knew there was potential for a really big impact on the season.

What we are conscious of is that we think that this is going to be an ongoing issue for us. If you look at the trends and the graphs over the last 30 years, and you saw that graph before, the last few years have shown more fires, more often and more people. We are much better at putting out fires, all of us, and I think our suppression efforts are now up to somewhere well above the target, maybe around 91 per cent or something, in terms of actually getting on top within a certain period of time the fires that do break out — not planned burn fires but bushfires. Both ourselves and other agencies like the CFA and MFB are very successful at it.

This money, the \$74 million, is to increase the number of project firefighters, and over a longer period of time, so you can bring them on and have more capacity for stand-by hours — people being able to be on stand-by — because we know there will be more total fire ban days and severity. Greater aerial surveillance — again a really important technique to identify fires quickly. The ability to get in early is what has helped us to improve our suppression rate because we can identify and get on top of a fire very quickly. There were some pretty scary ones over the summer that either our staff or the CFA jumped on really quickly that stopped any other major fires.

We have also got upgrades to our fire trucks, our fire plan, machinery for hazardous trees and of course the digital radio, which is the communication system, which is really important. The Harrietville coroners inquiry reported this year on an incident that happened in 2013 with the death of two DELWP staff at that time, and they looked at the importance of the hazardous trees program, and we are continuing to roll that out, but also the issue of communication. Having good, up-to-date digital communication, particularly one that talks to the CFA, because on the ground we work very closely together. In places like Wye River it was a real partnership. A lot of our staff were really remote, but we could not have done it, protecting the town, without the CFA, so those

radio communications are really important. It is a really important investment on top of what we already spend in bushfires.

**Ms WARD** — Thank you, Minister. Bearing in mind that you have said that bushfire season is now blowing out to October-May, can you please talk to us about the effects that climate change is having on our fire season?

**Ms NEVILLE** — There is no doubt that it impacts in a number of ways. We are drier, and if we are drier earlier and you add a little bit of heat into that, it does not take very much for a fire to break out. What we have found and what we are planning for is that this will be the new norm. It is not going to be one-off occasions, that we are going to have a lot of years like this where it is extremely dry and where heat happens earlier. In October we had temperatures in the 30s. As you know, we have had again really record temperatures in May. Given those combinations of conditions, hot weather alone is not going to be necessarily the issue, but the combination of dryness and hotness, and also these strong winds and storm events, particularly carrying lightning, will continue to put pressure on our resources. There is no doubt that climate change is a critical component and determinant of that. We can only imagine that it will get worse without seeing significant state, national and international intervention.

**Ms WARD** — Thank you, Minister. You will see that in budget paper 3, page 74, you have got the new fire-related performance measure which relates to statewide bushfire risk. What is this new target? Why has it been introduced and what is its effect going to be on Victorian communities?

**Ms NEVILLE** — I started speaking about that just before. *Safer Together* was actually an election commitment we had, which was to get some expert advice on whether we could become more risk focused on the reduction in relation to our planned burning or fuel reduction program in the state. We sent that off to the inspector-general for emergency management. He did a range of consultations on that, both with experts and communities. Chief fire officers were all involved with us in that from, from Alan through to the CFA, the MFB and the emergency services commissioner as well. Basically the evidence was clear that if our focus is about reducing risk of bushfire to life and property, we needed to have that as our frame and not just a strict hectare system. This is not about saying, 'Let's burn more or less' but, 'Let's be smarter about that'.

I think as I indicated before, the estimates are that we still think we are going to need to treat, and that is a mixture of burning and mechanical work, around 225 000 to 275 000 hectares anyway, so it is not about that. It is saying we just need to be smarter about where we do those sorts of burns and how we do them. You cannot firstly ignore private land, so we are going to have to have stronger partnerships with the CFA to do fuel reduction on private land. We cannot have the boundary of this national park and not deal with the roadside, for example. Again, we cannot just use burning as the only tool. There are other tools that we need to have as part of the mix, and that is what that is all about. They are the sorts of burns we need to do, which we have done in this planned burning season. Arthurs Seat, something that we have been waiting to do for a very long time, and we were able to do the really important planned burn at Arthurs Seat. In Mount Dandenong we did one similarly — something that we have been waiting years to do. It is about what are the strategic areas and what is going to have the biggest impact on reducing risk to life and property.

**Ms SHING** — Is that where the tools, equipment and facilities make an impact? Are they actually having a material impact on the way in which that sort of strategy is rolled out as far as ultralight vehicles, digital radio or the sorts of things that you referred to earlier?

**Ms NEVILLE** — Yes, so some of it is absolutely driven by safety, and some of the new equipment that we have purchased — the slip-ons, the lightweight fire trucks — are all about absolutely the safety of our staff. Bringing our system up to really what the CFA have in relation to sprinklers and protection — and Alan can probably talk in a little bit more detail about that — it is also the heavy vehicles, the plant and equipment that is used for the mechanical, the clearing and all of that.

**Ms SHING** — Front-end work, yes.

**Ms NEVILLE** — That is right. Investing in that side and keeping really well-maintained equipment is also critical to being able to deliver both the bushfire risk reduction but also our fuel management.

**Ms WARD** — So just quickly, Mr Smith has also talked about the Wye River and Separation Creek fires. Can you tell me what the government has been doing to help these communities? What work has been done to assist them in managing ongoing — going into the future?

**Ms NEVILLE** — I think I have been to every, but one, community meeting that has been held either in Melbourne or Wye River since the bushfire, and that has been, you know, a really important process. We have been committed right from the start to working with this community in their recovery. This has involved the establishment of a one-stop-shop, which is really how people go to work out their planning issues, their wastewater treatment issues et cetera. It has gone to funding the bushfire attack level, settlement-wide work, it has gone to funding the geotechnical work — —

**The CHAIR** — Order! Mr O'Brien, until 3.26 p.m.

**Mr D. O'BRIEN** — Thank you, Chair. Minister, I just want to quickly to go back to the connections program. You said that taking the job out of NVIRP and putting it into Goulburn-Murray Water was set up to fail. This was actually a recommendation from the Ombudsman. Do you disagree with the Ombudsman?

**Ms NEVILLE** — Firstly, let us say I said it. So firstly, the mid-term report made it very clear that there was a 10-month delay. Moving it in itself, right, was a 10 — —

I am not saying that I am saying it should never have been moved. They may have suggested moving it to Goulburn-Murray Water — fine — but you cannot just say, 'Goulburn-Murray Water, here's this billion-dollar project. Take it over. Fix it.'. This is a billion dollars. This is a significant project. No-one did that with Sunraysia. There was a project team put in place; there was a delivery model put in place. I am not criticising the Ombudsman. Yes, you could put it in Goulburn-Murray Water, which is where we are keeping it, but you can set up a proper project delivery model, and that was not done.

We have basically 10 months lost. We have got issues around skills and capacity, which were pointed out in the mid-term review — that we just do not have the right people doing this job. So we are putting in a process to try to get this on track, which the Commonwealth is absolutely supporting, because there is still stage 1 money in this, which is the Victorian Government's. A lot of this money is also stage 2. It is absolutely critical to the Murray-Darling Basin plan.

Yes, it is all about the delivery, I suppose. You can hand it over and say, 'Good luck to you'. That is my view of what happened — 'Good luck to you' — and it failed, and now we are trying to get it back on track for the interests of this region and for the Victorian economy.

**Mr D. O'BRIEN** — I am sure we all agree with that. The Ombudsman went on to say in his report:

I am satisfied that the modernisation approach proposed by GMW's senior management has merit and requires consideration by government as it may overcome issues that have arisen in the Foodbowl project to date.

Anyway, that is a statement. I might move on.

**Ms NEVILLE** — Well, the mid-term review probably says it did not work.

**Mr D. O'BRIEN** — Well, to suggest that it was just a mistake, I think, is wrong.

**Ms NEVILLE** — It did not work.

**Mr D. O'BRIEN** — Minister, budget paper 5, page 99, refers to a line item for the desal project finance lease liability. Why does this payment amount for the desal plant not also list the cost of the water order that was made?

**Ms NEVILLE** — Because there is a particular arrangement that occurred with the Essential Services Commissioner — —

**Mr DIMOPOULOS** — Is there a budget reference?

**The CHAIR** — Budget paper 5, page 99.

**Ms NEVILLE** — In the water pricing arrangements, and when the desal plant was agreed to and the pricing model was agreed to, there was a system also agreed to about, if during a pricing period an order was made for desal, how that would occur. So that order has occurred since these figures. That order, as I said, I think is around \$27 million — about \$12 per household — and that will go onto individual household bills once the water starts to flow.

**Mr D. O'BRIEN** — Which will be January next year?

**Ms NEVILLE** — About January next year.

**Mr D. O'BRIEN** — When will AquaSure actually invoice the government then?

**Ms NEVILLE** — They will get paid when they start delivering the water.

**Mr D. O'BRIEN** — So from the start of next year?

**Ms NEVILLE** — Yes.

**Mr D. O'BRIEN** — So again, you made the order in April; why would you not have accounted for this in the budget?

**Ms NEVILLE** — I will ask Carolyn why we did not put it in. I am sure there is a reason.

**Ms JACKSON** — Yes, sure. It is due to timing. The forward estimates that are factored into the budget papers, I guess, had closed off prior to the water order. It certainly will be picked up. It will be added to the 16–17 budget. It was just a matter of timing for when the budget was, I guess, finalised for publication.

**Mr D. O'BRIEN** — Okay. Minister, the interconnector pipeline between Melbourne and Geelong was switched on in April. How much water has flowed from Melbourne to the Barwon system since then?

**Ms NEVILLE** — Now I know this figure, because I looked at it the other day. There is a certain amount. So we have ordered 6 gigs, and I will have to come back to you. A certain amount is flowing each day, but I am going to have to come back to you, Danny. I cannot quite recall.

**The CHAIR** — Just take it on notice.

**Mr D. O'BRIEN** — Okay. If you can take that on notice, that would be great. Your media statement in April 2016, though, said there would be no additional cost to customers in Barwon because prices were locked in, but can you detail the price per megalitre that Melbourne Water is charging Barwon Water as per the bulk supply agreement?

**Ms NEVILLE** — Well, just so we are really clear, this is water. This is an entitlement that sits in the Thomson reserves that the Geelong community have already paid for in their water pricing when they built the pipeline. When the capital program rolled out, that incorporated this 6 gig entitlement that already sits there and is paid for. So there is no additional cost to any Geelong resident and no additional cost to Barwon Water.

**Mr D. O'BRIEN** — But there is no additional cost for the desal water that will now go down. There is no additional cost for what Melbourne — —

**Ms NEVILLE** — Is it — —

**Mr D. O'BRIEN** — No, I am not talking about customers. I am talking about what Barwon Water will be charged by Melbourne Water.

**Ms NEVILLE** — No. They have ordered 6 gigs, which is their 6 gigs that sits in the reservoir now, that they have already paid for.

**Mr D. O'BRIEN** — Okay. Are there service charges as well as usage charges for this water?

**Ms NEVILLE** — Well, all of this is — —

**Mr D. O'BRIEN** — If you can say how — —

**Ms NEVILLE** — Let us reflect on water pricing. The Essential Services Commission, you know, approves the pricing arrangements for each three or four-year period; it can vary, but it is about a four-year period. That includes for the Barwon region, for Barwon Water. When they built the pipeline, that was all factored into the water pricing. The cost of it, the ongoing cost of the maintenance of all its infrastructure and all its support are in their water pricing as they exist now. They will go through a normal water pricing process for new prices in 18–19, but my memory of Barwon Water is that the trend over the next three years is that the price continues to decline.

**Mr D. O'BRIEN** — But the question was about service charges as well as usage charges, and I am happy to take this on notice, but can you provide us with a breakdown of what they are?

**Ms NEVILLE** — If there is anything more to the fact that it has already been factored in to the water pricing of Barwon Water customers, then I will provide further information, but as I understand it, it is just what has been factored in because that is what the Essential Services Commission are looking at when they are doing water pricing — all of that — delivery, all of that. But there is no additional cost to Barwon Water or to water customers now as a result of that order.

**Mr D. O'BRIEN** — So, Minister, when you announced the need for the water order, Melbourne storages were at 63 per cent, which the Premier described as being 'critically low'. I just want to run this past you: for your information the Hawthorn coach Alastair Clarkson has a 63 per cent win-loss ratio. He has won four premierships, including the last three in a row. Would you agree that describing Melbourne's storages at 63 per cent as 'critically low' is as absurd as saying that Clarkson has got a poor win-loss ratio?

**Ms NEVILLE** — I do not know. I am trying to work out what the Geelong win-loss ratio is. Is it better than that? But can I just put it in this context: the desal order — in the last year Melbourne's water supplies went back 152 gigalitres; the year before they went back 64 gigalitres. We have ordered 50 gigalitres, so it continues to decline. A number of people say, 'Oh, we don't need the desal plant now; it's been raining.' Well, guess what? Even now the water supply levels in Melbourne continue to go back, despite the recent rain. It is so dry there is no run-off into our storages. So at the moment we are sitting at 59 in Melbourne, backwards from last week, no improvement over the last lot of storm events and rain events at all.

**Mr D. O'BRIEN** — We have not had exactly huge amounts of rain.

**Ms NEVILLE** — We lost 152 gigs in one year and 64 gigs in the year before. That is a significant loss, going backwards in terms of gigalitres.

**Mr D. O'BRIEN** — What is the total Melbourne supply?

**Ms NEVILLE** — We are now at 59.

**Mr D. O'BRIEN** — No, you can say 150 gigs, but — —

**Ms NEVILLE** — At 54 per cent we are going to water restrictions in Melbourne, so what the advice is, and this is the system that exists — and I know the former minister decided to ignore the advice that was provided; that is fine — —

**Mr D. O'BRIEN** — Because we had nearly full storages, Minister.

**Ms NEVILLE** — In our view, we followed the advice which is to be safe, to provide — —

**Mr D. O'BRIEN** — Do you still think that 63 per cent is critically low? That is the question. Sixty-three per cent full is critically low?

**Ms NEVILLE** — I do think it is very low, as do the water authorities, and it is now much lower, and as a result of that, I think it was the millennium drought when we lost something like 60 per cent in one year. You can go backwards very quickly.

**Mr T. Smith interjected.**

**The CHAIR** — Order! Mr Smith, this is your time that you are using.

**Mr D. O'BRIEN** — It is a very circular argument, but — —

**Members interjecting.**

**Mr D. O'BRIEN** — Can I quickly move on. BP3, page 69, 'Realising the potential of the water grid': does this initiative include further work on reversing the north-south pipeline?

**Ms NEVILLE** — Well, it does not, but if you ask me, so we are doing it — as I am sure you know, I have indicated we are looking at the issue of what — —

**Mr D. O'BRIEN** — Is their money allocated anywhere else, Minister?

**Ms NEVILLE** — No, because we do not know what it would cost. We are having a look at it. So we are looking at: what would it cost, would it be worthwhile or not — —

**Mr D. O'BRIEN** — No, that is what I mean, for that — —

**The CHAIR** — Order! Dr Carling-Jenkins, until 3.33 p.m.

**Dr CARLING-JENKINS** — I understand that is very disruptive, Minister, so if you wanted to finish your sentence, I am happy for you to do so.

**Ms NEVILLE** — I am sure they might come back to that, thank you. I hope they do.

**Dr CARLING-JENKINS** — I hope they do too. I wanted to ask about the environmental contribution levy, which was in your presentation on the last page, and also is covered in budget paper 5, page 150. Minister, of course you will be aware that the Auditor-General had another report that was a little bit scathing, I guess, into the administration and effectiveness of this levy, and the audit report found that there was a lack of transparency around how the levy was used. As you know our previous Auditor-General did not hold back in his comments, and he said that only limited information has been published about the levy's purpose, activities and outcomes. There were substantial improvements recommended in the transparency following this report.

Given that this budget continues a commitment to this levy, I wonder if you can comment on the transparency around the expenditure of these funds and specifically what the strategic priorities of this levy are, moving forward. I note in your presentation that there is an allocation in tranche 4 to specific initiatives. So I wonder within your answer if you perhaps could speak to those initiatives and their strategic priorities, please.

**Ms NEVILLE** — I think it is a good point about the Auditor-General. What we have been very conscious of is that, with having an environment contribution, tranche 4, we needed to do at the same time a water plan, which was the strategic — understanding what our issues and challenges were, and opportunities, and what did we need to invest against in relation to that. So although, yes, it is a discussion paper, there has been substantial work going on over nearly the last year and this year in framing all the strategic directions, the key challenges, from using an expert group but also stakeholder forums, from environment groups, water authorities to businesses, traditional owners et cetera. That has given us a pretty clear idea of the sorts of themes and the key directions we needed to take. What is important here is that although, yes, we are fully allocating for 16-17 what we are doing against particular initiatives, the others either sit in a broad frame — so, waterway health, grid optimisation — but there is also money that is set aside, about \$144 million unallocated, as well which will be allocated against the plan and priorities that come out of that.

So I think it is absolutely critical with this that we do need to be able to tell the story. For example, we did do quite a bit of work to look at whether the environment contribution investments in waterway health have made any difference, and certainly that report has shown — and I am happy to provide you some details of what that report showed — that investing in the sort of environmental works and environmental water has made a significant difference in the quality of the water in streams and our waterways. So you do have a correlation between your investment and outcomes, and that is what we want to see. And we want to, against the water plan, in our implementation plan, look at exactly that. If we are investing here, what do we expect to achieve and report against that achievement into the future?

In terms of the particular investments that we have made in relation to this particular budget — so obviously the infrastructure investments, which are around \$170 million — really come about from what have been business cases, work that has shown both that they are great for sustainable agriculture but also putting water back into the environment and improving water security. We know that already. We also know that we have got capacity to maximise the outcomes of the water grid, for example. This is work that they have certainly done in Queensland, so again with the desal plant, factoring in the whole grid. How do you make sure that if you are going to add to the grid, you are getting the best outcomes for your money?

The waterway health thing, again because we were aware of the investments we have made, have made a difference through the report that we did and the investigation. We know that we have got significant waterways and catchments that have deteriorated, so we have identified the 36, but we will be able to track whether the interventions that we are going to do over the next eight years will make a difference and report that back. But that is how we came up with that figure of 222, through that work. So I feel confident that we will be able to, at the end of this, have a water plan, an implementation plan, targets, budget measures against that and be able to report back to not just the Auditor-General but, most importantly, back to Victorians who are making the contribution.

**Dr CARLING-JENKINS** — For sure, because it is quite a substantial amount of money and I guess that was the whole point of the Auditor-General's report, was it not? He just questioned that transparency, but it sounds like you have put a lot of work into that area.

**Ms NEVILLE** — Yes.

**Dr CARLING-JENKINS** — Moving forward, you have described that increase in transparency, particularly around the water plan. I know you have probably covered this. Just very quickly, what was the time frame for this, because I notice on the slide you presented that it starts to impact from next year? What is the time frame for the water plan?

**Ms NEVILLE** — Well, the water plan we would hope to have finalised in the next couple of months, the final product. We have done all the forums; I think 700 people have participated. We have got submissions et cetera. So it has been right across the state — regional and urban. So we will now start — —

**Dr CARLING-JENKINS** — It is a substantial piece of work.

**Ms NEVILLE** — It has been, and we will now be pulling that together, still using the stakeholder group to help us do that, so in the next couple of months we will have a final water plan.

**The CHAIR** — We will break until 3.43.

We have got government time until 3.53 p.m. I understand the minister wants to make a brief statement.

**Ms NEVILLE** — At the indulgence of the government members, there are just a couple of things I would like to put on record. Firstly, Tim Smith asked me a question about Lancefield and whether it was included in the planned burns figures; only the original planned burn of 266 hectares is, not the whole breakout of the burn. So it is only the original burn, not the 3000 hectares. It is 266 hectares only. Danny O'Brien asked me about how much water is going down to Geelong every day. It is 13 megalitres a day going from the order. For the Gippsland person, there is \$84 million I have calculated for Gippsland, and Chris Scott has a 72 per cent win-loss ratio, so I think he is beating Alastair.

**The CHAIR** — Very good.

**Mr DIMOPOULOS** — Thanks, Minister and officers. I just wanted to take you back to climate change, BP3, page 69. We touched on it earlier, but I just wanted to ask you specifically about some of the initiatives listed in the budget papers which reference science and innovation. I just wanted to ask you to elaborate a bit about why science is important and, within that context, if you could give us a view about the CSIRO funding issues with the commonwealth, which we have seen in the commonwealth space, and also the recent announcement of the EPA review and the changes there and how they may relate to this work.

**Ms NEVILLE** — Thank you for that. I suppose sitting behind all of this is some substantial work that is going on in relation to climate change. As I said, it runs through a lot of our strategies anyway, so it is central, so

the first chapter of the water plan is climate change, because that is the critical component, and how we need to respond in relation to our water security issues going forward.

You may remember the Climate Change Act was reviewed as required, and we are about to respond to that review — the government response. Not wanting to pre-empt that review, the act has some substantive changes in it that will I think see action around both mitigation and adaptation from a state level, from government, from local government and from business as well. So we feel we need to do our bit. There is no question in my mind we need a good Commonwealth government to play their role here, and there is no doubt Australia is out of step with really the rest of the world in relation to this. We need to play our role because we both can see and are already experiencing the impacts of climate change, and I have spoken about that all today — bushfires, water security issues, biodiversity loss in Victoria. So we have a role to play.

**Mr DIMOPOULOS** — You have given me a bit of a quick segue. I know you have not completed the answer, and we will come back to it, but you mentioned the federal government. Re the federal budget, in comparison to the state budget; they are a week apart in this space. Do you have a view about the issues of climate change?

**Mr DIMOPOULOS** — The big central piece of the commonwealth is the Emissions Reduction Fund. I will not comment on whether it is good or not, other than to say that this fund is almost expended and there was no additional money in the budget for it. And this is the centrepiece. This is the piece that says what is about driving down the emissions across the country to meet the targets that the commonwealth has set and signed up to as part of the Paris agreement. There is no additional money.

You might have seen recently the terrible research that has come out about the state of the Barrier Reef, and as a result of that we commenced a process with environment ministers of weekly teleconferences — commonwealth and state ministers — to discuss the issue of the reef. The reality is that the solutions to the reef ultimately will be about how we deal with climate change and continuing to drive down temperature rises. That is both external but water temperature rises as well. Without the Emissions Reduction Fund — their centrepiece — having any resources in it, that is not even a tool anymore. So we have certainly as states raised that with the commonwealth.

The CSIRO, I think, is of significant concern. In December last year we did some update to the science ourselves utilising the CSIRO as a starting point and building on that. We think that the science is really critical to determine future investment and activities. So the two things we are doing are, firstly, the initiative I spoke about, which is DELWP, the Bureau of Meteorology and CSIRO around the science and policy to guide us around water policy.

We are also strengthening our knowledge through what we are calling a Virtual Centre for Climate Change Innovation. This is based on an international model that has been extremely effective both in terms of innovation but also in terms of jobs and ongoing investment. It is a model that is based on the EU — the knowledge, innovation community centre or something, it is called. A number of start-ups have developed as a result of that — around 65 climate-related start-ups. One hundred million euros externally; it has driven a whole lot of other private investments. So this will hopefully be a tool for us to have a big role to play in innovation, new ideas, research and science, but the CSIRO's science capacity is so critical to that, and it is very disappointing to see.

**Mr DIMOPOULOS** — Absolutely. Thank you, Minister. Just in relation to the EPA review, is it a review? Is that what it was?

**Ms NEVILLE** — We committed as part of the election to a review of the EPA. We had an independent panel do that, and I have just received that report, and that was released this week. We will do a government response. One of the recommendations is that the EPA play a role in monitoring emissions reduction, and we will consider that as part of the Climate Change Act review as well. They used to play that role. That was then altered — changed — so we think that there is a role for the EPA to do that, but we will respond as part of the Climate Change Act review and the EPA review.

**Mr DIMOPOULOS** — Just quickly, moving away from climate change in the 1 minute and 30 seconds I have got left — —

**Ms SHING** — Just before you go on, what is the time frame for response on the EPA review, Minister?

**Ms NEVILLE** — We will be doing that in about three months, but there are some things that will require legislation and some things that we can do without that. We have announced some immediate changes — for example, a chief environmental scientist will be employed, that sort of thing.

**Mr DIMOPOULOS** — Minister, just quickly in the time we have got left, and maybe take the rest on notice, in relation to ecotourism — and we raised this in some fashion with the Minister for Regional Development — and particularly with the Phillip Island Nature Park, can you tell us a bit about it? Budget paper 3, page 25, and the initiative there: how will it improve the experience for guests and visitors?

**Ms SHING** — And also what precipitated it.

**Ms NEVILLE** — Well, aside from the local upper house member who really lobbied for this —

**Ms SHING** — Yes, that is right. I precipitated it. Thank you, Minister. It had nothing to do with penguins, no!

**Ms NEVILLE** — this continues to be our no. 1 paid visitor place in Victoria. Internationally it is critical. There were 650,000 Chinese visitors over last summer. I think I mentioned before, we have got 4000 a night and only 120 tables basically to have meals at. So the visitor experience is not great; disability access is not great. But the other side to this is that the Phillip Island Nature Park tells the story of where you invest in the environment, you get a good economy. So if people remember, Joan Kirner bought up all that land in order to have that penguin habitat.

**The CHAIR** — Order! The Deputy Chair until 4.03 p.m.

**Mr MORRIS** — Minister, when I was last asking questions I was asking about the critical infrastructure — BP4, page 27. I just want to go back to something you talked about last year at the estimates. You talked about a key critical issue for parks being the Twelve Apostles and in particular the issue of their toilet system.

**Ms WARD** — I am sorry — budget paper 4, page 27?

**Mr MORRIS** — Forty-seven.

**Ms WARD** — My apologies.

**Mr MORRIS** — So that is 20 seconds gone. Minister, you then on 2 December of last year announced funding, but I understand that in the interim overflows of wastewater had occurred. I am just wondering whether the project has now been completed.

**Ms NEVILLE** — No, it has not been completed. It is underway. It is \$4.4 million for that toilet block, and it is underway. It is a partnership with Wannon Water, and they have also got some money for the visitor centre down there as well.

**Mr MORRIS** — Is there an anticipated completion date?

**Ms NEVILLE** — I would hope it is completed this year. So by the end of this year it should be completed.

**Mr MORRIS** — By the end of the calendar year?

**Ms NEVILLE** — It includes a pipe that they are building, so it is not an insignificant project in a natural asset.

**Mr MORRIS** — I understand it is a bit complicated.

**Ms NEVILLE** — So by the end of this year, is my expectation

**Mr MORRIS** — Excellent, thank you. Minister, several of the accommodation buildings at the Wilsons Prom Lightstation are constructed from asbestos, and I understand that because of severe weather conditions paint has been stripped from roofs and asbestos fibres have been exposed. Can you tell us whether those issues have been resolved, and if so, what was the cost?

**Ms NEVILLE** — Parks Victoria are going through a process of a whole overall asbestos management program at the moment. Some of it is in their buildings, some of it is in illegal dumping in estates as well. Some of it has been there for a very long time. So they are basically auditing all of their natural assets to determine what we have got. We have got about 100 sites at the moment that have been recorded. A full assessment will be done by April next year, and they are working through those key pieces of infrastructure where staff work at, where there are visitors. So they have got a program basically to remove asbestos or make safe asbestos in every building and every known area where there is asbestos within government. In terms of Wilsons Prom specifically, you wanted — —

**Mr MORRIS** — A cost if possible.

**Ms NEVILLE** — I will have to come on notice what the cost of that is.

**Mr MORRIS** — On notice is fine.

**Ms NEVILLE** — Asbestos management, as you know, is not an insignificant issue, but they have certainly prioritised this, and I think it is something like \$2 million at the moment they are spending in the area.

**Mr MORRIS** — So the issues are identified, they are funded in part in this year and then there will be funding no doubt considered in future budgets.

**Ms NEVILLE** — That is right. So basically they will have a sense of their full remediation cost, and then back to me what the full remediation cost is of the identified asbestos.

**Mr MORRIS** — Terrific. Can I move on now to BP3, page 193, which is the department's output summary. Can you give us an update on the Parks and Reserves Trust Account, particularly total money spent so far in 15–16, the balance and — on notice we would be more than happy — if it is at all possible, a list of expenditure per project?

**Ms NEVILLE** — A list of expenditure did you say?

**Mr MORRIS** — Projects undertaken this financial year.

**Ms NEVILLE** — The full output budget out of PRT is 152 — that is, output and asset for 15–16. Of that, as I am sure people are aware, the Parks and Reserves Trust is a major funder of Parks Victoria. So they get 40 per cent of their funding, but 67 per cent of the Parks and Reserves Trust goes to Parks Victoria, 10 per cent goes to the zoo, 10 per cent goes to the Royal Botanic Gardens and 1 per cent goes to the Shrine. So that continues going forward. In terms of 16–17, a similar sort of budget, 150.6, and we imagine we will expend all of that.

**Mr MORRIS** — You anticipate it will be expended this year?

**Ms NEVILLE** — Yes.

**Mr MORRIS** — And is it possible to give us a list of projects and the value of those?

**Ms NEVILLE** — Is it possible for what?

**Mr MORRIS** — To provide, on notice, a list of projects and the values?

**Ms NEVILLE** — Sure. As I said, most of it is to those organisations. We have obviously announced some extra out to Parks Vic for particular asset improvements, but, yes, we can provide that.

**Mr MORRIS** — A question for Mr Fennessy, if I may. Was any money from the Parks and Reserves Trust Account used to pay water authority EBAs?

**Mr FENNESSY** — No. I will confirm with my chief finance officer.

**Ms JACKSON** — No. The only funds that go to the water corporations are, I guess, their cost recovery for the costs of administering the metropolitan parks charge, but there was no funding provided for their EBAs.

**Mr MORRIS** — Was any allocation from the Parks and Reserves Trust Account to the Royal Botanic Gardens used in part to pay the EBA?

**Ms NEVILLE** — Sorry, the — —

**Mr MORRIS** — Sorry, that was to the secretary.

**Mr FENNESSY** — I think that the only moneys from the Parks and Reserves Trust Account that were allocated to the Royal Botanic Gardens were for their operations in terms of running the gardens, but they were not used or allocated for their EBA.

**Mr MORRIS** — Without trying to tie you down, presumably if it goes to operations, then that might in part defray the cost of the EBA. But there was no specific allocation?

**Mr FENNESSY** — Because it is quite specific in terms of how it is treated from a budgeting point of view, through the Chair I might ask the chief finance officer to comment on that.

**Mr JACKSON** — The Royal Botanic Gardens get all of their base or core funding from the Parks and Reserves Trust Account, so that would include staff costs.

**Mr MORRIS** — Thank you. We have about 10 seconds, so I do not think we will try — —

**Ms SHING** — Sing us something, David. Go on.

**Ms WARD** — We are still waiting for that karaoke.

**The CHAIR** — No, you actually have 3 minutes.

**Mr MORRIS** — I have 3 minutes? Clearly my schedule is wrong, so I will pass to Mr O'Brien.

**Mr D. O'BRIEN** — Minister, going back to the north–south pipeline, you said that nothing in the budget was funding the feasibility, but you have previously spoken about initial pre-feasibility, if you like. Is that work still ongoing, and when will it be released to the public, if at all?

**Ms NEVILLE** — We are doing a business case about this. This is really looking at what it would cost to technically do it. As I understand it, the pipe was built in a way that you could add in but there would be a cost, and what would be the cost of water and whether it would be cost-effective. Do the costs outweigh the benefits? I think we owe it to people to have a look at it. That is what the business case is doing. In the meantime, and this may impact — —

**Mr D. O'BRIEN** — So there is a business case being funded?

**Ms NEVILLE** — Yes, there is a business case being undertaken. At the moment — and this could turn out to be the best way forward — there is 75 gegalitres that sits in the north, which is a Melbourne Water entitlement. We made that available, as it has been before, on the market in the north to help keep downward pressure on prices and get more water into the market. That may in fact turn out to be the more cost-effective way of doing it rather than a north–south pipeline, but we are having a look at the issue.

**Mr D. O'BRIEN** — Do you know when the business case is likely to be finished?

**Ms NEVILLE** — No. It will be this year.

**Mr D. O'BRIEN** — It must be some time.

**Ms NEVILLE** — It will be this year.

**Mr D. O'BRIEN** — Righto. Are there any indicative costs of what it might be? A ballpark figure?

**Ms NEVILLE** — All I have seen is that somebody claimed that it might cost something like — I do not know, was it \$5000 a gegalitre, but that is certainly nowhere in the vicinity. I think I am on record as saying —

**Mr D. O'BRIEN** — A megalitre, I assume?

**Ms NEVILLE** — it is probably 500 to 600 megalitres.

**Mr D. O'BRIEN** — Megalitres.

**Ms NEVILLE** — Yes, dollars a megalitre.

**Mr D. O'BRIEN** — Sorry, what was — —

**Ms NEVILLE** — So it is not going to be \$5000 a megalitre; it is more in the vicinity of around \$500 to \$600 a megalitre.

**Mr D. O'BRIEN** — 500 to 600. Just quickly back to — we were talking about desal before. The water efficiency rebates I understand exceeded their targets, but lapsed last year because the government did not provide any further funds. How does that fit when you are trying to drive down consumption if you are not continuing to fund water efficiency projects?

**Ms NEVILLE** — In the last period of time since the millennium drought, Melburnians' use has gone down 22 per cent in terms of water use, so we are averaging around 169 per day.

**Mr D. O'BRIEN** — It is currently at 148, for your reference.

**Ms NEVILLE** — It will vary, depending on the weather. So it might be at that point but over summer it goes up massively when it is hotter or drier — all of those issues. So with people watering gardens, we have had rain, that has been fantastic, so usage will come down. As I have said, we announced that we want to move back and this will apply to — —

**The CHAIR** — Order! Ms Pennicuik until 10 past 4.

**Ms PENNICUIK** — Minister, if I could just quickly go back to where we left off with our discussion on the Sustainability Fund. I was saying that last year you had acknowledged that there was a continually increasing balance — and I think we have established that — and that you were going to review the efficiency of allocating funds. You mentioned the climate change plan and a biodiversity plan. My question really is: can we look forward to increasing amounts of that fund being actively spent in those areas or areas of environmental need? My other question follow-up is: with regard to those plans, will you be involving stakeholders like Environment Victoria, the National Parks Association et cetera, which have been for a long time advocating for more of that fund to be spent?

**Ms NEVILLE** — A couple of things in that area. What will drive investment out of the Sustainability Fund will be the work that we are doing on biodiversity and climate change, which stakeholders are absolutely part of. They are setting up the stakeholder group, they are working us with us on all of those plans. They know exactly what we are doing and are inputting both through consultation but also at the table in helping us put those plans together.

Sitting beside that, though, there were changes made to the Sustainability Fund under the previous government that saw — there was an advisory committee that used to exist to help advise on how the money was distributed. That was abolished. Commencing from May of this year we are in the process of establishing a management group. That will just help us a bit and help us match our priorities and policies against investment as well so that there is an increasing transparency and it is managed — at least what we are investing — against the priorities we are setting in our plans.

In addition to that we have just gone through a process, which stakeholders were part of, in the priority statement, which will be released shortly. This priority statement is required as a sort of overriding policy priority. Where can you or can you not put sustainability funding? What has been added into that has been: how do we improve waste education management, resource recovery and also how do we build the Victorian community's capacity and skills in responding to climate change? We are wanting to be really upfront that these will be two critical areas and priorities for the Sustainability Fund. I would hope that, yes, we will see and I will be able to be telling good stories about how we are investing in all of those priorities.

**Ms PENNICUIK** — Minister, will there be public consultation following the release of that statement?

**Ms NEVILLE** — There has already been public consultation.

**Ms PENNICUIK** — Stakeholder consultation, as in wider public consultation?

**Ms NEVILLE** — Both.

**Ms PENNICUIK** — Both? Okay. My other question was looking at spending more of the fund because it is growing and growing and sitting there, and the need is urgent to spend it.

**Ms NEVILLE** — Yes, it is urgent. As I say to people, this is a process of decoupling this fund back from the bottom line of this budget. When you do not spend any money from it, which happened under the previous — \$10 million over four years is not very much money — you have to work your way through this in a responsible way and you also have to say to the community, ‘Here are the plans and this is our investment strategy’, and that is what we are doing.

**Ms PENNICUIK** — Thank you, Minister. Just following up on Mr Morris’s question with regard to the Parks and Reserve Trust Account and the funding for Parks Victoria, which I think is increasing from 65 million to 87 million but it was around 116 million in 2011, so it is still 30 million short of that. I know there is more staff et cetera, but when are you expecting to exceed the funding of 2011 for Parks Victoria, given the need?

**Ms NEVILLE** — Let us have a look at Parks Victoria. It depends on what figures you are looking at. Let us just have a look at, say, back in 2011–12.

**Ms PENNICUIK** — I am sure it does.

**Ms NEVILLE** — The combination of parks and reserves trust money to Parks Victoria and state appropriation money was sitting at \$196 million — the combination. In 2014–15 it had dropped to \$149 million. This year we will be back to \$192 million, so we are close back to where we were in 11–12. But, absolutely, Parks Victoria manages a huge amount of our public estate, whether it is marine parks, national parks or other parks right across Melbourne. Our election commitment, for example, on parks was that we wanted to see more independent statutory authority reporting directly to the minister, so we are going through that process, and there is consultation and also a financial funding review. So what do we need in Parks Victoria to enable it to properly respond to the needs of meeting the biodiversity needs, the tourism needs, the community needs in relation to our parks?

If you had not had a chance to meet the new CEO, he has done an amazing job in improving the capacity of Parks Victoria, employing a chief scientist within his office as well, so that we have got, I think, a much more focused Parks Victoria. The morale has increased. We have got more staff on the ground — 970 staff compared to 900 when we came to government — and over summer we have been able to increase that to, I think it was, 1150 over the summer period with additional rangers. So, look, it is an improvement, and it is on the right track, but we have still got work to do.

**Ms PENNICUIK** — Thank you, Minister. We will be watching that with interest. There has been a lot of discussion about planned burns today. On page 47 of budget paper 4, ‘State Capital Program’, it mentions that 390 000 hectares will be burnt statewide. You have been talking a lot about risk management and doing other things. I am just wondering why that particular figure is there and whether the program will be considering the impact on flora and fauna.

**Ms NEVILLE** — Can I just make a couple of general comments because this is one that Rachel also — —

**Ms PENNICUIK** — Quickly.

**Ms NEVILLE** — Actually I will get Carolyn to answer that specific — because that is not accurate about reflection.

**Ms JACKSON** — Yes, sure. So BP4 picks up not only new capital projects but also existing projects. This one is one that has been there for a few years, so that was the title that it was given in the budget that it was announced in, so it is an old title. The funding that it relates to is actually the purchase of the new fire vehicles

that we have been talking about previously. So it is an old naming convention, and it is kept there for consistency and transparency so that the community and public can track initiatives.

**Ms PENNICUIK** — It is not actual hectares? Okay. And also about the consideration of flora and fauna in the program?

**Ms NEVILLE** — Absolutely. Safer Together is all about looking at both the ecological issues and the community safety issues. I know we have been doing work in Strathbogie, for example, with the local community there, working out where you need to do it to reduce risk to life and property, what are the critical environmental assets and working with communities to do that. We have seen some changes in how we do some of those burns.

**The CHAIR** — Order! Ms Shing, until 4.20.

**Ms SHING** — Thank you, Minister. I might just finish you off with the discussion that we began earlier in relation to the penguins and the work which Landcare and earlier government initiatives have done to preserve coastal environments for this species that has then contributed to ecotourism. Could you perhaps outline to the committee the economic benefit that this investment will have not just to this particular part of Gippsland but to Victoria as the top paid tourist attraction that we have?

**Ms NEVILLE** — Thank you for the question. I know it is a favourite place to visit. It is a significant contributor — so Phillip Island, biggest employer in Phillip Island. It currently provides \$402 million to the Victorian economy, supporting 1700 jobs, so a very significant job-creating economic benefit to Victoria as a result of that. About 826 jobs are part of it — \$140 million a year just in that; 110 full-time jobs are likely to be created just during the construction, but of course the construction itself will see us being able to increase our visitations to the penguin parade and actually get additional economic benefit as a result of that. As I said, we are already up to 650 000 visitors, which was over last summer, and they are estimating that by 2027 to exceed 715 000.

**Ms SHING** — In relation to the way in which the new visitor centre will be situated, how is that intended to encourage better penguin movement and breeding in the area? This does all relate to the budget estimates and the papers, I assure those around the table and those following at home.

**Ms NEVILLE** — A new visitation centre will be built on land that has already been cleared, already quite degraded land. What will happen is, once that is built, the current visitation centre will move. There will be a massive revegetation process across where that is and where the car park is, so there will be a new car park area as well. Currently the penguins are already breeding in the current car park.

**Mr D. O'BRIEN** — Not the first time that has happened at Phillip Island, I would suggest, Minister, actually. There have been some panel vans in the past that have been sites for breeding.

**Ms NEVILLE** — You do not need to go inside. You just stand out and look inside the nest, which I did when I was last there.

**Ms SHING** — They are quite noisy when they are otherwise occupied, Minister.

**Ms NEVILLE** — They are very noisy. They seem to have a mind of their own, and once they nest they would never leave this nest, so that is it. You cannot move them on and say, 'Hey, you're done here. Somebody else is moving in'. They want to keep spreading. The whole island, really, without the purchase back of Summerland, we would not have a penguin colony left in Phillip Island. It is hard to believe — it is a massive colony there — but this enables us to put back some habitat. The penguins really like breeding in that particular direction at the moment. It will enable some additional breeding — I think another 1200 penguins in that area.

**Ms SHING** — Thank you, Minister. Moving back to the area of fire preparedness, which we have covered in some detail today, I take you to budget paper 3, pages 70 and 74 and that initiative 'Bushfire preparedness and response activities'. One of the initiatives relates directly to the Safer Together plan, which engages with communities and deals with the way in which grassroots activity can contribute to better outcomes within the scope of your portfolio. How is that grassroots activity as part of this particular initiative designed to achieve the outcomes that are desired not only in the budget paper and in the targets but also as far as other statements that you have made in the course of your presentation?

**Ms NEVILLE** — So there is no question that reducing bushfire risk and being bushfire prepared is a whole-of-community activity. We all need to engage in that — we have a role, communities have a role, the CFA has a role, and we need to work together to work out how we best prepare and how we best reduce the risk. That is what Safer Together talks about — that we can have targets but we need to take communities with us.

We will have a number of communities we will work with, but I will give you two examples. So Benloch community was obviously affected by the recent Lancefield-Cobaw fire. We have been to that community a number of times. But they have basically put up their hand and said, ‘We want to be part of planning for fuel reduction together going forward’. So we are pulling together the CFA, DELWP, Parks Victoria, local community, local government, the environmental groups — everyone in the room — to say, ‘Let’s have a look at how we best reduce risk in this community in terms of fuel management from planned burning to other work’.

Similarly in East Gippsland — and East Gippsland, as you know, is a really active community in relation to concerns around bushfire risk, so they will similarly be working with us, and we have spent time working with them already on the Safer Together model.

**Ms SHING** — And how does that initiative work in relation to various agencies, paid firefighters and volunteers working side by side on the ground? Because it is very easy to speculate about how it works when there is an emergency that requires a response. I would be interested to hear from you and also potentially from Mr Goodwin in relation to the way in which things actually occur at a site.

**Ms NEVILLE** — I will ask Alan to give his experience. I know, for example, in my Barwon region we do a lot of work with the CFA. But this is not a trend everywhere. It has been public land/private land, and we have got to work across both, and the CFA is sort of signing up to the Safer Together project with us in order to be able to interact across those pieces of land to get the best protection for communities.

**Ms SHING** — So this is a means by which that can occur without any confusion or ambiguity?

**Ms NEVILLE** — That is right.

**Ms SHING** — Thanks. Mr Goodwin?

**Mr GOODWIN** — Thank you. Look, as the minister has pointed out, it is about all the agencies and I think about the work we do on public land. And even to get the risk reduction we want for Victorians, we have got to work across all the land, tenure inclusive, if you like.

**Ms SHING** — Fire has no regard for boundaries.

**Mr GOODWIN** — Certainly the CFA, from an operational point of view. So the CFA does now and has for a while — both volunteers and paid people will come along to our planned burns and assist, be part of the burn crew, and we are looking for that to increase as we go forward, but also an increase in the planning. The minister has given an example of the Benloch community wanting to be involved in the planning. That is often CFA volunteers and other community members. So it is about local government interest groups, the department and public land — so private landholders through the CFA — combining particularly to get a better planning outcome, hence a better risk reduction.

**Ms SHING** — Would it be fair to say, then, that that is part and parcel of the way in which rural and remote communities operate as far as risk management and emergency response?

**Mr GOODWIN** — Well, they certainly want to be part of that picture. What I think Safer Together does is it is the framework by which that can come together for a better planning outcome. It is a bit more transparent in the risk, in what the community values and what interest groups value — that is for us to then take that on and into our planning.

**Ms NEVILLE** — Often what you find is that what we might do is that three years out we are going to do this planned burn at some point in the next three years, and then people get shocked that we are doing it because we have not engaged along the way. I think what Lancefield showed us as well is that taking people on a journey about why, how you do it, showing people the before, the after, involving them in those decisions,

including ecological issues, environmental issues, I think helps us get some better outcomes and ownership in communities about that.

**Ms SHING** — There is a recognition again that the remote and often rural nature of the communities that are affected by this justifies and in fact encourages that sort of communication?

**Mr GOODWIN** — It does, absolutely. And it allows for both the people in the department, the practitioners and planning to work alongside those people and get those ideas in a stronger way than we have in the past.

**Ms SHING** — Thank you very much.

**Ms WARD** — Just quickly, Minister, I wanted to really get into something that is personal, something that I am quite passionate about, which is the new jobs and industries that come out of the environmental action and the money that the government is investing in trying to create greater opportunities. You have the ‘Jobs and innovation in resource recovery’. Could you please put on notice how this initiative is going to create jobs and drive innovation for this state?

**Ms NEVILLE** — What we know is that jobs in resource recovery you get about 9.4 per 10 000 tonnes.

**The CHAIR** — Order! Mr O’Brien for 10 minutes.

**Mr D. O’BRIEN** — The answer you are after is, ‘Yes, I can provide it on notice’.

**Ms NEVILLE** — Yes!

**Mr D. O’BRIEN** — Likewise, mine is really probably one for on notice. You mentioned in your presentation the environmental contribution levy and said that, I think, 60 million outstanding had been allocated to projects last year. Can we get a list of all the projects that have been funded by the last tranche but also those that are proposed to be funded under this new tranche for the ECL?

**Ms NEVILLE** — I can do that. Just to be clear, though, there was \$100 million unallocated EC expenditure out of tranche 3. Last year we expended 40 of that — —

**Ms JACKSON** — Forty-five.

**Ms NEVILLE** — Forty-five of that. This budget, I suppose, made decisions to expend the other remaining 55, and I have spoken about that today. So it is the Korumburra, it is the Bacchus Marsh, Werribee, it is the Mitiamo case study.

**Mr D. O’BRIEN** — Is that the full list — the full 55 — —

**Ms NEVILLE** — Out of the 55, yes.

**Mr D. O’BRIEN** — Yes? Could I get, then, on notice if necessary, the list for the — —

**Ms NEVILLE** — If there is anything necessary, I will do that, yes.

**Mr D. O’BRIEN** — No, no, sorry — for the fourth tranche, for the next lot, as well?

**Ms NEVILLE** — Well, we have not expended all of the fourth tranche.

**Mr D. O’BRIEN** — No, no, but what is proposed to be expended — the projects that are proposed to be — —

**Ms NEVILLE** — As I went through there, so there is the infrastructure money, which is about \$170 million — Wedderburn is part of that, the Bendigo groundwater project. There is \$222 million for waterway health. There is optimising the water grid. There is the irrigation on-farm modernisation — about \$59 million. So I went through it all in my slides. I am happy to provide the slides. And there was \$144 million that has not yet been allocated to either a specific project or to a theme — you know, waterway health, for example — because that will be allocated in the out years against the water plan.

**Mr D. O'BRIEN** — Okay, thank you. Can you tell me what the levy is currently set at and whether it has increased — whether it has increased or not?

**Ms NEVILLE** — Yes. It is a combination of 2 per cent of rural communities water corporation dollars —

**Mr D. O'BRIEN** — Revenue.

**Ms NEVILLE** — Yes, revenue. And 5 per cent of urban water revenues. That has not changed in this budget. Normally what will happen is that you update the base year. We are delaying the update of the base year, so that will not change until the 18–19 budget.

**Ms JACKSON** — Eighteen-nineteen.

**Ms NEVILLE** — The 18-19 budget. So we are delaying that a little bit, because we do not want to, I suppose, play around too much with the current pricing arrangements. This financial year, \$112 million; \$112 million, the next one; and then it goes up to \$158 million and \$158 million.

**Mr D. O'BRIEN** — Okay, thank you.

**Ms NEVILLE** — And that is just as a result of the base year changing.

**Mr T. SMITH** — Minister, in reference to BP3, page 193, which is the St Kilda penguins — and that is the output summary for DELWP in conjunction with your 4 April 2016 press release announcing 250 grand over four years to help protect and monitor St Kilda's little penguin colony — your release states that the trial:

... will include increased patrols, community education and the use of surveillance cameras to help prevent attacks on the penguins ...

Could you please confirm how many deliberate attacks on St Kilda's little penguin colony were reported to your department or Parks Victoria in the 12 months preceding your announcement?

**Ms NEVILLE** — I think it is somewhere around about three or four incidences over the last couple of years in relation to the penguins there at St Kilda. This is a really important colony, and this has caused significant issues to the community and to the local businesses. It is a big attraction to the St Kilda area — a lot of tourists go there. It is animal cruelty. I have been down there and the fencing is not very good. Most of this money is going on the fencing. The fencing — people can climb over, climb around, and if we do not act, we will put this penguin colony in jeopardy. It is the right thing to do. I think it is the member for Western Victoria Region, in my region, who claims that — I think the surveillance cameras are 15 000 that we are putting in down there, and it is really unfortunate we have to. Unfortunately, no, I could not have provided those in Bellarine, because I am not the police minister, but what I have done is provide, as the minister responsible —

**Mr T. SMITH** — Minister, how many cameras are you putting in?

**Ms NEVILLE** — How many cameras? I do not know. It is \$15 000 for surveillance cameras. So we are working with the local police, we are working with the Earthcare volunteers. Can I tell you, they are the ones patrolling down there, night after night after night — volunteer hours, thousands of them — to protect this penguin colony. I think we can look after our communities, and each minister has different responsibilities. In my case, my responsibility is to minimise, where I can, animal cruelty and particularly native species — the little penguin colony. So it is 150 for fencing — that is the biggest amount — and 15 000 for CCTV. There is some research money here — this is a unique colony; they are different to the Phillip Island colony — and education with the program, with community members, with schools and citizen research to understand this particular colony. So I think it is a really positive investment, and it is about minimising animal cruelty. I would love it if we did not have to put up that fence, but unfortunately there are bad people.

**Mr T. SMITH** — Just on that, how many charges have been laid?

**Ms NEVILLE** — The police have said to us that without a witness they are unable to lay charges.

**Mr T. SMITH** — Say that again, sorry.

**Ms NEVILLE** — Sorry, without a witness they are unable to lay charges, so they have not been able to.

**Mr T. SMITH** — Has there been an investigation?

**Ms NEVILLE** — They have investigated and without a witness they are unable to find anyone to lay charges against. Unfortunately people went out of their way to deliberately do this. Unfortunately there was not a witness — other than we witnessed what happened to the penguins when they were found.

**Mr T. SMITH** — Okay, thank you for that. In reference to budget paper 3, page 69, in outlining output initiatives of DELWP, there appears to be no new funding over the forward estimates to continue the Zoos Victoria free entry for kids. Can you confirm that the zoo's free entry for kids program will continue in the future?

**Ms NEVILLE** — There is still money in this budget for it. We refunded it last year. It sunsets in 17–18, and we will be working with the zoo about it. So there is money for it this year.

**Mr T. SMITH** — But not in the forward estimates?

**Ms NEVILLE** — Yes, so we are reviewing it, and we will work with the zoo. I want to make sure — is this the right way forward for the zoo? It has been a fantastic initiative. We absolutely support the initiative. I support it. There have been lots of people through the zoo. But we want to work with the zoo about: is this the best way to invest to get more people through the doors or is there other support, and that is what we have said — —

**Mr T. SMITH** — So its future is in jeopardy?

**Ms NEVILLE** — It is funded in this financial year, and let's wait for the next budget.

**Mr T. SMITH** — Can you guarantee it? You cannot guarantee it.

Moving on, BP3, page 193, can the minister confirm there have been no cuts to environment protection and enforcement activities, given the 37.4 per cent reduction in the statutory activities and environment protection expenditure?

**Ms NEVILLE** — I can absolutely guarantee that. I think the only cuts to the EPA were under your government. Just to be really clear: one of the changes that was undertaken by the previous government was to remove the Sustainability Fund from sitting within the EPA books. That is now sitting within DELWP, and that is what that is. It is a movement of that money from EPA to DELWP.

**Mr T. SMITH** — The 37.4 per cent reduction is simply a movement?

**Ms NEVILLE** — This was the Sustainability Fund that was sitting within the EPA. Because of changes you made under the legislation, that now comes directly to DELWP. It does not go there. There are no cuts to environment enforcement. There are no changes. In fact we have more staff than when we first came to government, and in addition to that we have just undertaken a major review into the EPA that is going to make it one of the leading environment protection organisations.

**Mr T. SMITH** — One final question, Minister: is it true that you have gone through four chiefs of staff in 16 months?

**Ms NEVILLE** — No.

**The CHAIR** — Order! I would like to thank the witnesses for their attendance: the Minister for Environment, Climate Change and Water, the Honourable Lisa Neville; Mr Fennessy; Mr Goodwin; Ms Jackson; Dr Smith; Ms Houghton; and Mr Miezis. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 14 calendar days of that request.

**Committee adjourned.**