



Victorian Government Response to the Inquiry into Tackling Climate Change in Victorian Communities



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Contents

Minister's Foreword	5
Introduction	6
Victorian Government Response	7
Leadership, strategy and advocacy	8
Recommendation 1-4	
Education and knowledge sharing	10
Recommendation 5-10	
Community energy	13
Recommendation 11-28	
Energy efficiency and buildings	23
Recommendation 29-37	
Local Government	30
Recommendation 38-52	
Community initiatives on water, transport, waste management and food	38
Recommendation 53-58	
Agriculture and urban forestry	41
Recommendation 59-64	
Disaster resilience	48
Recommendation 65-68	
Financing community climate action	51
Recommendation 69-72	
Abbreviations and Acronyms	53



Minister's Foreword



The climate is changing, and it's affecting Victoria right now.

Victoria's climate has warmed 1.2 degrees Celsius since reliable records began in 1910.

We are already seeing more fire danger days, less rainfall and less snow.

We need to act now.

To do our part in this global effort, Victoria is committed to reaching net-zero emissions by 2050.

I am heartened by the dedication that Victorian communities have shown in tackling climate change through their submissions to the Parliamentary Inquiry.

That support has come in from across the board, everywhere from urban areas to communities in rural and regional Victoria.

Victoria's Climate Change Strategy, released in May 2021, is our Government's plan for our state's next steps to support those commendable community efforts.

It unites our collective efforts to cut emissions, build climate resilience and ensures all Victorians can reap the benefits of the transition to net-zero emissions by building new industries and creating thousands of new jobs.

The Government has set ambitious targets to reduce our state's greenhouse gas emissions by 28 to 33 per cent below 2005 levels by 2025 and 45 to 50 per cent by 2030.

This bold but achievable approach makes our state Australia's climate leader and one of the leading jurisdictions around the world, along with the United States and the European Union.

The Victorian Government welcomes this report, and thanks the Legislative Assembly's Environment and Planning Committee, its Chair Darren Cheeseman, Deputy Chair David Morris, and members Will Fowles, Danielle Green, Paul Hamer, Tim McCurdy and Tim Smith, for their extensive engagement and enthusiastic work.

The Government also thanks the Victorian community for its resolve and passion, which is reflected in the 162 submissions from individuals, councils, community groups, government departments and agencies and greenhouse alliances received by the Inquiry.

The Committee's findings and recommendations reinforce the point that addressing climate change is a collective endeavour. All levels of government, businesses, communities and households must play their part.

Our support for the recommendations in this report demonstrates that we are committed to working with all Victorians to tackle climate change together.

A blue ink signature of Hon Lily D'Ambrosio MP.

Hon Lily D'Ambrosio MP
Minister for Energy, Environment and Climate Change
Minister for Solar Homes

Introduction



The *Inquiry into Tackling Climate Change in Victorian Communities* shows the depth of ambition across our state to take meaningful action on climate change.

The Victorian Government recognises that addressing climate change requires sustained collective effort.

Individuals, households, businesses, industries and communities must work together so that we can achieve our target for net-zero emissions by 2050.

The Government's responses to the Inquiry's 72 recommendations reflect that need for united action.

Victoria's Climate Change Strategy underpins those responses. It sets the mechanisms we will use to act on many of the Inquiry's recommendations.

It supports households, communities and businesses to respond to climate change.

The Government is investing \$1.6 billion in clean energy – the largest investment of any State Government, ever.

We are developing six new renewable energy zones and strengthening the transmission grid for the renewable energy that's ahead.

We are expanding Community Power Hubs to help communities develop locally-owned renewable energy projects.

Stand-alone power systems and microgrids will support communities to innovate and build energy resilience.

And the Victorian Energy Upgrades Program will expand to help consumers cut their energy bills.

The Government is committed to helping Victorian communities to adapt to climate change as we make the transition to a net-zero emissions economy.

We are preparing Adaptation Action Plans across seven key systems in our economy and six community-led Regional Adaptation Strategies.

The Government is committing \$4.5 million to the Community Climate Change and Energy Action Program, with grants for solar panels, batteries and energy efficiency for sports centres, surf clubs, community centres and kindergartens.

Victoria's Registered Aboriginal parties can set their own path with the Traditional Owner Renewable Energy Program.

The Government is protecting Victoria's natural environment and strengthening the agricultural sector.

We are investing almost \$20 million to reduce emissions in our agriculture sector and work with farmers to make their farms more sustainable, with a further \$15.3 million for the Victorian Carbon Farming Program will help farmers store more carbon in shelterbelt trees and engage in agroforestry.

Support includes the Government's Clean Economy Workforce Skills Initiative. We are investing in re-skilling and up-skilling Victoria's workers to help our state embrace the opportunities that this transformation to a net-zero emissions economy will present us in the future.

And this is just the beginning. The Victorian Government will continue working hand in hand with communities now to protect our wildlife, environment, industries, and jobs for the future.

Victorian Government Response

Leadership, strategy and advocacy

Recommendation 1

That the Victorian Government collaborate with communities and other partners to produce local emissions inventories for all regions in Victoria.

RESPONSE: **SUPPORT IN PART**

The Victorian Government supports collaborating with local governments, communities and partners to develop emissions inventories.

In 2020, Sustainability Victoria provided funding to non-government partners to establish the Snapshot community climate tool which currently provides emissions profiles for local government areas across Victoria (and Australia). These profiles provide a basic understanding of emissions in the local government area but are not considered to be detailed emissions inventories. The tool helps councils plan for emissions reductions to meet the targets set out in climate action strategies. Sustainability Victoria also worked with Hepburn Shire Council to develop a Zero-Net Energy Transition (Z-NET) project which produced a detailed localised emissions inventory. Additionally, the Victorian Government has established the Centre for New Energy Technologies which works with local governments to access electricity data from electricity distribution businesses, that can inform emissions inventories.

While the Government is supportive of the goal to produce local emissions inventories for all regions in Victoria, this will require contribution and collaboration from local communities. Detailed emissions inventories can be onerous to produce, both methodologically and financially, but the Government remains committed to providing data, guidance and policy direction when reasonably practicable.

Recommendation 2

That the Department of Environment, Land, Water and Planning prepare implementation plans for each Regional Renewable Energy Roadmap detailing measurable actions and target dates for the achievement of those actions for the Department and other key actors.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government's regional renewable roadmaps were developed to capture community views and the regions' transition to a renewable energy future.

The roadmaps serve to provide critical intelligence for business, industry and government on each region's ambition to establish or expand new energy technology development, manufacturing or renewable energy generation in Victoria. While the Government supports action to deliver on regional aspirations outlined in each roadmap, it is for individual participants to implement and incorporate into relevant corporate and business planning activities.

The Government is committed to ensuring the views of communities, including those outlined in these renewable roadmaps, are captured as part of our ongoing efforts to develop a secure and sustainable energy future for Victoria.

Recommendation 3

That the Victorian Government strengthen its approach to community engagement under the *Climate Change Act 2017*.

RESPONSE: SUPPORT IN FULL

The Victorian Government is committed to continuously improving the quality of community engagement on climate change including by strengthening engagement with members of vulnerable or marginalised community groups for whom climate change impacts can be felt more acutely.

Through the implementation of Victoria's Climate Change Strategy which sets out adaptation priorities for the next five years, communities are being empowered to develop locally informed and locally-owned Regional Adaptation Strategies to guide place-based adaptation action where Victorians live. Engagement under a place-based approach to adaptation prioritises effective and inclusive community participation, with a special emphasis on vulnerable communities (which is one of 16 adaptation priorities). Regional Adaptation Strategies will be finalised in 2021, and funding provided through the Supporting Our Regions to Adapt Program to support the delivery of these community-owned strategies.

Communities are also being supported to take a lead role in shaping their own renewable energy transition with locally owned and cost-effective renewable energy projects that deliver substantial social, environmental and economic benefits through the Community Power Hubs (CPH) program.

Engagement between the Victorian Government and local councils is being strengthened through voluntary Council pledges for emissions reduction. This includes adding flexibility for councils to submit pledges that more fully reflect the significant efforts of local governments and their communities to reduce greenhouse gas emissions.

Recommendation 4

That the Victorian Government work to strengthen the Greenhouse Alliances and provide assistance to enable local governments to fully participate as members of their respective Alliance. The Government should also work to extend coverage of the Greenhouse Alliances to all Victorian local governments.

RESPONSE: SUPPORT IN PART

The Victorian Government recognises the important work of the Greenhouse Alliances to support local and regional climate action.

The Government currently provides direct funding and support to the Alliances through various targeted initiatives, including:

- Sponsorship of the Annual Victorian Greenhouse Alliances Conference
- Engaging the Northern Alliance for Greenhouse Action to develop expert training content for Councillors on climate risk and adaptation
- Providing grant funding and advisory support for the South Eastern Alliance for Climate Change Action's Council Asset Vulnerability Assessment, and
- Providing funding and advisory support to the Western Alliance for Greenhouse Action for the development and implementation of the 'How Well are We Adapting' monitoring and evaluation tool for Victorian councils.

The Government will continue to engage with councils and the Alliances to further strengthen the functioning of the Alliances model, including by exploring options for an integrated approach to the Victorian Government and local government sector working together on climate change.

The Government acknowledges the call to extend coverage of the Alliances to all 79 Victorian councils, noting that seed funding was provided by the Department for Environment, Land, Water and Planning (DELWP) in 2020 through the Barwon South West Regional Adaptation Strategy to re-establish an Alliance network for that region. The Government will engage with the remaining councils not currently covered by Alliances to understand current barriers and opportunities to fully participate.

Education and knowledge sharing

Recommendation 5

That Victorian Government agencies, such as Sustainability Victoria, assess how effectively climate change and sustainability behaviour change programs are reaching culturally and linguistically diverse communities and examine what further work is required to tailor programs to these communities.

RESPONSE: **SUPPORT IN FULL**

The Victorian Government remains committed to improving the quality of programs for culturally and linguistically diverse communities (CALD) communities. As part of existing program design and evaluation practices Sustainability Victoria assesses how effectively climate change and sustainability behaviour change programs are reaching CALD communities. For example, campaigns include CALD indicators when evaluating effectiveness.

Results of recent program evaluations suggest there is room for improvement to target and increase CALD community engagement in sustainable behaviour change programs. For example, evaluation of the 'Getting to Know Your Recycling' campaign found that rates of incorrect recycling were higher in households where people speak other languages at home than English.

Work is now underway to improve CALD engagement on recycling education and behaviour change programs funded by the Recycling Victoria policy. In a recent 'Know Your Recycling' campaign, specific materials were shared with 104 community contacts across five CALD communities, with a high engagement rate (86 per cent open rate) and social media reaching 400,000 members across 35 CALD specific channels and groups. A campaign currently in development to support the Recycling Victoria policy includes a dedicated CALD engagement strategy to identify the best ways to support CALD communities.

Recommendation 6

That Sustainability Victoria work with local government and community organisations to develop an integrated strategy for behaviour change programs on emissions reduction and climate change adaptation.

RESPONSE: **SUPPORT IN PRINCIPLE**

Facilitating behaviour change is a key part of the Victorian Government's approach to reaching net-zero emissions by 2050 and building community resilience to the impacts of climate change. Sustainability Victoria is the education and behaviour change lead organisation working on climate action in the Victorian Government, delivering annual campaigns on emissions reduction, energy efficiency and waste minimisation behaviours including the TAKE2 pledge program and the Love Food Hate Waste campaign.

Behaviour change programs need to be multi-layered, with components designed and delivered by local governments and local organisations with assistance from the Victorian Government. Sustainability Victoria is exploring options to expand the scope and reach of their programs.

All Victorians and governments have a critical role in achieving net-zero emissions by 2050, and in building community resilience to the impacts of climate change. Sector-based Adaptation Action Plans, community-led Regional Adaptation Strategies as well as state and municipal public health and wellbeing planning provide opportunities to progress action in this area. Sustainability Victoria will continue to build on its behaviour change outcomes achieved with local governments and community organisations by integrating best practice behavioural science and social research insights into both priority emissions reduction and adaptation programs and the delivery of the Recycling Victoria policy.

Recommendation 7

That all Victorian Government-funded behaviour change campaigns on emissions reduction and climate change adaptation are transparently evaluated and that all evaluation reports be published.

RESPONSE: **SUPPORT IN FULL**

Sustainability Victoria is the Victorian Government's lead agency for delivering behaviour change campaigns for emissions reduction. At present, unless there are privacy concerns or data that are considered commercial-in-confidence, Sustainability Victoria transparently shares on its website and via its Annual Report the key results of campaigns delivered and program evaluations.

Recommendation 8

That Sustainability Victoria work with schools and the Department of Education and Training to improve the accessibility of the Resource Smart Schools program and expand the number of non-profit partners involved in delivering the program.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government remains committed to inspiring a generation of climate leaders through the ResourceSmart Schools (RSS) program. The Government has committed funding (2020-2023) to expand the number of schools participating in the program. Sustainability Victoria works in collaboration with the Department of Education and Training, the Catholic Education Office and participating schools to deliver the RSS program.



Recommendation 9

That the Victorian Government research the link between climate change and mental health and how this should be incorporated into treatments by clinicians.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government recognises that the relationship between climate change and mental health is complex and that further research is needed to best address the mental health and wellbeing challenges posed by climate change. This research would help inform how Victoria's mental health system can best address the mental health impacts of climate change, including the approaches clinicians should take with patients whose mental health and wellbeing is impacted.

The Government has considered mental health in research it has commissioned on climate change. For example, Sustainability Victoria surveyed Victorian community members and healthcare professionals to better understand how climate change is currently affecting health and how it is expected to impact health in the future. This research found many Victorians, especially young people, report feeling negative emotions about climate change and that four in five healthcare professionals expect mental health conditions related to climate change to become more common. These results underline the need to better understand the relationship between climate change and mental health.

As recommended by the Royal Commission into Victoria's Mental Health System, the Government will establish the Victorian Collaborative Centre for Mental Health and Wellbeing, which will have a key role in facilitating translational research throughout the mental health and wellbeing system, including in collaboration with other research centres and institutes.

Recommendation 10

That the Victorian Government consider the contribution of climate change in its implementation of the recommendations of the Royal Commission into Victoria's Mental Health System.

RESPONSE: **SUPPORT IN FULL**

The Victorian Government is mindful that climate change is one of many stressors that impact Victorians' mental health and that this impact is felt more acutely in regional and rural communities. The Royal Commission into Victoria's Mental Health System considered how climate change and extreme weather events impact Victorians' mental health and identified opportunities to consider climate change in the implementation of its recommendations, for example in the development of a Statewide Plan for the Promotion of Good Mental Health and Wellbeing and the Prevention of Mental Illness.

The Government has committed to the implementation of all the recommendations of the Royal Commission into Victoria's Mental Health System. The Government has already invested in implementation of the Royal Commission's interim report recommendations and has commenced implementation of the recommendations of the final report. Climate change will be considered, where appropriate, during this process to ensure that Victoria's mental health system will be best placed to meet the future challenges climate change poses. This will build on existing work considering climate change in the health system, such as the Victorian public health and wellbeing plan which has climate change and mental health and wellbeing as priority areas.

Community energy

Recommendation 11

That the Victorian Government work with regulators, electricity distributors and other stakeholders to establish a pilot microgrid in a bushfire-prone area of Victoria that is capable of operating while disconnected from the main electricity grid during an emergency.

RESPONSE: SUPPORT IN FULL

The Victorian Government recognises the need for resilient energy infrastructure and supply options, including in response to emergencies such as bushfires.

Following the 2019-20 fire season, in which a number of communities in eastern Victoria experienced significant connection disruption to the electricity network, the Victorian Government commenced a detailed investigation of resilient energy infrastructure options. Following this investigation, the Government has commissioned research and analysis on the feasibility of options to improve the resilience of power supply for bushfire-affected and high-risk bushfire locations in eastern Victoria. This research and analysis is now informing government investment decisions regarding pilot programs, including the commitment of funds for stand-alone power systems and microgrids in bushfire affected and high-risk bushfire locations in these areas. The recommendation is therefore supported in full.

In addition to the funding provided for research and analysis for resilient power supply options, the Government has committed a further \$26.7 million for local energy projects that increase the use of clean energy. This includes micro-grids, stand-alone power systems and neighbourhood batteries including funding to support pilot projects in bushfire affected communities in eastern Victoria.

Recommendation 12

That the Victorian Government advocate to the Commonwealth Government and other governments for reforms to the ring-fencing regulations that would enable electricity distributors to access the full benefits from battery infrastructure, while maintaining appropriate safeguards.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government supports the realisation of the full benefits from battery infrastructure, while supporting the maintenance of appropriate safeguards. The innovative use of battery infrastructure will help unlock the potential of rooftop solar systems and reduce network costs for consumers.

Ring-fencing regulation ensures that regulated monopoly businesses cannot use their position to adversely impact competition in contestable markets. However, there may be certain circumstances where customers would benefit if the ring-fencing rules were waived, or otherwise modified, to allow a battery installed by a distributor for a network purpose to provide other non-network services.

The Australian Energy Regulator (AER) has already commenced a review of reforms to the ring-fencing guidelines that apply to distribution businesses. The review is considering whether regulated monopoly distribution businesses should be able to use energy storage systems to participate in contestable markets including retail electricity and frequency control. The final guideline is likely to commence in the second half of 2021. The Government will monitor the progress of the AER's review.

The Government is also supporting the innovative use of storage technology by providing \$26.7 million in funding to support microgrids, neighbourhood batteries and community-owned renewable energy projects. This initiative also includes a policy component which will focus on understanding the potential benefit flows to consumers, distribution networks and the broader electricity system from a range of neighbourhood battery models, as well as undertaking regulatory analysis and advocacy to support longer-term reform.

Further, the Government is progressing the implementation of a regulatory sandboxing framework in Victoria that will enable distributors to reduce costs for customers and deliver more reliable electricity by conducting trials of innovative technologies in the grid.

Recommendation 13

That the Department of Environment, Land, Water and Planning collaborate with the Essential Services Commission and community energy groups to develop reform proposals that would better enable the development of community-owned batteries and local energy trading.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government recognises the benefits of developing reforms to enable development of community-owned batteries and local energy trading. Having localised energy trading and more developed microgrid infrastructure could assist in improving the reliability of affordable energy as well as the uptake of renewable energy and electric vehicles amongst Victorians.

DELWP is working with the Essential Services Commission (ESC) to implement national regulatory sandboxing arrangements in Victoria. These arrangements will enable testing of innovative concepts in the energy market on a smaller scale and within a limited time frame, under relaxed regulatory requirements whilst maintaining appropriate safeguards.

Regulatory sandbox arrangements can support innovative projects in several ways, including by:

- Improving access to finance for projects through increased regulatory certainty.
- Enabling testing and fine-tuning in a controlled testing environment.
- Allowing regulators to work with innovators to build appropriate consumer protection safeguards into new products and services.
- Helping regulators identify the need for reform of the existing regulatory framework.

The Government has also allocated \$26.7 million in funding to support microgrids, neighbourhood batteries and community-owned renewable energy projects. The Neighbourhood Battery Initiative will make funding available to a range of neighbourhood battery ownership and operational models, including those trialling customer battery access services and innovative local energy trading models.

Recommendation 14

That the Community Power Hubs engage with Aboriginal Corporations to explore the development of community energy projects.

RESPONSE: **SUPPORT IN FULL**

The Victorian Government recognises that there is scope for greater engagement by the community energy sector with Traditional Owners. In 2020, the Government committed \$1.1 million to the Traditional Owner Renewable Energy Program (TOREP). Through this program all 11 of Victoria's current Registered Aboriginal Parties are able to apply for grant funding to enable the empowerment of Traditional Owners to self-determine how they participate in Victoria's renewable energy transition.

TOREP goes beyond the scope of this recommendation for CPHs to engage with Aboriginal Corporations. It responds to broader Government requirements under the Aboriginal Self-Determination Reform Framework.

Recommendation 15

That the Department of Environment, Land, Water and Planning provide assistance to organisations to enter into power purchase agreements, including facilitating the aggregation of organisations into renewable energy buyers' groups.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government is currently investigating options for government to play a role in addressing the barriers to purchasing renewable energy for commercial and industrial energy users, including through power purchase agreements.

Local governments, business groups and other organisations have played an important role in promoting the adoption of renewable energy through power purchase agreements.

The Government is committed to continued consultation with stakeholders to develop and assess the feasibility of options over the next 12 months.

The Government's commitment to a second Victorian Renewable Energy Target (VRET) Auction will support local supply chains for Victoria's renewable energy industry and create more jobs. The Government will consider how current market and policy barriers are addressed in this context.

Recommendation 16

That the Victorian Government ensure its upcoming Victorian Renewable Energy Target auction sources 100% renewable electricity to cover the consumption of all Victorian public service bodies, public entities and state-owned infrastructure that are not already sourcing 100% renewable electricity to the maximum practical extent.

RESPONSE: SUPPORT IN FULL

The Victorian Government will source renewable energy for 100 per cent of government operations. This is an important step to support renewable energy development in the State and to meet Victoria's emissions reduction targets.

The Government will hold a second VRET Auction of at least 600MW later this year to supply enough electricity for major public infrastructure, such as hospitals, schools and trains. Depending on the auction outcome, other policy mechanisms might be required to ensure the government achieves 100 per cent renewable electricity for its operations by 2025. Further analysis needs to be undertaken to determine a pathway to 100 per cent renewable electricity in 2022.

Recommendation 17

That the Department of Treasury and Finance in consultation with the Department of Environment, Land, Water and Planning commission modelling on different purchasing models, including a centralised purchase model, for government electricity consumption to ensure Victorian Government agencies are receiving the best possible price now and into the future.

RESPONSE: **SUPPORT IN FULL**

The Victorian Government currently uses central contracts to deliver affordable energy for government agencies. The Government has committed to supporting a second VRET Auction which will deliver clean energy for a range of major public infrastructure, such as hospitals, schools and trains. As part of the design of this auction, DELWP and the Department of Treasury and Finance have commissioned modelling for different renewable energy power purchasing models, including a more centralised approach.

Recommendation 18

That the Department of Environment, Land, Water and Planning commission and then publish further modelling of the economic and social benefits of local investment in renewable energy projects in Victoria's regions.

RESPONSE: **SUPPORT IN PRINCIPLE**

DELWP is exploring work on modelling the estimates of the potential economic benefits and impacts of renewable energy, energy storage and transmission system policies and investments that have and will be made by the Victorian Government for the transition of Victoria's electricity sector.

Modelling could help inform the performance of policies and investments (both public and private) that have been made, and the potential benefits and impacts of these and upcoming government initiatives in relation to:

- Developing Victoria's full potential of renewable energy capacity, energy storage and transmission investment necessary to host this capacity
- The level of investment in Victoria needed to realise this potential
- The economic benefits arising from this development state-wide and regionally
- The number of direct and indirect jobs created by this development, and
- The emissions reduction potential from this development.

Recommendation 19

That the Victorian Government extend and expand the Community Power Hub pilot program in support of the Victorian Renewable Energy Target.

RESPONSE: **SUPPORT IN FULL**

The CPH pilot program delivered 15 community renewable energy projects across three hubs located in Ballarat, Bendigo and the Latrobe Valley. The hubs installed 1.35 MW of renewable energy capacity into their communities, reduced annual carbon emissions by 1839 tonnes, and saved the community sites \$364,000 in annual electricity costs and generated \$14.5 million in value for the communities involved.

Furthermore, the CPH pilot program built community resilience and connectedness by engaging with 200 businesses and organisations and facilitating 114 public events and meetings. The Victorian Government estimates 20,000 new community connections were made through the engagement initiatives.

The Government has committed \$5.94 million to extend and expand the CPH program to one metropolitan community and up to five communities in regional Victoria.

Recommendation 20

That the Victorian Government advocate for electricity system and market reforms that enable the development of community energy projects and facilitate the installation of rooftop solar by households and businesses.

RESPONSE: **SUPPORT IN FULL**

Community energy projects and the uptake of rooftop solar are significant contributors to achieving the VRET, meeting the goal of net-zero emissions by 2050 and in ensuring a sustainable, reliable and affordable energy future for all Victorians.

The Victorian Government is already working to increase the number of community energy projects and the uptake of rooftop solar installation for households and businesses.

Launched in 2018, the Victorian Government Solar Homes Program will ultimately support 778,500 households (over a ten-year period) to install solar panels, solar hot water systems or battery systems. Similarly, the Victorian Government's Solar for Business Program will support 15,000 small businesses over three years to install rooftop solar on their work premises. The Government is providing grants to over 50 community energy projects through the New Jobs Fund. This is in addition to the \$200,000 the Government recently contributed to the Newstead Community Solar Farm Project, and \$339,000 to the Natimuk Community Energy Project.

In terms of advocacy, the Government has supported the Ballarat Renewable Energy and Zero Emissions Group, Bendigo Sustainability Group and Gippsland Climate Change Network to become pilot CPH hosts. These community-based and operated hubs provide legal and technical expertise while helping build local skills and networks.

The Government has committed to expand the CPH program to deliver more local renewable energy projects in regional Victoria and metropolitan Melbourne. Based on the learnings of the 2017-2020 pilot, the CPHs will look to bring community organisations together to identify, plan and deliver localised clean energy projects that are financially viable, technically feasible and socially acceptable, underpinned by local decision making and benefits sharing. Residential and small business renewable energy bulk buys have been a frequent community energy project, and each CPH will likely consider this amongst project options to pursue.

The Victorian Government has also allocated \$26.7 million in funding to support microgrids, neighbourhood batteries and community-owned renewable energy projects. The Neighbourhood Battery Initiative will make funding available to a range of neighbourhood battery ownership and operational models, including those trialling customer battery access services and innovative local energy trading models. The learnings from projects funded under these initiatives will support advocacy for policy reforms at State and National levels.

Recommendation 21

That in order to maximise the capacity for new renewable energy projects, the Victorian Government work with the New South Wales Government to accelerate the planning of VNI West to enable construction of the new transmission infrastructure by 2026–27 at the latest.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government supports the development of Victoria to New South Wales Interconnector West (VNI West) by 2027 (per the Australian Energy Market Operator (AEMO) 2020 Integrated System Plan) rather than 2026–27 as proposed. Support is in principle, as acceleration will require collaboration and cooperation from key parties.

VNI West will help to maintain Victoria's electricity supply reliability and to develop new renewable energy generation capacity to achieve the 50 per cent by 2030 VRET.

The Victorian Government is already working with the NSW Government as well as the AEMO and the Australian Government to explore avenues to accelerate project planning and construction to deliver VNI West by 2027. As VNI West is an interconnector, this requires close collaboration and cooperation to ensure timely delivery of both the Victorian and NSW sides of the project. A key example of this collaboration is an agreement between Victorian and Australian Governments to jointly underwrite early works to progress VNI West. AEMO's 2020 Integrated System Plan recommended these works be finalised by 2024 in order to allow completion of VNI West by 2027.

Recommendation 22

That the Department of Environment, Land, Water and Planning conduct a registration of interest process to understand the scale, type and location of potential projects in renewable energy zones with increased capacity due to priority transmission upgrades. This should be done with a view towards a future transparent and market-led allocation of connection capacity in these renewable energy zones.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government supports in principle the registration of interest component of this recommendation.

The Government is committed to developing Renewable Energy Zones. Renewable Energy Zones identify the optimal areas for the location of renewable energy projects across Victoria. The Government is investing \$540 million to support connections of large-scale renewable energy projects and pave the way for new renewable energy investment. Renewable Energy Zones need to be considered carefully with respect to planning, interaction with communities, cumulative impacts, Traditional Owners, the environment and impacts on other industries such as agriculture and their use of irrigation networks.

In February 2021, the Government published the *Renewable Energy Zones Development Plan Directions Paper* which:

- Outlines proposed actions by the Victorian Government to develop Victoria's Renewable Energy Zones and seeks stakeholder feedback on the proposed approach.
- Highlights potential network investments identified by the AEMO to strengthen our grid and allow more renewable generation, including transmission upgrades.
- Seeks stakeholder feedback on the functions and form of a new body, VicGrid, to actively plan and develop Victorian Renewable Energy Zones.

Recommendation 23

That the Department of Environment, Land, Water and Planning, as part of its annual reporting on the Victorian Renewable Energy Target, publish data on the ownership and business structure of renewable energy generation in Victoria, including small scale generation.

RESPONSE: **NOT SUPPORT**

The Victorian Government does not support this recommendation to publish information on the ownership and business structure of the Victorian renewable energy generation sector, including small-scale generation, as part of its annual report on Victoria's progress towards achieving its renewable energy targets.

While the Government acknowledges the merit of having an information base for assessing the status and progress of Victoria's community energy sector, it does not consider that this recommendation, as it has been drafted, is an appropriate measure for achieving this objective. The broad scope of the recommendation, which extends to the ownership and business structure of Victoria's renewable generation sector, including small-scale generation, makes it onerous to implement as drafted. This is because it would extend to 435 Victorian renewable energy power stations (listed in the Clean Energy Regulator's registry of accredited power stations) and a further 500,000 small-scale rooftop PV systems installed in Victoria. There is already a large amount of publicly available information, such as that available through the AEMO's list of registered generators, company websites and the AER, that can be used to infer the ownership of Victorian power stations above 5 MW in capacity. In addition, Victoria's community energy sector implements a range of programs, not all of which result in ownership of renewable generation by the community group. For example, 'bulk buy' programs facilitate the purchase of renewable energy and energy efficiency products by local households and businesses.

Recommendation 24

That the Victorian Government establish a dedicated Community Energy Target component within the Victorian Renewable Energy Target.

RESPONSE: **SUPPORT IN PRINCIPLE**

Community renewable energy projects contribute to the VRETs and provide an important opportunity to positively influence community understanding and perceptions of renewable energy.

The Victorian Government will scope work to investigate a range of mechanisms that could support community energy projects in Victoria, including establishing a Community Energy Target.

Recommendation 25

That the Department of Environment, Land, Water and Planning commission research to understand the impact of a community energy feed-in tariff on household retail electricity prices and model this against other policy options for long-term revenue support for community energy projects.

RESPONSE: SUPPORT IN FULL

Investing in community energy provides a range of economic, social and environmental benefits, reducing energy costs and diversifying community income, and creating local job opportunities.

The Victorian Government has provided support and grant funding to a range of community renewable energy projects through its Renewable Communities Program, publication of a *Guide to Community-Owned Renewable Energy for Victorians*, and various other initiatives. Most recently, in November 2020 DELWP launched its \$1.1 million TOREP which will support Traditional Owners to self-determine how they want to be part of Victoria's renewable energy transition.

The Government agrees that mid-scale community energy projects currently face a range of barriers, including regulatory compliance costs, and financial risks which have increased in recent years with wholesale market volatility. Mid-scale community energy projects are an important part of Victoria's transition to renewables which sit outside of support for small- and large-scale renewable investments. The benefits of mid-scale community energy projects may not be able to be reflected in the financial rewards and incentives available through the National Electricity Market.

The Government supports the objective for further work and analysis to identify the financial barriers to community energy projects, particularly wholesale electricity market price fluctuations, and options to reduce these risks, including special feed-in-tariffs. The costs and benefits of any mechanisms to reduce risk for community energy projects, including any impact on electricity prices and incentives for participants, would need to be considered as part of the analysis.

It is intended that this research will be developed by DELWP and will involve consultation with a select number of mid-scale community energy proponents and financial institutions.

Recommendation 26

That the Victorian Government develop formal mechanisms to support the development of mid-scale community energy projects—with a capacity of between 1 MW and 10 MW—in Victoria.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government supports the development of mechanisms that enable community energy projects with a capacity of one to 10 Megawatt (MW).

Sustainability Victoria is offering a number of support mechanisms such as the CPH program, which has demonstrated success in progressing small scale community renewable energy projects (below one MW).

Further support mechanisms for community energy projects could be considered through an expansion of current programs or new initiatives.

The Government will undertake further policy work to investigate a range of mechanisms to address mid-scale community energy project needs in Victoria.

Recommendation 27

That the Victorian Government develop one or more pilot social access solar gardens in Victoria.

RESPONSE: **SUPPORT IN PRINCIPLE**

Social access solar gardens are innovative projects that can provide multiple benefits to communities and improve energy access and affordability.

The CPH program currently being delivered by Sustainability Victoria will investigate potential solar garden proposals with the opportunity to trial the concept.

Recommendation 28

That the Department of Environment, Land, Water and Planning work with stakeholders to develop and regularly publish data on available capacity, estimated connection costs and projected demand for connections for mid-scale renewable energy project connections in the Victorian electricity distribution network, to provide greater guidance and investment certainty for these projects.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government is supportive of the provision of more information for community energy groups at the scoping stage of a midscale project and very supportive of proponents commencing early discussions with the Distributed Network Service Providers regarding project connection.

To facilitate greater transparency on available capacity, estimated connection costs and projected demand for connections for midscale projects the Victorian Government is working closely with the ESC on its review of the Distribution Code.

The review of the Electricity Distribution Code that commenced in April 2019 with an examination of a set of technical standards and customer protection standards in the Code was finalised on 16 December 2020 with the publication of the ESC final decisions on the customer protections standards component of the review. The commencement of the majority of reforms will occur in July 2021. A wider review of the Code would continue after the conclusion of the limited 2019-20 review however the timeframe or scope for the commencement and operation of the wider review is yet to be confirmed.

Energy efficiency and buildings

Recommendation 29

That the Victorian Government collect and publish consistent data on the sustainability performance or rating of all new government construction projects and upgrades with a value over \$2 million.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government supports in principle Recommendation 29 to collect and publish consistent data on the sustainability performance of all new government construction projects and significant upgrades.

Under the response to Recommendation 31, the Government has committed to a Whole of Victorian Government Sustainable Building Policy and reporting will be considered as part of this process.

Recommendation 30

That the Victorian Government establish a Sustainable Government Buildings Community of Practice to collaborate on best practice environmentally sustainable design in Government building projects. This group should include representation from the Department of Treasury and Finance, Victorian Government Architect, Sustainability Victoria, and all Victorian government building and infrastructure authorities.

RESPONSE: SUPPORT IN FULL

The Victorian Government supports in full Recommendation 30, to establish a Sustainable Government Buildings Community of Practice to collaborate on best practice environmentally sustainable design in Government building projects.

The Government is undertaking the largest infrastructure build in Victoria's history to deliver the road, rail, schools and hospitals our growing state needs, with more than \$134 billion of new projects now funded. Strong environmentally sustainable design for these projects will improve energy, water and materials efficiency while also saving on these costs. It will support jobs and innovation in Victoria's green building industry and help to improve the comfort and performance of building and infrastructure stock, ready for Victoria's net-zero emissions future.

The Sustainable Government Buildings Community of Practice will support improved environmentally sustainable design for these building projects by enabling departments and agencies to share knowledge, build better practices and reduce any duplication of work. This will build on the successful environmentally sustainable design guidelines and building practices already established across the Victorian Government.

The Sustainable Government Buildings Community of Practice will be established by 30 June 2021, with representatives from relevant departments and agencies across the Victorian Government.

Recommendation 31

That the Sustainable Government Buildings Community of Practice, as its first item of business, work to harmonise Victorian Government sustainability guidelines for Government building projects. This should include consultation with industry groups and experts.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government supports in principle Recommendation 31, to harmonise Victorian Government sustainability guidelines for Government building projects, in consultation with industry groups and experts.

The Government will develop a whole of government sustainable buildings policy to harmonise sustainability guidelines for Government buildings through agreed principles and minimum standards or ratings, where appropriate. Supplementary guidance may be required for some government building types (such as schools, hospitals and correctional facilities).

This harmonisation of sustainable building guidelines will provide greater clarity and certainty for industry building partners while also strengthening sustainability outcomes across Victorian Government building projects. The policy will build on the successful elements of existing sustainable building guidelines and the many sustainable building projects from across the Victorian Government.

Under Recommendation 30, the Government has supported the establishment of a Sustainable Government Buildings Community of Practice by 30 June 2021. As its first item of business, it will determine the process and timelines for developing the policy.

Recommendation 32

That the Victorian Government provide Victorian Residential Efficiency Scorecard assessments for any home receiving assistance through the Victorian Solar Homes Program.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government is committed to helping Victorians understand and improve the energy performance of their homes. Energy efficiency upgrades, including the installation of products such as solar systems, can improve the energy performance of homes, reduce energy bills and contribute to reducing emissions and tackling climate change. Residential Efficiency Scorecard assessments are one way in which households can understand their energy usage, performance and options for improving energy efficiency.

The Government supports participants in the Victorian Solar Homes Program understanding the energy efficiency performance of their homes and considering additional energy efficiency upgrades. The Government believes that providing information and resources is a more appropriate method of meeting this outcome than the provision of Scorecard assessments through the Solar Homes Program.

The Solar Homes Program will support 778,500 households over ten years to install solar PV systems, solar hot water systems and batteries at their home. The program includes an online Solar Hub which provides information and resources on factors to consider when installing solar systems, how to maximise the benefits of solar, and system maintenance. The Solar Hub also provides information on additional ways that households can improve energy efficiency at home, including switching to energy efficient appliances, draught-proofing and insulation and upgrading to efficient heating and cooling. The Solar Hub is a publicly available resource and is accessible to anyone interested in improving the energy efficiency of their homes, and not only Solar Homes rebate applicants.

Solar Victoria will explore options for promotion of Scorecard assessments to potential program applicants, existing customers, and households that may be ineligible for a Solar Homes rebate.

Recommendation 33

That the Victorian Government phase in a subsidy available to all homeowners who undertake Victorian Residential Efficiency Scorecard assessments.

RESPONSE: UNDER REVIEW

Home energy assessments can help households identify the most cost-effective energy upgrades for a home and make well-informed choices on investments to improve their comfort, save energy and reduce emissions. Since 2017, the Victorian Government's Victorian Residential Efficiency Scorecard program (the Scorecard) has been available to households, providing quality assessments by trained and accredited assessors.

The Government also provides households with general advice on ways they can save energy and encourages them to access incentives for efficient appliances and other upgrades through the Victorian Energy Upgrade (VEU) program which currently supports thousands of households each year to make their homes more energy efficient and reduce their energy costs.

The Government will investigate including home energy assessments in the VEU program – this would make discounted Scorecard assessments available to all households. This would be an appropriate mechanism for providing a subsidy for Scorecard assessments, however additional time is needed to assess whether and how it could be added to the range of activities eligible for the VEU program.

The estimated timing for this process (from beginning analysis to introduction) would be around 12 months, proposed to commence later in 2021. In considering providing incentives for the Scorecard through VEU, analysis and consultations will be required to assess the market for home energy assessments, their potential to generate greenhouse gas emissions reductions and specific eligibility criteria. The VEU program is a market-based scheme that provides incentives for a range of eligible activities that reduce emissions, including a number that are targeted to improving energy efficiency in households and reducing energy costs. An incentive to undertake a Scorecard assessment would likely support households to take additional steps to upgrade the energy efficiency of their home. When provided with a Scorecard assessment and no further incentive to upgrade their home, 82 per cent of householders reported the assessment motivated them to upgrade their home.

Recommendation 34

That the Victorian Government investigate the feasibility, benefits and costs of a mandatory disclosure scheme for residential building energy efficiency to provide prospective buyers and tenants information on the energy efficiency of a dwelling. This investigation should include detailed consultation with industry and consider:

- a. whether disclosure should occur during a sale or lease, or both
- b. at what point in the process disclosure should occur
- c. what rating or information should be included on any certificate of disclosure
- d. the time period of validity of any certificate of disclosure
- e. how disclosure should operate for new homes, including for dwellings purchased off-the-plan.

RESPONSE: UNDER REVIEW

Disclosure of information about the energy efficiency of a home can help buyers and renters make informed choices.

As part of the national Trajectory for Low Energy Buildings, the Victorian Government is currently working with other jurisdictions on a national disclosure framework that will outline the potential approaches (both voluntary and mandatory) to disclosure of energy efficiency information for homes, including the settings for disclosing information and the application of rating tools.

In late 2019, the former Council of Australian Governments (COAG) Energy Council approved this work program as part of the Addendum to the Trajectory for Low Energy Buildings. Work on the national framework is underway and scheduled to be completed in 2021, including consultation with stakeholders.

Work on this national framework needs to be completed before the Government can consider if and how it could be implemented in Victoria, including how such an investigation should be designed. The national disclosure framework will inform further consideration by the Government on preferred options and priorities for disclosure, including whether to proceed with a detailed Regulatory Impact Statement process to assess the costs and benefits of specific options for mandating disclosure of energy efficiency information when selling or leasing a property.

Recommendation 35

That the Victorian Government significantly increase the scale of programs to upgrade the energy efficiency of the homes of low-income Victorians.

RESPONSE: SUPPORT IN FULL

The Victorian Government has provided record levels of support for energy efficiency programs for low-income Victorians, recognising the benefits energy efficiency upgrades provide in terms of cost of living, wellbeing and comfort, and reduced greenhouse gas emissions.

The Government is investing \$797 million in a Household Energy Savings Package that includes the biggest household energy efficiency package of any Australian state providing record levels of support for energy efficiency programs for low-income Victorians.

Part of this investment is \$335 million to assist 250,000 low income households to upgrade inefficient heaters to an efficient reverse cycle air conditioner. It is estimated that households could save \$300 to \$900 per annum on their heating costs, depending on the type of heater replaced. This program will be implemented over four years.

In addition, \$112 million will be invested to upgrade the energy efficiency of 35,000 existing social housing properties (both public housing and community housing) over three years. The most common upgrades of social housing are likely to be replacement of major appliances with efficient heating or hot water systems, and the installation of insulation and draught proofing.

This major package is in addition to \$4 million allocated in May 2020 to upgrade lighting and bulk hot water in public housing high rise buildings.

The Government is providing targeted energy efficiency assistance for low income and vulnerable households through these programs and also helping them with energy costs through the new \$250 Power Saving Bonus which provides a one-off payment to Pensioner Concession Card holders and some Health Care Card holders.

Recommendation 36

That the Victorian Government investigate minimum energy efficiency standards for public and private rental dwellings. This should include consultation with tenancy and property owners' associations and industry. Any new standards should be implemented for public housing well in advance of their introduction to the private market.

RESPONSE: SUPPORT IN FULL

The Victorian Government recognises that minimum energy efficiency standards in rental dwellings can improve comfort and cut energy costs for renters, as well as delivering environmental benefits by reducing energy demand. These standards should apply equally to all rental properties (both public and private) to ensure that no tenant is left behind.

As part of the implementation of the 2018 *Residential Tenancies Act* reform package, the Government is proceeding with the introduction of energy efficiency standards for all rental properties in Victoria. The Government has commenced this process with the introduction of a minimum standard for heating in rental homes from 2021 which will require all rented homes to have an energy efficient heater in the main living area.

The Government has also committed to implementing new minimum energy efficiency standards for ceiling insulation, draught sealing and hot water for rental homes. Detailed analysis of options for these standards has commenced and will be informed by extensive consultations, including the opportunity for tenancy and property owners' associations, industry stakeholders and the general public to comment on the proposed regulations and understand the costs and benefits of different options on the community. Following this consultation process the rental minimum standards will be finalised. The new standards will apply to all rental properties (public and private rental housing) at the same time. Rental minimum standards targeted at heating, ceiling insulation and draught proofing and hot water will address the major components that influence energy consumption in a home.

Ahead of the full implementation of the rental standards, the Government is accelerating improvements to the energy efficiency of public housing from 2020-21 through funding of \$112 million allocated under the State Budget 2020-21 to upgrade 35,000 existing public housing and community housing properties, and providing incentives to upgrade the energy efficiency of equipment, including through the Victorian Energy Upgrades program.

Recommendation 37

That the Victorian Government strongly consider the installation of rooftop solar PV when retrofitting public housing dwellings.

RESPONSE: **SUPPORT IN FULL**

When implemented alongside energy efficiency upgrades the Victorian Government recognises that rooftop solar photovoltaic (PV) on social housing can help occupants reduce their energy bills and deliver environmental benefits.

The Government is upgrading 35,000 social housing properties at a cost of \$112 million to improve energy efficiency, provide energy cost savings, improve comfort for tenants and deliver environmental benefits. Increased energy efficiency in housing is a proven cost-effective way to help occupants reduce energy bills whilst delivering important co-benefits such as a more comfortable home in hot and cold weather.

While the Government's focus is on investing in energy efficiency upgrades for social housing, including solar in retrofits will be considered as part of this investment. Innovative or pilot solutions involving solar installations on residential buildings located in social housing communities could also be considered where major energy efficiency upgrades have already been undertaken or in multi-unit residential facilities or communities of social housing where energy demand is particularly high.

Homes Victoria will consider further how to best use the roof space of Homes Victoria assets to contribute towards renewable energy generation in Victoria. It should also be noted that through the \$5.3 billion Big Housing Build, Homes Victoria will deliver 12,000 new homes over the next four years. Solar PV systems will be included in these new developments wherever feasible.

Local Government

Recommendation 38

That the Department of Environment, Land, Water and Planning expedite the release of the findings and data from reviews that address local government roles and responsibilities related to climate change.

RESPONSE: **SUPPORT IN PRINCIPLE**

Guidance on local government roles and responsibilities for adaptation under Victorian legislation was publicly released in October 2020 and is available at climatechange.vic.gov.au.

This guidance provides further clarification of the roles, responsibilities and expectations of local government related to climate change to assist them in defining the strategic direction and scope of their climate change plans and strategies.

Recommendation 39

That the Victorian Government consider the establishment of a long-term infrastructure fund to support local organisations in mitigating the consequences of climate change on public infrastructure, especially infrastructure that mitigates climate change-related hazards.

RESPONSE: **UNDER REVIEW**

The Victorian Government acknowledges the potential impact of climate change on public infrastructure. Further analysis is required to determine the effectiveness of existing initiatives for local-scale hazard reduction and adaptation planning.

Under the Marine and Coastal Policy (2020), the Government is investing in safeguarding coastal infrastructure from climate related-hazards through the Coastal Protection Assets program. The Safeguarding Marine and Coasts in the Face of Climate Change program includes a suite of projects to prepare and implement a state-wide coastal adaptation framework, develop a knowledge framework to consolidate coastal hazard data for community use and, continue a coastal protection asset renewal and construction program.

The Government is strengthening its long-term, strategic approach to supporting regional and local adaptation priorities and projects under the four-year \$9.32 million Supporting our Regions to Adapt program. In addition, under the *Climate Change Act 2017*, five-yearly Adaptation Action Plans (AAP) are to be prepared to improve the resilience of seven key systems vulnerable to climate impacts.

Recommendation 40

That the Department of Environment, Land, Water and Planning consult with local governments that do not offer Environmental Upgrade Finance to understand the barriers to its broader adoption and introduce reforms to expand it across all local government areas.

RESPONSE: **SUPPORT IN FULL**

Environmental Upgrade Finance (EUF) provided through local government has been available to businesses for some time, supporting non-residential property owners to invest in energy efficiency and other sustainability upgrades.

In 2020, the Victorian Government introduced reforms to remove barriers to household participation and expand opportunities for local councils to offer the EUF mechanism through legislative amendments in the *Local Government Act 2020*. These reforms mean that householders can now benefit from this form of financing, and that EUF can also be provided for the purposes of climate change adaptation upgrades to existing buildings. DELWP is scoping work that will engage and consult with leading local councils to maximise the opportunities of these reforms with consideration of the government response to the recent Local Government Rating System Review. DELWP will also work to understand how EUF can support climate change adaptation outcomes.

Recommendation 41

That the Victorian Government resume Sustainability Victoria's Local Government Energy Saver Program to provide targeted support to resource-constrained councils across regional Victoria and consider extending the program to a larger number of councils.

RESPONSE: **NOT SUPPORT**

The Victorian Government does not support this recommendation to resume Sustainability Victoria's Local Government Energy Saver program, which concluded in 2020. Instead, the Government has committed to supporting local government and communities through the Community Climate Change and Energy Action program.

The three-year Local Government Energy Saver program ran from 2017 to 2020 and was delivered by Sustainability Victoria. The program achieved an average of \$40,000 of annual cost savings for each of 22 resource constrained councils, and reduced emissions by 38,355 tonnes CO₂-e, equating to an average of 3% reduction in annual operational emissions.

The Community Climate Change and Energy Action program announced in 2020 will provide advice and funding to support communities in taking direct action to reduce energy costs from operations. This program will see the Government work with community organisations and their facility owners to identify and implement energy improvements through co-investment in building and facility upgrades. The majority of these buildings are owned by local government and operated by community groups and not-for-profit organisations that would not otherwise have the resources to undertake these upgrades. This program will also build capability in each of the participating councils, enabling them to deliver further energy efficiency upgrades without additional funding.

Furthermore, all Victorian councils are eligible to apply for a range of Government subsidies and programs such as the VEU program.

Recommendation 42

That the Department of Transport fund its equitable share of major road lighting upgrades, where the operating costs of the lighting are shared with local government. This funding should be provided up front, rather than in arrears.

RESPONSE: **SUPPORT IN FULL**

Road lighting is a significant electricity user and its upgrade to energy efficient models presents an opportunity for its owners to reduce their emissions. The Victorian Government supports the upgrade of street lighting where it has a shared cost with local councils. The Government recognises there are significant ongoing social, economic and environmental benefits that upgrading these lights to more energy efficient technology delivers to both the State and Local Government.

There are approximately 87,000 of these cost shared lights on the state's arterial road network. Approximately 8,600 of these lights across metropolitan and regional Victoria have been upgraded to date.

The Victorian Government supports the recommendation. A suitable funding model that aligns with existing initiatives for infrastructure upgrades and responds to the readiness of local government will be developed.

Recommendation 43

That the Victorian Government consider reforms to the responsibilities for installation, operation and funding of street lighting to better enable future upgrades for energy efficiency. This should include consideration of the installation of metering on streetlights.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government supports in principle noting that funding support for energy efficiency upgrades of street lighting is currently provided through the VEU program.

The Government will continue to provide incentives through the VEU program to 31 January 2023 that support the early retirement and bulk upgrades of inefficient street lighting products to high efficiency technologies. In addition, the market is already shifting to efficient LED products driven by product innovations and broad adoption internationally of the Minamata Convention which phases out mercury vapour lamps. Victoria will continue to support work facilitated by Commonwealth processes on the adoption of smart metering for LED street lighting.

Recommendation 44

That the Victorian Government instruct the Essential Services Commission to consider the impacts of climate change in its regulation of water corporations, including pricing reviews.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government supports the consideration of climate change impacts, however, does not believe that instructing the ESC is the most effective means. This proposal would require the ESC to change its role as an independent economic regulator where it assesses the efficiency of water corporations' proposals to achieve outcomes set by government climate change policy. It also runs the risk of conflict with the government's role in setting policy. The intended outcome can be achieved, however, through strengthening frameworks and policies already in place for water corporations to consider the impacts of climate change.

The Victorian water sector is the largest contributor to greenhouse gas emissions within Victorian Government agencies, emitting roughly one quarter of Government emissions. Through the Statement of Obligation (Emissions Reduction) issued by the Minister for Water, all water corporations have committed to ambitious emission reduction targets to 2025. Under this arrangement, the ESC is responsible for ensuring the expenditure proposed by water corporations is the most cost-efficient way to achieve these outcomes. DELWP has commenced a review of the Statement of Obligation (Emissions Reduction) in early 2021 to establish the rules and emission targets for water corporations to 2030. The early commencement of this review aims to align with upcoming reviews of water prices across several areas of the state.

Strengthening the water corporations' mandate and capacity to consider the impacts of climate change through adaptation measures, continues to be an area of focus for the Government. In 2018, DELWP released its Pilot Water Sector AAP, outlining 20 unique actions to build knowledge of climate change impacts, develop frameworks, policy and tools to enable successful adaptation, and enhance the capability and capacity of water sector to apply climate change adaptation to business decisions. Pilot actions included identifying key elements of successful adaptation business cases, improved understanding of climate risks and better estimating the costs of climate change to water corporations. Building on the outcomes from the pilot, DELWP is currently developing its first legislated Water System AAP under the *Climate Change Act 2017*, which is due to be finalised by 31 October 2021 and implemented over the next five years. In consultation with the sector and broader community, the Water System AAP will seek to develop actions that improve the capability of water corporations to quantify and justify climate change risks, costs and adaptation benefits, whilst appropriately balancing customer affordability.

Recommendation 45

That the Victorian Government seek to amend the *Planning and Environment Act 1987* and/or the *Climate Change Act 2017* to ensure that consideration of climate change receives stronger emphasis in the Victorian planning system.

RESPONSE: SUPPORT IN PRINCIPLE

The current objectives of the *Planning and Environment Act 1987* readily provide for consideration of climate change issues and there are specific references to climate change and greenhouse gas reduction in the Victoria Planning Provisions. The planning system provides substantial opportunities to address climate change adaptation.

To support updated responses the Victorian Government is developing a Built Environment System AAP as required under the *Climate Change Act 2017*. This Built Environment AAP will provide an opportunity to examine the role of relevant instruments to support climate change adaptation, and its development is the most appropriate forum for further investigation of legislative amendments addressed by this recommendation. A draft Built Environment AAP will be released for public comment and it is expected to be finalised by 31 October 2021.

Existing planning provisions also support improvements in energy efficiency and uptake of renewable energy generation. The merit of adding specific planning process under the *Planning and Environment Act 1987* to schedule 1 of the *Climate Change Act 2017* and/or including specific reference to climate change in the *Planning and Environment Act 1987* requires further examination.

Recommendation 46

That the Victorian Government amend the State Planning Policy Framework to include a single Environmentally Sustainable Design policy.

RESPONSE: SUPPORT IN FULL

The Victorian Governments' Plan Melbourne 2017-50 Implementation Plan includes a commitment to 'Review of planning and building systems to support environmentally sustainable development outcomes' (Action 80). To progress this initiative, *Environmentally sustainable development of buildings and subdivisions: A roadmap for Victoria's planning system* was released in December 2020. This includes a proposed new policy on Environmentally Sustainable Development (ESD) for the built environment for inclusion in the Planning Policy Framework of the Victoria Planning Provisions. This policy is supported by other clauses that strengthen consideration of ESD across a range of specific issues including energy, climate change, water, waste management and recycling.

Recommendation 47

That, as part of the implementation of the Trajectory for Low Energy Buildings, the Victorian Government seek clear advance guidance for construction businesses on target energy performance standards that will form part of any planned updates to the National Construction Code beyond 2022.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government supports the intent of clearly 'sign-posting' anticipated future standards beyond any 2022 updates to the National Construction Code (NCC) to support long-term business planning and stimulate market innovation.

Through its representatives on the Australian Building Codes Board (ABCB), Building Ministers' Meetings and Energy Ministers' Meetings the Victorian Government will continue to advocate for clear and strong signals of future energy performance standards. The Government is also working with the Victorian construction sector to help them get ready for proposed changes to energy performance standards for new homes, with funding provided to enhance capability to design and build more energy efficient homes. This will build on findings from the As-Built Compliance study that included inspections of energy efficiency features in over 2,500 new homes across Victoria.

The Trajectory for Low Energy Buildings, agreed by all Australian Energy Ministers in February 2019, sets out a national roadmap towards zero energy (and carbon) ready buildings. The Trajectory will inform future activities of Building Ministers and the ABCB including updates to the NCC, as well as Energy Ministers' activities around building policy measures to improve the energy efficiency of new buildings in Australia. The Victorian Government actively contributed to development of the Trajectory and continues to be closely engaged in development and implementation of initiatives under this roadmap. The Government notes that the ABCB has signalled more substantial changes may be considered for commercial buildings in 2025, with the *Outcomes report: Energy efficiency NCC 2022 and beyond* released by the ABCB in December 2019 indicating this may include consideration of a net-zero energy option.

Recommendation 48

That the Department of Environment, Land, Water and Planning consult with local government and the building industry on options to improve the alignment of planning and building regulation to better consider climate change impacts and environmentally sustainable design.

RESPONSE: SUPPORT IN FULL

The Victorian Government supports the intent of improving planning and building regulation to better consider climate change impacts and sustainability requirements.

The Government is preparing a Built Environment AAP (as required under the *Climate Change Act 2017*). This plan will consider the role of the planning and building systems in supporting climate change adaptation. Stakeholders including the building industry and local government will be consulted over 2021.

Measures to support climate change mitigation and adaptation will also be progressed through implementing Plan Melbourne Action 80, which includes strengthening ESD considerations through the planning system. Reform options will be released for public input in the second half of 2021.

The Victorian Planning and Building regulatory environment, as it relates to individual buildings, relies on and is guided by the energy efficiency standards established within the NCC. The ABCB is currently reviewing existing standards for both residential and commercial buildings with a view to implement agreed reforms into the NCC by 2022 as part of commitments made under the Trajectory for Low Energy Buildings endorsed by COAG Energy Council in February 2019. The Government continues to work closely with the ABCB to progress reforms in this important area.

Recommendation 49

That the Victorian Government explore options for improving compliance with sustainability requirements of planning and building.

RESPONSE: SUPPORT IN PRINCIPLE

Compliance with planning and building permit conditions are an important aspect of effective development regulation. Compliance issues in relation to sustainability related conditions have been identified across both systems.

The Victorian Government is already engaged in activities to improve compliance with sustainability requirements of the planning and building systems and will seek additional opportunities in the future with industry. There are a range of methods that could improve compliance, many of which would require careful consideration and design. For example, increasing the number of inspections by planning enforcement officers and building inspectors can add to the cost of housing.

In July 2019, the Minister for Planning announced the commencement of a comprehensive review of Victoria's building regulatory system and established an Expert Advisory Panel to provide advice and direction on potential reform opportunities. One of the objectives of the review was to provide a strengthened regulatory system that delivers safe, compliant, durable, affordable and sustainable housing and buildings efficiently and effectively.

The Government is also working with the Victorian construction sector to help them get ready for proposed changes to energy performance standards for new homes, with funding to enhance the sector's capability to design and build more energy efficient homes. Planning reforms are underway to improve the simplicity and clarity of planning requirements, which may include changes to sustainability requirements in the planning scheme. Being clear on what is expected will help reduce unwitting breaches due to confusion or ambiguity of expectations. Building upon these existing measures the Government will explore options for improving compliance with stakeholders over 2021 using existing forums and will seek to implement any agreed approach by 2023.

Recommendation 50

That the Victorian Government provide funding to the development of a regional fast charging network as set out in the *Charging the Regions Outcomes Report*.

RESPONSE: SUPPORT IN FULL

Access to convenient fast charging across Victoria will underpin the adoption of electric vehicles across the state and address community concerns about range anxiety. The *Charging the Regions: Local Government EV Charging Network Study* (2020) is helping inform government investment and support for future charging infrastructure.

The Victorian Government recently released its Zero Emissions Vehicle (ZEV) Roadmap which includes a range of actions to ensure we are 'ZEV ready'. Under the ZEV Roadmap the Government will invest \$19 million to accelerate the rollout of electric vehicle charging infrastructure. This includes locations on our highways, in regional towns and tourist spots, and at other high use locations – to create a readily accessible and coordinated network of charging infrastructure across Victoria.

The Government has also committed funds to develop charging station infrastructure in at least 15 towns across northern Victoria. This includes towns identified as priorities by the *Charging the Regions Outcomes Report*. Ultimately investment by the Government will see charging stations located across Victoria, going well beyond the scope of the network envisaged in the *Charging the Regions Outcomes Report*.

Recommendation 51

That the Victorian Government support the integration of electric vehicles into local government fleets including through:

- a. provision of technical support to regional councils so they have the capability for fleet integration
- b. exploration of financing options for less well-resourced councils.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government acknowledges regional councils have a key role in the adoption of ZEVs across Victoria. The ZEV Roadmap provides the strategic foundation for the transition to ZEVs, outlining key actions and priorities to support uptake. Under the ZEV Roadmap the Government will provide consistent, accessible and up-to-date information, and promote best-practice by engaging with industry forums and the Victorian Greenhouse Alliances. This will ensure that council fleet managers have access to best practice learnings and technical information for adopting and optimising the use of ZEV technologies.

The Government acknowledges the current higher up-front cost of electric vehicles for fleet managers. The ZEV Roadmap outlines the actions that the Government is taking to fast-track the transitions to ZEVs and achieve a target of 50 per cent of light vehicle sales to be ZEV by 2030. The actions include \$100 million in funding to create incentives to reduce upfront costs and increase sales, show Government leadership in fleet vehicle purchases, build necessary infrastructure, enhance public education, and develop a skills base to help industry transition.

Recommendation 52

That the Department of Treasury and Finance integrate electric vehicles into the Victorian Government fleet.

RESPONSE: SUPPORT IN FULL

Integration of electric vehicles into the Victorian Government fleet presents opportunities for the Victorian Government to reduce its own transport emissions, demonstrate leadership in the transition to zero emissions vehicles and stimulate the second-hand electric vehicle market. Acquisition of zero emissions vehicles for the Government's own fleet will also attract new models to the Australian market, increasing competition and further driving down cost for the average buyer.

The Government will accelerate the integration of ZEVs into its fleet under the *Whole of Victorian Government emissions reduction pledge*. The Government has set a target for fleet integration of 400 zero emissions vehicles by 2023. The addition of these vehicles will increase the familiarity of the public sector and broader community with electric vehicles and aid their broader adoption. As part of this work the Government will also integrate electric vehicle charging infrastructure into key government locations to ensure it is not increasing demand on public charging infrastructure.

Community initiatives on water, transport, waste management and food

Recommendation 53

That the Victorian Government advocate to the Australian Government for the adoption of vehicle emissions standards consistent with or better than Euro 6 and for strong consideration of separate CO2 emissions or fuel efficiency standards for passenger and light commercial vehicles.

RESPONSE: **SUPPORT IN FULL**

The Victorian Government supports introduction of new national vehicle fuel efficiency / CO2 standards, and will continue to advocate to the Australian Government for implementation of strong national fuel efficiency standards.

The Victorian Government supports action by the Australian Government to adopt vehicle emission standards consistent with Euro 6 as the national minimum standard for new vehicles. In 2021 the Victorian Government provided comment on a draft Australian Government Regulatory Impact Statement into the introduction of vehicle emission standards equivalent to Euro 6 standards and will continue to advocate for the timely introduction of strong vehicle emissions standards. Victoria will also work with other States and Territories to look at options for developing a harmonised approach to vehicle emissions standards, in the absence of action at the national level.

Recommendation 54

That the Victorian Government commence a phased replacement of the public bus fleet with electric buses, utilising learnings from its electric bus trial.

RESPONSE: **SUPPORT IN FULL**

The Victorian Government recognises that transitioning the public bus fleet to zero emissions vehicles is critical to reducing emissions from the transport sector and providing cleaner and quieter local streets, and smoother and quieter rides for Victorian bus users.

The Government has committed to all new public transport bus purchases being zero emissions models from 2025. From 2021 the Zero Emissions Bus (ZEB) project will invest \$20 million over three years in a state-wide trial to investigate zero emissions solutions for the public bus fleet and create a pipeline of local job opportunities. The ZEB project will be a substantial expansion of its first electric bus trial launched in 2019. Many of the new buses trialled by the ZEB project will be electric, however the Government will investigate other technologies alongside electric buses.

The ZEB project will inform the network and infrastructure requirements for a shift to zero emission buses and explore industry development opportunities in the manufacturing and energy sectors. The transition of the bus fleet will be informed by this study as will be a detailed depot and infrastructure plan.



Recommendation 55

That the Victorian Government use electric buses to pilot innovative and flexible modes, such as demand-responsive transport, for the expansion of public transport services to areas with less access.

RESPONSE: **SUPPORT IN FULL**

Improving public bus routes to be more accessible and affordable has a multitude of social, economic and environmental benefits for all Victorians. An upgrade to cleaner energy sources for buses will assist the government in meeting its 2050 goal of net-zero emissions.

The Victorian Government is investing \$20 million in a three-year, state-wide trial which will “investigate solutions to achieve a zero-emission bus fleet and create a pipeline of local job opportunities”. The ZEB project will inform the network and infrastructure requirements for a shift to zero emission buses and explore industry development opportunities in the manufacturing and energy sectors. The transition of the bus fleet will be informed by this study as will be a detailed depot and infrastructure plan.

The Department of Transport is also currently trialling Demand Responsive Transport solutions in low density, less accessible areas with smaller capacity buses, such services address transport accessibility, first and last mile access and access into areas with smaller streets designs with smaller more manageable vehicles.

Recommendation 56

That the Victorian Government explore options to have the metropolitan train network powered by 100% renewable energy.

RESPONSE: **SUPPORT IN FULL**

The second VRET Auction is expected to bring online at least 600 MW of new renewable energy capacity – enough to power Victorian public hospitals and schools, Melbourne’s train network, and a range of other government infrastructure and services.

Recommendation 57

That the Victorian Government establish a small grants program for neighbourhood houses and community groups to establish, maintain or improve community gardens.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government currently supports community gardens indirectly via funding mechanisms to agencies such as VicHealth and other organisations including Cultivating Communities.

In combination with support for community gardens provided by a number of local councils across Victoria, the Government maintains that existing avenues are the most appropriate to support community gardens and deliver place-specific outcomes for the community.

Recommendation 58

That the Victorian Government work urgently with food rescue and relief organisations to identify priority areas for assistance to increase the amount of food diverted from waste and meet higher demand, including through the identification of opportunities to rescue food at all points in the supply chain.

RESPONSE: **SUPPORT IN FULL**

The Victorian Government has programs underway that support the diversion of food from waste to meet increased demand from food rescue and relief organisations, including by working directly with food rescue and relief organisations and identifying solutions at all points in the supply chain.

As part of its response to the COVID-19 pandemic, the Government provided \$11.3 million to ensure Victorians in need received food relief. The investment provides emergency food relief, strengthens the food relief supply chain, enhances the capacity of, and capability within, regional food relief networks, provides support to community sector organisations, and ensures a coordinated approach to meeting increased demand for food relief. Key actions include: increasing the capacity and capability at a network of regional food distribution hubs in Albury-Wodonga, Bendigo, Geelong, Mildura and Warrnambool; and a Food Relief Taskforce that will bring together government, food relief providers, peak bodies and logistics experts to identify system level priorities to improve coordination and efficiency of food relief activity. Agriculture Victoria is also working to connect food rescue and relief organisations with farming communities to maximise the use of products from Victorian farms.

Work will continue beyond COVID-19 to reduce food waste and increase food rescue. A target has been set to halve the volume of organic material going to landfill between 2020 and 2030 with an interim target of 20 per cent reduction by 2025. The new Circular Economy Business Innovation Centre supports businesses to innovate, adopt, and implement circular economy opportunities and business models with food and organics first focus area. The centre will convene an expert advisory group and industry and government workshops, with complementary competitive grants by Sustainability Victoria. Actors across the food supply chain will identify barriers to food donations, and solutions to increase waste diversion through food rescue and relief organisations by over 60,000 tonnes per year.

Agriculture and urban forestry

Recommendation 59

That the Department of Environment, Land, Water and Planning work with Agriculture Victoria, Greenhouse Alliances, Catchment Management Authorities, the Bureau of Meteorology, CSIRO, farmers and other stakeholders to produce regional projections of climate impacts on agriculture. These projections should be made available through online tools, and support should be provided to farmers to ensure they can integrate them into their businesses. This work should seek to expand on the approach taken by projects such as the North East Catchment Management Authority's Embedding Climate Adaptation in Agriculture.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government supports the recommendation in principle. Climate change is already impacting the productivity and yield of a range of agricultural commodities and this is expected to continue. It is vital that government and the agriculture sector work together to safeguard the long-term productivity, sustainability and competitiveness of agriculture in Victoria. Access to high-quality information and data is an important part of this.

The intent of the recommendation is that the current high-resolution climate projections that are available need further information or tools to be readily interpretable by farmers. While Agriculture Victoria agrees that greater interpretability is required, it does not believe that regional projections of climate impacts on agriculture is the most efficient way of doing this.

Instead, climate projections should be complemented by additional analysis and tailored products to make information more readily available to farmers and incorporate discussion or analysis about what certain climate changes might mean for yield or productivity. Agriculture Victoria also proposes the use of advisory services, to support understanding of the complexity and margin for error in projections.

Climate projections can be used to help understand the potential impacts of changes to the climate, such as reduced winter rainfall or hotter summer temperatures. For example, climate projections can be integrated into a crop model to show the impact of reduced rainfall on wheat yields for a region.

Climate projections use a large range of models with methodological limitations that need to be considered when they are used to inform climate change adaptation decisions. Additionally, climate projections only give an indication of what the future climate could look like, and further work is required to understand the likely regional impacts on agriculture. Farmers need support and engagement to help them understand and translate climate projections into tangible investments and practice changes.

The Victorian Government in collaboration with Commonwealth Scientific and Industrial Research Organisation (CSIRO) has developed local-scale future climate projections data for Victoria for a range of applications, including use in agriculture and biophysical modelling. DELWP is currently working with the Australian Government and other jurisdictions to develop a collaborative approach to delivering updated regional climate projections for Australia.

Through the Victorian Water and Climate Initiative, DELWP has partnered with the University of Melbourne, CSIRO and the Bureau of Meteorology to develop a set of tailored climate change projections for changes in water availability across Victoria. This includes a range of tools and supporting information about past and future impacts of water availability for different types of water uses. Modelling is also undertaken to provide information about how the water entitlement framework distributes any changes in water availability in response to climate change for different types of agriculture systems to support on-farm management and decisions.

The Government intends to use climate projections to develop tailored products for specific regions and industry types. These products will be part of a coordinated approach that integrates services and tools to develop new capability to support farmers in adapting to the changing climate. The products should be accessible to farmers and supported by government engagement activities.

Recommendation 59 continued

Agriculture Victoria delivers in-depth information about the science behind weather, climate and forecasting through engagement activities with agriculture producers, and engages with DELWP to identify opportunities to apply climate projections. Agriculture Victoria also has extensive expertise in determining likely impacts of climate change projections on water balance and agricultural production through sophisticated biophysical and crop models.

Victoria's Agriculture Strategy (December 2020) highlights the importance of working closely with farmers to provide them with better data, trusted resources, technologies and technical advice to support good decision-making and informed risk management.

Translating climate projections into biophysical and crop models to understand potential impacts on commodities, similar to North East Catchment Management Authority's Embedding Climate Adaptation in Agriculture, is key to communicating information to farmers. This project highlighted opportunities that could be considered for potential scalability.



Recommendation 60

That the Victorian Government increase extension support to Victorian farmers to better enable them to adapt to and mitigate climate change. This should include increased funding for existing extension activities by organisations such as Catchment Management Authorities and Landcare, the upskilling of agronomists and other advisors in the private sector and the employment of more extension officers by Agriculture Victoria and/or the Department of Environment, Land, Water and Planning.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government supports in principle the recommendation to increase extension support to Victorian farmers to better enable them to adapt to and mitigate climate change.

Agriculture extension helps to boost agricultural productivity and rural prosperity. The most effective method to achieve the recommended outcomes is by partnering with industry, including Rural Development Corporations, to leverage existing investment and approaches. This approach is more effective, by leveraging private sector investment, than the direct investment proposed by the recommendation.

This will build on Agriculture Victoria's existing work, including direct delivery of extension services to farmers, upskilling agronomists and other advisors in the private and not for profit sectors, and community engagement in collaboration with other organisations including Catchment Management Authorities.

Agriculture Victoria's climate change adaptation and mitigation extension services target dryland and irrigation farming systems. Engagement models include group and case management extension services (delivered physically and virtually) and some financial incentive programs. These services include information and education on seasonal forecasting, soil moisture technologies, climate data and information interpretation, business and financial literacy and farm planning.

Agriculture Victoria continues to increase climate change adaptation and mitigation service delivery to farmers and service providers through internal prioritisation and realignment of existing investment. The mainstreaming of climate change in extension activities will be considerations for the implementation of the Agriculture sector emissions reduction pledge and development of the Victorian Primary Production AAP.

Victoria's Agriculture Strategy (December 2020) sets a plan to protect and enhance the future of Victorian agriculture ensuring the industry is well-placed to manage climate risks and continues to be productive and profitable under a changed climate.

Recommendation 61

That Agriculture Victoria investigate the outcomes of planned grazing in Victoria, with a view to the potential for its wider promotion through existing extension activities.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government supports in principle the recommendation for Agriculture Victoria to investigate the outcomes of planned grazing and consider its promotion through existing extension activities. Agriculture Victoria supports the investigation of planned grazing outcomes as planned and effective grazing management can positively impact soil health, pasture viability and persistence, and farm business profitability. Agriculture Victoria's ongoing research already allows understanding of current grazing systems and increasing understanding of systems under future conditions.

Agriculture Victoria's extension activities include promoting understanding of planned grazing. As such, wider promotion is not considered necessary at this stage to achieve the merit of this recommendation.

Agriculture Victoria undertakes significant work on farm pasture measurement and predictive modelling to support grazing plans and management. This work delivers information by close to real-time measurement, and modelling pasture quantity and quality, which supports on-farm planned grazing. Agriculture Victoria's existing research and development processes will transition as findings emerge to support farmers with adaptation. Agriculture Victoria will continue to investigate the future outcomes of planned grazing and promote the adoption of planned grazing principles by land managers across the state through existing and new research, innovation, extension and communication programs and in collaboration with industry partners.

Agriculture Victoria promotes current and emerging knowledge of grazing systems through its climate change adaptation, mitigation and other extension services. While the principles for grazing management are generally well understood for current climates and farming systems, ongoing extension services are required to support adaptation to climate change over a timeframe of 10 to 15 years. This includes programs that support farmers to adjust farm system pastures species, enterprise type and diversification. Agriculture Victoria's climate change adaptation, mitigation and other extension services are targeting agriculture livestock and grazing systems. Engagement models include group and case management extension services delivered physically and virtually and some financial incentive programs. The content of extension services considers the benefits and outcomes of planned grazing, which are generally understood for short term climates.

The Agriculture sector emissions reduction pledge, the Victorian Primary Production AAP and Victoria's Agriculture Strategy will be key mechanisms for government and the farming sector to work together to prepare for a changing climate. Victoria's Agriculture Strategy (December 2020) sets a plan to protect and enhance the future of Victorian agriculture ensuring the industry is well-placed to manage climate risks and continues to be productive and profitable under a changed climate.

Recommendation 62

That the Victorian Government:

- a. introduce measures to ensure that public investment in land conservation and biodiversity within agricultural land, including through Landcare, allows for a degree of carefully planned agroforestry
- b. ensure that any codes of practice for forestry on farms are outcome oriented rather than prescriptive and recognise the right of farmers to harvest their agroforestry crops, while also allowing for innovation in harvesting practices
- c. invest in a state-wide landholder and community education extension program on the benefits of agroforestry, including support for farmer networks, industry engagement, the Master TreeGrower Program and Peer Group Mentoring
- d. support agroforestry harvesting, milling and drying trials with industry, including brokers, harvesting contractors, transport companies, timber processors, builders and furniture makers, to boost the take-up of agroforestry practices and the marketing of its products.

RESPONSE: SUPPORT IN PART

Agroforestry and shelterbelt trees on private farms can deliver multiple environmental and economic outcomes including carbon sequestration, biodiversity, improved agricultural production. The Victorian Government is introducing measures that will support agricultural landholders to pursue agroforestry on their farm or property.

On 18 November 2020, the Minister for Energy, Environment and Climate Change announced \$92.3 million of funding over 16 years to restore land and plant trees to store carbon in the landscape. This funding includes the Victorian Carbon Farming Program that will receive \$15.3 million over the next 10 years. This funding will support private landholders to plant agroforestry and shelterbelt trees and access existing incentives and carbon markets. This funding also includes the Storing Carbon for Natural Restoration and Participation program that has been allocated \$76.98 million over 16 years to support revegetation and restoration of public and private land to increase carbon sequestration and deliver biodiversity and water catchment benefits.

The Government does not support measures to ensure public investment in land conservation allows for agroforestry, as these can be often competing objectives. Agroforestry may provide conservation benefit, but agroforestry is primarily for improved agricultural production, timber and other products. Agroforestry can provide an additional income stream for farmers, whilst providing a range of other on-farm benefits such as shelter and shade for stock, salinity mitigation, increased crop productivity, increased biodiversity, reduced soil loss, improved water quality and overall farm aesthetics. By contrast, public investment in land conservation and biodiversity is aligned with Government policy, Protecting Victoria's Environment – Biodiversity 2037 (Biodiversity 2037), requiring investment outcomes to contribute to an improvement in condition and extent of habitat, where plantings are permanent and based on ecological vegetation classes.

The Government notes that regulations intended to apply to commercial foresters may not appropriately apply to small agroforestry operations. The Government will investigate opportunities to ensure that the Code of Practice for Timber Production doesn't unduly impact on agroforesters through the comprehensive review required by Victoria's Regional Forest Agreements.

The Government is supportive of education and extension to promote agroforestry to landholders and the broader community. VicForests is developing a farm forestry program as part of the Victorian Government's Gippsland Plantations Investment Program. This will provide opportunities for Gippsland landholders to participate in tree-growing opportunities and there will be extensive engagement with stakeholders and communities as the program develops.

The Government acknowledges that industry trials will help support the growth of agroforestry businesses by boosting its take-up and marketing its products. The Government is delivering the Timber Innovation Grants Program to assist businesses directly affected by the Victorian Forestry Plan to conduct a range of trials, develop new products and processes and investigate downstream manufacturing opportunities. This program provides opportunities to boost the uptake by industry of agroforestry products.

Recommendation 63

That the Government investigate business models, including pricing and economic incentives, that would underpin and promote the take-up of recycled water by agricultural enterprises.

RESPONSE: **SUPPORT IN FULL**

The Victorian Government is working to increase the efficient use of all sources of water to make existing urban, agricultural and industrial water supplies and communities more resilient to drought, climate change and other pressures. Recycled water is a reliable, relatively climate-independent source of water that can be produced in and near urban centres. Recycled water is currently underused for several reasons, including the high relative capital and ongoing costs of supplying fit-for-purpose supplies to agricultural users compared to existing surface water and groundwater supplies.

Place-based solutions for recycled water supply to farms are required to ensure that the business models of these proposals are economically feasible. Sustainable Water Strategies are a key policy and planning process for the water sector to test proposals for encouraging the uptake of recycled water by agriculture with industry and communities. Water corporations are actively considering the use of recycled water in their planning.

The willingness to pay of agricultural producers varies depending on what crops and production systems can be supported with access to fit-for-purpose recycled water in the local area. Current pricing approaches for supplying customers with recycled water are negotiated based on cost of supplying the recycled water and willingness. Other factors important to the feasibility of recycled water schemes for agriculture include the timing and volumes of water produced and alignment to crop water demands, water quality, the proximity of suitable agricultural land to recycled water supply sources, the influence of land-use change in peri-urban areas and on-farm and off-farm storage requirements to support a reliable supply.

The Government is working with water corporations to determine how local concepts or schemes can supply recycled water for agriculture in a way that provides value for money, net public benefit and long-term viability. This work includes improved identification and costing of the multiple benefits of recycled water use by agricultural industries to underpin cost-sharing between beneficiaries and promote the development of recycled water schemes.

The Government is also working with the Environment Protection Authority on updating the wastewater irrigation guidelines to provide a more contemporary resource, incorporating advances in the design of irrigation systems and technology. The updated guidelines will support efforts to encourage recycled water use, raise awareness among irrigators on using recycled water and ensure that wastewater irrigation schemes are environmentally sustainable and protect public health.



Recommendation 64

That the Victorian Government investigate opportunities for the integration of underutilised Crown land into biolink projects with revegetation and protection activities to be led by local Landcare and other community groups.

RESPONSE: SUPPORT IN FULL

The Victorian Government has a range of existing processes, procedures and plans to implement this recommendation.

Victoria's biodiversity policy, Biodiversity 2037 sets out an ambitious plan to stop the decline of biodiversity and achieve overall biodiversity improvement, including a net gain in extent and condition of terrestrial habitat and a target of 200,000 ha of revegetation by 2037. This plan is supported by decision support tools and regional biodiversity response planning to maximise cost effective biodiversity outcomes. These tools and planning exercises are used to inform investment decisions and focus on-ground actions. They also help identify the best locations to restore habitat and manage land for improved biodiversity outcomes.

The *Climate Change Act 2017* provides for carbon sequestration agreements on Crown Land. The *Land Use, Land Use Change and Forestry emissions reduction sector pledge* includes actions to explore Carbon Sequestration Agreements as a mechanism for land restoration under the new Nature Restoration for Carbon Storage – BushBank program. This is a \$76.98 million program over the next 16 years to support revegetation and restoration of public and private land to increase carbon sequestration and deliver biodiversity benefits. The BushBank program will be designed during 2021, investigating opportunities to revegetate underutilised Crown land.

Biodiversity 2037 and the BushBank program collectively provide opportunities to revegetate suitable Crown land to achieve increased carbon sequestration and improve habitat for biodiversity. Bushbank will be implemented in partnership with Traditional Owners who will identify and potentially lead revegetation projects on Crown land with other partners. The program will also investigate opportunities to complement private and philanthropic investment in carbon sequestration so that these can achieve better biodiversity conservation objectives.

Importantly, these investigations will consider potential impacts of revegetation on adjacent private land, such as increased fire risk, impacts on agriculture, and long-term management requirements such as potential costs associated with increased pest and weed management, fence repair and fire preparedness, as well as any impacts for entry, egress and travel of oversized agricultural vehicles.

Project and planning and activities are likely to be led by the Crown land manager, Traditional Owners or their agents. Landcare and community groups are likely to participate in planting activities where suitable.

**Note: For the purposes of this response, underutilised Crown land is cleared Crown land not required or used for a specific purpose.*

Disaster resilience

Recommendation 65

That Emergency Management Victoria assume a leadership role in ensuring that the lessons from different community-based emergency management approaches are shared in an ongoing way and work to scale these up to more communities across Victoria.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government supports this recommendation in principle. Lessons learned from community-based emergency management can deliver on improved disaster resilience together with communities while enabling them to adapt to current and future climate change. The Government supports community-based emergency management in different contexts and the role it can play in continuing to strengthen community resilience.

Emergency Management Victoria (EMV) will continue to apply community-based emergency management approaches and examples, ensuring that past lessons inform future practice and enable more communities to be involved.

The Government will also continue to work with communities and organisations from inside and outside the emergency management sector to support broader integrated planning, decision making and activities. These efforts will also aim to enable broader adaptation and potential transformation as communities, their support systems and the climate continue to change.

Recommendation 66

That Emergency Management Victoria and the Department of Health and Human Services ensure that when Municipal Emergency Management Plans and Municipal Public Health and Wellbeing Plans are reviewed, they adequately plan for heatwaves with a focus on heat impacts on people who are especially vulnerable, including people who are registered on the Victorian Vulnerable Persons Register. All local councils should also be required, under their government disaster plans, to advertise the locations where vulnerable persons can seek refuge during heatwaves and other emergencies.

RESPONSE: SUPPORT IN PART

The Victorian Government acknowledges the severe threat posed by heatwaves and the need to ensure that emergency management and public health arrangements adequately consider their impacts, including on people who are especially vulnerable.

The Government fully supports ensuring Municipal Emergency Management Plans (MEMPs) adequately plan for heatwaves. Under the *Emergency Management Act 2013*, MEMPs are approved by multi-agency Regional Emergency Management Planning Committees (REMPCs). Before approving a MEMP, the REMPC must consider the accompanying Statement of Assurance, which states the extent to which the MEMP was prepared in accordance with legislation. At the next review of the Statement of Assurance template, EMV will consider its extension to also reference the requirement for a MEMP or a relevant MEMP sub-plan to plan for heatwaves. Local councils may also undertake a Community Emergency Risk Assessment (CERA) which is an all-hazards risk assessment tool that aims to identify, mitigate and reduce risk in the community. Heatwave is often identified as a risk in the CERA.

The Government agrees that Municipal Public Health and Wellbeing Plans (MPHWP) provide an opportunity for heatwave planning with a focus on heat impacts on people who are at risk of extreme heat. While councils are required to review MPHWP on an annual basis there are currently no formal assurance mechanisms to monitor compliance. The Government believes that formal assurance mechanisms are not appropriate for inclusion of heatwave planning in MPHWP and that guidance and education will better achieve the recommendation's outcome. The Department of Health provides guidance and support to councils and works closely with councils to support the development of MPHWP. This includes the publication of *Tackling climate change and its impacts on health through municipal public health and wellbeing planning: Guidance for local government*. The guidance provides examples of strategies local councils could implement, including opportunities to address the impacts of heatwaves.

While the Government recognises the importance of understanding cohorts at risk during heatwaves, Victorian Vulnerable Persons Registers are highly targeted tools used for evacuation purposes and are not designed for engaging with people who may be at most risk in a heatwave. Victorian Vulnerable Persons Registers, held by councils in rural and semi-rural municipalities, are emergency evacuation registers used by Victoria Police to identify people who do not have the support they need to evacuate their home during an emergency. People listed on the registers have not consented for their information to be used for other purposes. Local councils have access to other data sources for identifying those most at risk of extreme heat that will deliver better outcomes for vulnerable persons.

The Government agrees that councils have a role in promoting appropriate places of refuge during a heatwave. Councils are best placed to identify the best avenues to promote these locations to their communities, noting specific locations regularly change depending on the nature of the emergency and are determined by the relevant incident controller in consultation with council and relevant stakeholders. There is value in councils having discretion to use more timely, accessible and meaningful ways to share this information and support vulnerable Victorians.

Recommendation 67

That Emergency Management Victoria work with the community sector to develop a framework to improve the sector's resilience and business continuity.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government is committed to supporting communities to respond to and recover from emergencies.

The Government already delivers a range of initiatives that support the resilience of community organisations, including supporting regional structures to identify risks and mitigation strategies. Existing initiatives include:

- The Risk and Resilience Grants Program, which is open to the community sector and is focussed on supporting risk reduction activities including resilience and business continuity. The program targets short-term projects of up to 24 months designed to proactively reduce the risk of future emergency events and to limit the impact of future disasters and events that are associated with natural hazards. The Program will provide funding of between \$10,000 to \$250,000 per grant, with an applicant co-contribution on at least a dollar-for-dollar basis.
- The *Health and Human Services Sector Emergency Management Policy* (2019) outlines the emergency management planning and preparedness obligations for services that are delivered, funded, or regulated by the former Department of Health and Human Services. It aims to maximise clients' health, wellbeing and safety by requiring service providers to plan and prepare for a range of emergencies. Related to the policy is *Preparing for emergencies: A reference guide for organisations in the Health and Community Services Sector*. The reference guide is a resource for organisations across both the health sector and the community services sector to assist with planning for and responding to emergencies. The policy and reference guide are currently under review and Victorian Council of Social Service (VCOSS) will be consulted to provide feedback on how supporting guidance can be improved to assist community organisations with emergency planning.

The Government, through the Department of Fairness, Families and Housing also worked very closely with the community services sector in responding to the COVID-19 Pandemic.

The Government will continue to consider opportunities to engage with the community services sector, including the VCOSS and other community-based organisations to consider challenges and areas of concern, and continue to look for opportunities where the Government can add further value in this space.

Recommendation 68

That the Victorian Government establish a program to install renewable off-grid generation and storage systems at emergency facilities to ensure continued operations during an emergency.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government supports in principle the benefits of installing renewable systems on emergency facilities in providing clean power and reducing bills for their users and has already been working to support renewable off-grid technologies on-site at a range of emergency facilities. Paired with storage, renewable systems can provide backup power in the event of an emergency, where there is a loss of grid electricity to these facilities. However, battery systems that have sufficient storage capacity to act as an emergency back-up during a prolonged outage are still relatively expensive compared to fuel-based back-up generators.

Financing community climate action

Recommendation 69

That the Department of Environment, Land, Water and Planning review the New Energy Jobs Fund, particularly the benefits and outcomes delivered by its rounds of grant funding to date, with a view to providing further rounds of grant funding in the future.

RESPONSE: SUPPORT IN FULL

The Victorian Government, via DELWP, will conduct a review of the New Energy Jobs Fund (NEJF) program following the completion of its final projects in November 2021. The NEJF review will include an assessment of the benefits and outcomes delivered by the five grant funding rounds as they relate to the objectives of the fund. The program review will be completed in 2022. Any NEJF program extension will be considered once the NEJF program review has been completed and in the context of the Victorian Government's energy sector priorities and suite of initiatives active at that time.

While the NEJF review will inform future programs, the Government has applied learnings gained from previous NEJF funding rounds to subsequent rounds. This has culminated in support for a range of project types and scales in NEJF Round Five, including technologies and business models which have been successfully implemented in previous NEJF funding rounds.

The Government recently announced funding for several new initiatives aligned with the objectives of NEJF, including: the \$9.2 million Solar on Public Buildings program which will help reduce energy bills for volunteer committees of management on Crown land; and \$26.7 million for local energy projects that increase the use of clean energy – like microgrids, stand-alone power systems and neighbourhood batteries. Initiatives relating to these local energy projects will also be launched in 2021.

Recommendation 70

That, given the substantial time and effort invested by community groups in preparing grant applications for climate change action projects, the Victorian Government introduce a two-stage process with an initial expression of interest stage for the purpose of shortlisting applicants.

RESPONSE: SUPPORT IN PRINCIPLE

The Victorian Government acknowledges the considerable effort and resources community groups put into preparing grant applications and supports making processes as efficient as possible while ensuring public money is responsibly and fairly allocated. The Government recognises that there may be multiple ways of streamlining grant processes. A two-staged approach with an initial expression of interest stage can be a good way of streamlining processes and is considered by DELWP and Sustainability Victoria when designing grants programs however may not always be the most effective and efficient approach.

Through the three-year community-led Regional Adaptation Strategy process, DELWP is working collaboratively with regional communities to streamline the allocation of funding to climate change adaptation projects. Each Victorian region is allocated funding to invest in projects that address priorities, needs and opportunities identified in the Regional Adaptation Strategies which are guided by community reference groups. For example, the Grampians Region will be running a two-staged competitive grants program in 2021 that is responding to local needs after consulting with the community reference groups. In other cases, projects are being directly funded, without a competitive process where only one community organisation can complete the initiative. This approach demonstrates the Government's commitment to implementing innovative approaches to grants programs that are tailored to the needs of community.

Recommendation 71

That the Victorian Government commit at least \$20 million to fund the development and implementation of community transition plans in at least 20 communities across the State.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government is considering options for how to best support community transition planning across the state noting that a key component of Victoria's Climate Change Strategy is empowering communities to reduce emissions.

Recommendation 72

That the Victorian Government fund staff across Victoria to support community climate change action groups.

RESPONSE: **SUPPORT IN PRINCIPLE**

The Victorian Government acknowledges that providing appropriate and targeted support to communities is critical to fostering grassroots direct climate change action. The Government, including DELWP and Sustainability Victoria, fund staff located in regions across Victoria, to work in partnership with local climate action and sustainability groups. This can involve providing pathways to distribute relevant information and research, facilitating networks and sharing learnings, and connecting to funding opportunities.

While increasing staff resources would address the recommendation's intent, the Government believes a more flexible, targeted and multi-faceted partnerships approach is recommended. Current Victorian Government partnerships include collaborative relationships with the Victorian Greenhouse Alliances, programs such as CPH and the Community Climate Change and Energy Action program. These programs partner with local not-for-profit community climate change action groups to accelerate their community renewable energy and energy efficiency transition.

Additionally, Sustainability Victoria supports a Community of Practice for councils, peak not-for-profit community and social service groups, businesses and government departments to share knowledge and build capability for net-zero transition planning. DELWP also provides support for local governments and communities including training, knowledge sharing, and analysis for developing Regional Adaptation Strategies, as well as community grants programs.

Abbreviations and Acronyms

AAP	Adaptation Action Plan
ABCB	Australian Building Codes Board
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
CALD	Culturally and Linguistically Diverse
CERA	Community Emergency Risk Assessment
COAG	Council of Australian Governments
CPH	Community Power Hub
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DELWP	Department for Environment, Land, Water and Planning
EMV	Emergency Management Victoria
ESC	Essential Service Commission
ESD	Environmentally Sustainable Development
EUF	Environmental Upgrade Finance
MEMP	Municipal Emergency Management Plans
MPHWP	Municipal Public Health and Wellbeing Plans
MW	Megawatt
NCC	National Construction Code
NEJF	New Energy Jobs Fund
PV	Photovoltaic
REMP	Regional Emergency Management Planning Committees
RSS	ResourceSmart Schools
TOREP	Traditional Owner Renewable Energy Program
VCSS	Victorian Council of Social Service
VEU	Victorian Energy Upgrades
VNI West	Victoria to New South Wales Interconnector West
VRET	Victorian Renewable Energy Target
ZEB	Zero Emission Bus
ZEV	Zero Emissions Vehicle
Z-NET	Zero-Net Energy Transition

