



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

111th Report to Parliament

**Report on the 2012-13
Budget Estimates – Part One**

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Parliament of Victoria
Public Accounts and Estimates Committee

Report on the 2012-13 Budget Estimates – Part One

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DUTIES OF THE COMMITTEE

The Public Accounts and Estimates Committee is a joint parliamentary committee constituted under the *Parliamentary Committees Act 2003*.

The Committee comprises seven members of Parliament drawn from both Houses of Parliament.

The Committee carries out investigations and reports to Parliament on matters associated with the financial management of the State. Its functions under the Act are to inquire into, consider and report to the Parliament on:

- any proposal, matter or thing concerned with public administration or public sector finances;
- the annual estimates or receipts and payments and other budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council; and
- any proposal, matter or thing that is relevant to its functions and has been referred to the Committee by resolution of the Council or the Assembly or by order of the Governor in Council published in the Government Gazette.

The Committee also has a number of statutory responsibilities in relation to the Office of the Auditor-General. The Committee is required to:

- recommend the appointment of the Auditor-General and the independent performance and financial auditors to review the Victorian Auditor-General's Office;
- consider the budget estimates for the Victorian Auditor-General's Office;
- review the Auditor-General's draft annual plan and, if necessary, provide comments on the plan to the Auditor-General prior to its finalisation and tabling in Parliament;
- have a consultative role in determining the objectives and scope of performance audits by the Auditor-General and identifying any other particular issues that need to be addressed;
- have a consultative role in determining performance audit priorities; and
- exempt, if ever deemed necessary, the Auditor-General from legislative requirements applicable to government agencies on staff employment conditions and financial reporting practices.

ACRONYMS AND GLOSSARY OF TERMS

Agency	Government entities which generally receive their funding through 'departments' and for which 'departments' are responsible for reporting. Examples include Victoria Police, hospitals and TAFEs. Agencies, like 'departments', are directly accountable through one or more ministers to Parliament.
Asset investment	Expenditure on assets (generally infrastructure such as roads or hospitals) as opposed to expenditure on the delivery of goods and services ('outputs').
Budget estimates	Forecasts for future years made in the budget papers about matters such as income, expenditure, assets, liabilities and goods and services to be delivered.
Contingencies/ contingency provisions	Amounts included in a budget for expenses that have not been determined at the time of the budget. These provisions are for both predictable expenditure (such as dealing with population growth and initiatives to be released in future budgets) and unpredictable expenditure (such as unforeseen natural disasters).
Department	Large government entities. There are currently 11 departments in Victoria, plus the Parliamentary Departments. Funding for most 'agencies' is generally provided through departments and departments are required to report on the financial and performance results of the agencies for which they are responsible. Departments, like 'agencies', are directly accountable through one or more ministers to Parliament.
Entity	Either a 'department' or an 'agency'.
General government sector	Government 'entities' which provide services either with no charge to the user or with charges significantly below the cost of providing the services. This includes all 'departments' and many 'agencies'.
GSP	Gross State Product
GST	Goods and Services Tax
IBAC	Independent Broad-based Anti-corruption Commission
Net debt	A calculation based on the difference between the value of selected categories of financial assets and financial liabilities. Essentially, the difference in value between what the Government owes and assets that it could easily convert to cash. Not all financial assets and liabilities are included.
Net result from transactions	A measure of a body's financial performance in a year which is calculated by subtracting an entity's expenses in the year from its income. Also known as the 'operating result' or 'operating surplus'. The net result from transactions is different to the 'net result' (see above). 'Asset investment' is not included in either the net result from transactions or the 'net result'.

Operating result (or operating surplus)	See ‘Net results from transactions’.
Outcome	The impact of an ‘output’ on the community, such as healthier people or a reduction in crime.
Output	A good or service delivered by an entity, such as health care or policing services.
PAEC	Public Accounts and Estimates Committee
PSO	Protective Services Officer
Public financial corporation sector	Government ‘agencies’ which provide financial services, such as the Treasury Corporation of Victoria or the Transport Accident Commission.
Public non-financial corporation sector	Government ‘agencies’ which provide goods or service with charges that recover most of the cost of producing them, such as water authorities and trusts administering certain facilities. Does not include ‘agencies’ providing financial services (see ‘public financial corporations sector’).
State of Victoria	The public sector as a whole, that is the ‘general government sector’, ‘public non-financial corporations sector’ and ‘public financial corporations sector’ consolidated together.
TAFE	Technical and Further Education

CHAIRMAN'S FOREWORD

The 2012-13 Budget provides details of the Government's plans for more than \$200 billion of expenditure over the next four years. The Public Accounts and Estimates Committee's duties include an examination of these plans to ensure, among other things, that there are appropriate transparency and accountability mechanisms in place for this expenditure.

This is an important task that the Committee takes seriously. As part of this examination, the Committee sent detailed questionnaires to all departments and the Parliament. The Committee held 48 public hearings with Victorian ministers and the Parliament's presiding officers, totalling more than 54 hours. These two sources have provided a significant amount of information to supplement and explain the budget papers.

The Committee's findings from the hearings, the questionnaires and an analysis of the budget papers will be communicated to the Parliament and the community through a two-part report.

This is the first part of that report. It includes an overview of the Budget and indices for all of the public hearings. This resource is designed to help members of Parliament better understand what is proposed in the budget papers. It has been timed to assist members during their consideration of the 2012-13 appropriation bills.

This part of the report also contains an assessment of the performance measures that the Government has proposed discontinuing in this budget. Continuing a process started by the new Government in 2011-12, the Committee has been asked for its opinion on whether or not discontinuing these measures is appropriate. Chapter 3 of this report includes that opinion.

This year has seen some considerable changes in performance measures. Most of these have been positive. However, the Department of Business and Innovation has gone against that trend, reducing the number and scope of its performance measures considerably. Several concerns about this matter have been raised in Chapter 3.

Later in the year, the Committee will produce a second part of this report. Part Two will analyse the key aspects of the 2012-13 Budget in greater depth. It will draw on the information collected by the Committee through this inquiry. As well as explaining the budget estimates, Part Two will also highlight areas where transparency around government expenditure could be improved, both in the budget papers and beyond.

This year the Committee has made some changes to the style of the report. Whereas last year's report was tabled in three parts, this year's report will be consolidated into two parts. We have also sought to make the report more accessible by reducing the amount of complex and technical language. It is my hope that this and future reports will be useful to as many people as possible. I welcome and encourage any feedback from readers of this report on ways that it could be improved in the future.

This inquiry would not be possible without the cooperation of the Presiding Officers, Premier, Deputy Premier, Treasurer, Assistant Treasurer, Attorney-General, ministers, departmental secretaries and their staff. I would like to thank them all for the time and effort they put into preparing responses to our questionnaire and in attending the public hearings.

To my fellow Committee members, I would also like to express thanks for their contribution. The public hearings in particular are a long and challenging process. I have appreciated the spirit of cooperation that was generally exhibited throughout this period.

Finally, I would like to thank the members of the Secretariat for all of their hard work. Their assistance throughout this inquiry, including in the budget estimates hearings and the preparation of this report, is particularly appreciated by myself and the other members of the Committee.

A handwritten signature in black ink that reads "Philip R. Davis". The signature is written in a cursive, flowing style.

Philip R. Davis MP
Chairman

FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

CHAPTER 2. Key Aspects of the 2012-13 Budget

2.2 Structure of the 2012-13 budget papers

FINDING: The 2012-13 budget papers follow the same structure as the 2011-12 budget papers. However, three new budget information papers have also been produced. These provide additional information about the context of the Budget and strategies within it.

page 6

FINDING: Most of the major changes to the budget papers in 2012-13 have involved providing more information than previously.

page 8

2.3 Budget setting and initiatives

FINDING: The Treasurer has indicated that factors impacting on the Budget include:

- a high Australian dollar;
- weaker global and national economic conditions; and
- a reduction in GST and other revenue compared to previous estimates.

page 8

FINDING: The 2012-13 Budget announces \$4.1 billion worth of new output initiatives (additional goods and services to be delivered) and \$2.7 billion of new asset initiatives (infrastructure and other physical assets).

page 11

FINDING: Most of the funding for the new output initiatives announced in the 2012-13 Budget is expected to come from:

- reprioritisation and adjustments of funding previously allocated to departments;
- savings initiatives; and
- the release of contingency provisions.

page 12

FINDING: The 2012-13 Budget funds the bulk of the election commitments which were not funded in the 2011-12 Budget.

page 14

2.4 Operating surplus

FINDING: The Budget forecasts a surplus of \$154.9 million in 2012-13. This is in line with the Government's target of at least \$100.0 million. *page 14*

FINDING: The Government has announced a number of savings and revenue initiatives since its election. The Government estimates that these savings initiatives have saved \$1,157.2 million in 2012-13. The revenue initiatives are estimated to have provided an additional \$616.2 million in 2012-13. *page 16*

FINDING: The Committee notes that the Government has established a Better Services Implementation Taskforce to reform government services. *page 16*

FINDING: The surplus is expected to grow to \$2.5 billion by 2015-16. Underpinning this are a number of savings and revenue initiatives that have been released since the Government came to office, with an estimated impact in excess of \$7.6 billion. *page 17*

2.5 Asset investment

FINDING: The Government is planning to spend \$6.3 billion on infrastructure and other physical assets in 2012-13 and an average of \$4.7 billion per year between 2013-14 and 2015-16. *page 17*

FINDING: Over the five years to 2015-16, this expenditure is expected to average 1.4 per cent of gross state product, which exceeds the Government's target of 1.3 per cent. *page 18*

FINDING: An increasing proportion of the asset investment program is expected to be funded without borrowing in future years. It is anticipated that asset investment will be fully funded without borrowing in 2015-16. *page 18*

FINDING: Information about asset investment is presented in a variety of ways across the budget papers. *page 19*

FINDING: Net debt is expected to increase from 4.9 per cent of gross state product in June 2012 to 6.5 per cent by June 2014, before declining to 6.0 per cent by June 2016.

page 20

FINDING: The two rating agencies utilised by the Government have indicated that the State's AAA credit rating remains unchanged following the 2012-13 Budget.

page 21

2.6 Contingency provisions

FINDING: The 2012-13 Budget includes contingency provisions totalling \$4.6 billion for outputs and \$2.6 billion for asset investment over the four years to 2015-16. For 2012-13, however, the Government has set a negative contingency for outputs, anticipating that factors such as departmental underspends will exceed unplanned expenditure requirements.

page 22

CHAPTER 3. Discontinued Performance Measures

3.1 Introduction

FINDING: The 2012-13 budget papers propose discontinuing 224 performance measures and introducing 185 new measures. The Government has proposed reducing the total number of performance measures by 39 (3 per cent).

page 24

3.3 Results of the review

FINDING: The Minister for Finance has asked the Committee to review the 194 non-cost performance measures that have been proposed to be discontinued in 2012-13. In most cases, these measures have been discontinued because they relate to completed programs or projects, or they have been replaced by more relevant or informative measures. However, the Committee considers that 25 of these measures should not be discontinued.

page 25

RECOMMENDATION 1: The Government not discontinue the performance measures listed in Table 3.2.

page 25

RECOMMENDATION 2: The Department of Health develop new performance measures for:

- (a) Emergency Category 4 patients treated in less than or equal to 1 hour after arrival in the emergency department; and
- (b) Emergency Category 5 patients treated in less than or equal to 2 hours after arrival in the emergency department. *page 31*

3.5 Department of Business and Innovation

FINDING: The Department of Business and Innovation has proposed reducing its total number of performance measures by almost 50 per cent, leaving it with fewer measures than any other department. The Department's explanations in the budget papers for discontinuing performance measures were inadequate in a number of ways. *page 34*

RECOMMENDATION 3: The Department of Business and Innovation improve the quality of information provided when proposing to discontinue performance measures in future budget papers. In particular, where a measure is to be replaced by a new measure, the budget papers should specify:

- (a) which new measure is replacing the discontinued one; and
- (b) how the new measure provides a stronger basis for the evaluation of performance in specific service delivery. *page 34*

FINDING: The Department of Business and Innovation has indicated that there has been a shift in industry policy. There is now less focus on specific sectors of industry and more focus on individual businesses. The Department has discontinued many of its measures in order to reflect this change. *page 37*

FINDING: While some of the discontinuations are in line with this shift, the Committee considers that the remaining measures are not sufficient to provide transparency and accountability for the Department's activities. *page 37*

RECOMMENDATION 4: The Department of Business and Innovation develop a number of new measures in time for the 2013-14 Budget. There should be sufficient new measures to ensure that all major areas of activity are reported on adequately. The new measures should also include quality measures for all major activities where possible. *page 37*

FINDING: The Department of Treasury and Finance is responsible for preparing the budget papers and reviewing performance measures. The inadequacies associated with the Department of Business and Innovation in the 2012-13 Budget suggest that there is room for improvement in these roles.

page 38

RECOMMENDATION 5: The Department of Treasury and Finance evaluate its processes for reviewing performance measures that are proposed to be discontinued. This review should ensure that the Department can adequately fulfil its responsibilities for:

- (a) quality assurance of the budget papers; and
- (b) ensuring the robustness of outputs and performance measures.

page 38

CHAPTER 1. INTRODUCTION

1.1 Background

Before the Victorian Government can use money raised during the year, the Parliament must pass two appropriation bills. These bills, the Appropriation (Parliament 2012/2013) Bill 2012 and the Appropriation (2012/2013) Bill 2012, authorise the release of money for use by the Parliament and the Government respectively.

This money comes primarily from Commonwealth grants (including GST funding), State taxation and the sales of goods and services by the Government.

For 2012-13, these two bills seek access to \$101.2 million for the Parliament, and another \$37.7 billion for the Government. The money authorised by the appropriation bills will be used to deliver goods and services, as well as to invest in infrastructure and other assets during 2012-13.

Along with the appropriation bills, the Government has presented a set of five budget papers and a series of additional information papers to the Parliament. The budget papers are required by the *Financial Management Act 1994* (s.40) and include:

- estimates of the revenue, expenditure and other financial movements for the next four years;
- an analysis of current and expected economic conditions;
- the Government's strategies for achieving its financial and other aims;
- the amounts of funding available to departments;
- the goods and services that departments will produce or provide; and
- performance measures, which set out specifically what the Government expects to achieve for the money it spends.

The budget papers also include the expected financial requirements of the Parliament and details of funds that can be spent each year without the specific authority of the Parliament.

Under the *Parliamentary Committees Act 2003* (s.14), the Public Accounts and Estimates Committee is required to inquire into, consider and report on the budget estimates and budget papers.

The results of that inquiry are published in the *Report on the 2012-13 Budget Estimates*. This is the first of two parts of that report.

The primary aim of Part One is to assist members of Parliament in their deliberation on the appropriation bills. It will be tabled while the bills are being considered by the Parliament.

Other aims for the inquiry include:

- giving members of Parliament and the community a better understanding of the budget estimates;
- encouraging clear, full and precise statements of the Government's objectives and planned achievements in the budget papers; and
- encouraging efficient and effective government administration.

1.2 Structure

This report will be published in two parts. Part One is mainly designed for members of Parliament to assist them in considering the appropriation bills. It contains:

- a summary of the key aspects of the 2012-13 Budget;
- a review of the performance measures that the Government has proposed discontinuing, including details of those measures that the Committee considers should be kept; and
- summaries of the public hearings held with each minister and the Presiding Officers.

Part Two of the report will include a more in-depth description and analysis of the Budget. This will be tabled later in 2012.

To make this report clear and focused, it is mostly restricted to the general government sector. That sector consists of the government entities that do not recover the costs of their services from the end user, but rather receive the bulk of their funding from the Government. This covers all government departments, the Parliamentary Departments and many agencies.

1.3 Process followed for the review of the 2012-13 budget estimates

Before the tabling of the Budget, the Committee sent a questionnaire to all government departments and the Parliamentary Departments. The Committee uses the responses to understand and conduct its analysis of the budget estimates.

Shortly after the tabling of the Budget in Parliament, the Committee conducted a series of public hearings with the Premier, the Deputy Premier, the Treasurer, the Assistant Treasurer, the Attorney-General and the ministers for all portfolios. Hearings were also held with the Presiding Officers of the Parliament.

1.3.1 Questionnaire

The questionnaire had to be returned before the start of the public hearings. This enabled Committee members to clarify issues by asking the relevant ministers questions at the hearings. In Part Two of this report, further analysis of the Budget will also draw on the questionnaire.

The 2012-13 budget estimates questionnaire focussed on:

- strategic priorities;
- budget preparation;
- spending;
- efficiencies and savings;
- asset and output initiative funding;
- revenue initiatives, departmental income and tax expenditures;
- grants from the Commonwealth;
- net debt;
- geographic considerations;

- performance measures; and
- staffing matters.

All responses from departments have been published on the Committee's website (www.parliament.vic.gov.au/paec).

1.3.2 Public Hearings

Public hearings were held soon after the tabling of the Budget. All ministers and the Presiding Officers were asked to appear as witnesses before the Committee. At the hearings, each person was asked to give a short presentation, normally including slides, on their portfolio. Following the presentation, witnesses were questioned by members of the Committee. The questions dealt with how the funds allocated to the portfolio in the Budget were to be used.

If necessary, witnesses could take questions on notice. In these cases, answers will be presented to the Committee in writing after the hearing.

In all, there were 48 public hearings, taking over 54 hours, spread over two weeks.

Transcripts of the public hearings, presentations and any other documents tabled are on the Committee's website (www.parliament.vic.gov.au/paec). Responses to questions on notice will also be published on the Committee's website.

1.3.3 Report

Immediately following the hearings, the Committee prepared Part One of its report.

Part Two of the inquiry will follow Part One by a few months. Part Two will include a more detailed assessment of the budget estimates and budget papers, and will include recommendations resulting from this analysis.

1.3.4 Government responses to the previous inquiry

In last year's report on the budget estimates, the Committee made a number of recommendations to the Government. The Government's responses will be discussed in Part Two.

1.4 Acknowledgement

The Committee thanks the Presiding Officers, Premier, Deputy Premier, Treasurer, Assistant Treasurer, Attorney-General, ministers, departmental secretaries, deputy secretaries, heads of agencies and their accompanying staff for their assistance at the budget estimates hearings and for their work in responding to the budget estimates questionnaire. The Committee also thanks all the witnesses who took questions on notice or agreed to provide further information.

1.5 Cost

The cost of this inquiry was approximately \$48,200.

CHAPTER 2. KEY ASPECTS OF THE 2012-13 BUDGET

2.1 Introduction

This chapter provides an overview of five key aspects of the 2012-13 Budget:

- the structure of the budget papers;
- the budget setting and initiatives;
- the operating surplus;
- asset investment; and
- contingency provisions.

This chapter is entirely focused on the budget for the general government sector. The general government sector covers all government departments, as well as the agencies which provide services with no charge or with charges significantly below costs. It does not include government agencies that recover the costs of their services (such as water corporations) or agencies that provide financial services.

The main aim of this chapter is to assist members of Parliament in understanding the budget papers and in their deliberations on the 2012-13 appropriation bills. This chapter also reviews the clarity and transparency of the published material to identify any potential improvements. The Committee does not intend to pass judgement on the Government's specific budgetary strategies or priorities.

Part Two of this report will examine the Budget and budget papers in more detail. Additional analysis of these key themes will be made in that part and will include recommendations.

2.2 Structure of the 2012-13 budget papers

The 2012-13 budget papers consist primarily of five documents:

- the Treasurer's speech (Budget Paper No.1);
- a paper on the budget strategy and outlook (Budget Paper No.2);
- details of new initiatives, departmental performance statements (including performance measures) and local government financial relations (Budget Paper No.3);
- details of expenditure on infrastructure and other physical assets (Budget Paper No.4); and
- financial statements for various sectors of the Government and for each department, along with other financial details (Budget Paper No.5).

This repeats the same structure as the 2011-12 budget papers. As in 2011-12, the 2012-13 budget papers are also accompanied by:

- a budget overview document; and
- online financial data sets.

Three new 'budget information papers' were produced in 2012-13 that were not produced in 2011-12. The three budget information papers in 2012-13 discuss:

- regional and rural Victoria (Budget Information Paper No.1);

- Victorian families (Budget Information Paper No.2); and
- Federal financial relations (Budget Information Paper No.3).

All three budget information papers provide background on their topics. This information helps readers to understand the context of the Budget. Budget Information Papers No.1 and 2 also contain details of the Government's strategies and aims relating to the papers' topics, initiatives from previous budgets and new initiatives in the 2012-13 Budget. The regional and rural Victoria budget information paper also contains a list of existing and new projects broken down by the five regions of regional Victoria.

Much of Budget Information Paper No.3 discusses what the Government considers to be its fiscal challenges, including the system of GST distribution. It also contains several useful diagrams, including break-downs of various Commonwealth grants.

The Committee welcomes the additional disclosure provided by these information papers and encourages the Government to release similar budget information papers in future years. The Committee recognises that the topics of these papers may vary from year to year, depending on the budget setting and priorities in any particular year.

FINDING: The 2012-13 budget papers follow the same structure as the 2011-12 budget papers. However, three new budget information papers have also been produced. These provide additional information about the context of the Budget and strategies within it.

2.2.1 Changes in the 2012-13 budget papers

As well as the addition of the new budget information papers, a number of changes have been made to the other budget papers in 2012-13. These include expanded information in some areas, reduced information in other areas and restructuring. The major changes are detailed in Table 2.1.

Table 2.1 Main changes between the 2011-12 and the 2012-13 budget papers

Budget paper	Chapter	Type of change	Details
Budget Paper No.2 (2012-13 Strategy and Outlook)	Chapter 1	Expansion	Additional information has been provided about the Government's fiscal strategy and budget strategy.
	Chapter 2	Expansion	A section has been added discussing structural change in the Victorian economy.
	Chapter 3	Expansion	A new chapter has been added looking at the Government's economic reform strategy. This is an expanded version of information included in Chapter 2 in 2011-12.
	Chapter 4	Restructure	Explanations for the changes to revenue and expenditure estimates for the budget year (and the two following years) between the previous budget update and the current budget have been included in Chapter 4. These previously appeared in an appendix.
	Chapter 5	Expansion	Additional discussion has been added about the financial results and position of the public sector as a whole (referred to as the 'State of Victoria').
Budget Paper No.3 (2012-13 Service Delivery)	Introduction	Reduction	The 2011-12 budget paper included a discussion of the Government's policy agenda in the Introduction (pp.2-9). This has not been included in the 2012-13 budget paper. Additional information about selected elements of the Government's policy agenda appears in the budget information papers, but not all areas of policy are covered.

Budget paper	Chapter	Type of change	Details
Budget Paper No.3 (2012-13 Service Delivery) (continued)	Chapter 1	Restructure	In 2011-12, new initiatives which were election commitments were listed in a separate chapter from other new initiatives. In 2012-13, both election commitments and other new initiatives were included in Chapter 1. An 'election commitment summary report' has been added.
		Reduction	During the 56 th Parliament, initiatives that were released in the previous year's budget update were also included in the next year's budget papers. Initiatives from the 2011-12 Budget Update have not been included in Budget Paper No.3 for 2012-13.
	Chapter 2	Expansion	Departmental objectives have been modified. For the first time, outputs have been linked to objectives for most departments. This helps the reader to understand the relationship between the Government's objectives and what it funds. This will be discussed further in Part Two of this report.
		Reduction	In previous budget papers, each department listed its key strategic priorities for the year. This has not been included in 2012-13. However, the Committee has collected this information as part of its budget estimates questionnaire, and included the departments' responses in this report.
Budget Paper No.4 (2012-13 State Capital Program)	Chapter 1	Expansion	Additional information has been added about expenditure on infrastructure and other physical assets. This includes details of public private partnership projects.
	Chapters 2 & 3	Expansion	Asset projects expected to be completed prior to the budget year have been listed for the first time. The Committee welcomes this additional disclosure. However, as recommended by the Committee previously, ^(a) additional information about completed asset projects should be disclosed. This information could be added to the budget paper in future years.
	Definitions and Style Conventions	Expansion	A small glossary has been added, following a previous recommendation by the Committee.
Budget Paper No.5 (2012-13 Statement of Finances)	Chapter 3	Expansion	A high-level analysis of the financial statements has been added for each department. These analyses compare the 2012-13 budget estimates to the previous year's estimated figures. This analysis had been included in earlier budget papers, but removed in 2011-12. The Committee recommended that this be re-instated in the previous report on the budget estimates.
	-	Restructure	In previous years, an appendix provided tables with historical data and the forward estimates for key items of the financial statements. This has not been included in the 2012-13 budget papers, but the data are available in the online financial data sets.
Online financial data sets	-	Expansion/restructure	New data have been added online, including historic trends for some financial data and performance measures. Some figures previously provided in the budget papers are now provided online.

(a) Public Accounts and Estimates Committee, *Report on the 2009-10 and 2010-11 Financial and Performance Outcomes*, April 2012, Recommendation 45, p.222

Source: Assessment by the Public Accounts and Estimates Committee Secretariat

Most changes have involved providing additional information. The Committee welcomes this additional disclosure.

FINDING: Most of the major changes to the budget papers in 2012-13 have involved providing more information than previously.

2.3 Budget setting and initiatives

2.3.1 Budget challenges

In his budget speech, the Treasurer stated that Victoria is facing a number of challenges. He described these as real and substantial, explaining:¹

Global and national economic factors have resulted in a softer economy and significant reductions in government revenue.

These forces are placing real pressure on Victorian businesses and families and on the Government's capacity to meet community needs.

The Treasurer indicated that these factors include ‘*a high Australian dollar, weaker global and national economic conditions and a substantial reduction [compared to previous estimates] in GST and other revenue.*’²

In response to these challenges, the Treasurer indicated that:³

... the Government is taking decisive action to strengthen the State's finances, boost state-funded infrastructure to record levels (with a focus on productivity-enhancing infrastructure) while protecting the most vulnerable.

Despite these challenges, the Treasurer considers that ‘*Victoria has strong economic prospects in the years ahead. The 2012-13 Budget is a key step in meeting that potential.*’⁴

FINDING: The Treasurer has indicated that factors impacting on the Budget include:

- a high Australian dollar;
- weaker global and national economic conditions; and
- a reduction in GST and other revenue compared to previous estimates.

1 Budget Paper No.1, *2012-13 Treasurer's Speech*, May 2012, p.1

2 Victorian Budget, *2012-13 Budget Overview*, May 2012, p.1

3 *ibid.*

4 *ibid.*

2.3.2 Strategic directions

The Government's response to these challenges includes two key strategies:

- an economic reform strategy; and
- a medium-term fiscal strategy.

A fiscal strategy generally deals with the financial aspects of government activities, such as raising taxes and government expenditure. In contrast, an economic strategy generally seeks to bring about changes in the broader economy as well.

Economic reform strategy

This strategy consists of four 'pillars':⁵

- *creating significantly stronger budget capacity to fund infrastructure, maintain high quality services and keep taxes competitive;*
- *improving productivity, through investment in economic infrastructure, skills reform, creating competitive markets and reducing business costs;*
- *growing export markets to support Victorian businesses, particularly through enhanced international engagement; and*
- *supporting industries and employees in transition.*

The budget papers describe the impetus for each pillar and the key budget initiatives related to each.⁶ The Committee notes that these pillars are expressed in very broad terms, with no specified targets.

Medium-term fiscal strategy

This strategy complements the first pillar of the economic reform strategy and includes four measures with targets (see Table 2.2).

Table 2.2 Medium-term fiscal strategy

Measure	Target ^(a)
Infrastructure investment	Infrastructure investment of 1.3 per cent of GSP (calculated as a rolling five-year average)
Net debt	General government net debt reduced as a percentage of GSP over the decade to 2022
Superannuation liabilities	Fully fund the unfunded superannuation liability by 2035
Operating surplus	A net operating surplus of at least \$100 million and consistent with the infrastructure and debt parameters

(a) The targets are described in the budget papers as 'parameters against which progress will be measured' rather than as 'targets'. It is not clear to the Committee whether the Government has used the word 'parameter' rather than 'target' to indicate a difference in meaning.

Source: Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.9

5 Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.24

6 *ibid.*, pp.24-33

The budget papers state that these measures and targets draw on the final recommendations of the Independent Review of State Finances.⁷ This review was established following the 2010 election ‘*to consider the financial position of the State and recommend strategies to strengthen the finances of the State, so as to increase the living standards of Victorians.*’⁸

The Committee is pleased to see the specific, measurable targets that have been established. However, two of the targets extend into subsequent decades and no interim targets have been provided.

The budget papers also state that the Government has adopted the Review’s overarching financial management principles as its long-term financial management objectives.⁹ These long-term objectives are described as:¹⁰

- managing responsibly;
- looking after the future;
- managing the unexpected;
- improving services; and
- maximising community benefit.

The Government is yet to publicly release the Review’s final report.

2.3.3 New output and asset initiatives

The 2012-13 Budget announces new output initiatives (that is, new goods and services to be delivered by the Government) with a cost of \$4.1 billion between 2011-12 and 2015-16.¹¹ The Budget also announces new asset initiatives (that is, funding for infrastructure and other physical assets) with a total estimated investment (over the life of the projects) of \$2.7 billion.¹²

New output initiatives increase government expenditure and have a negative effect on the surplus. Savings initiatives have the opposite effect, as they are intended to reduce expenditure. New asset initiatives are partially funded from the surplus. Where sufficient cash is not available, borrowings will normally be required to fund them.

These new initiatives are presented in several different ways through the budget papers:

- the *2012-13 Budget Overview* describes the Government’s main new funding decisions (including major new initiatives) for each of 12 themes;
- Budget Paper No.2 (*2012-13 Strategy and Outlook*) provides tables of the total value of new output and asset initiatives for each department. It also details the financial impact of the new output initiatives on the Budget;¹³

7 *ibid.*, p.8

8 Independent Review of State Finances, ‘Welcome’, <www.irsf.vic.gov.au>, accessed 18 May 2012

9 Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.8

10 *ibid.*, p.9

11 Budget Paper No.3, *2012-13 Service Delivery*, May 2012, Chapter 1

12 Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.49

13 *ibid.*, pp.47, 49

- Budget Paper No.3 (*2012-13 Service Delivery*) lists all new output and asset initiatives announced in this budget. Descriptions of each initiative, details of funding and links to the departments' outputs are provided. Separate tables have also been supplied listing new initiatives under the heading 'Protecting Victoria's vulnerable children';
- Budget Paper No.4 (*2012-13 State Capital Program*) lists both new and existing asset projects (over certain thresholds). Details provided include the total estimated investment and the estimated expenditure for 2012-13; and
- budget information papers no.1 and no.2 include details of new and existing initiatives relevant to their themes ('regional and rural Victoria' and 'Victorian families').

FINDING: The 2012-13 Budget announces \$4.1 billion worth of new output initiatives (additional goods and services to be delivered) and \$2.7 billion of new asset initiatives (infrastructure and other physical assets).

Impact of the new output initiatives

The total cost of the new output initiatives will be \$4.1 billion over the four years to 2015-16. The Government plans to fund the bulk of this through:

- 'reprioritisation and adjustments' of funding previously allocated to departments (see discussion below on the meaning of this);
- savings initiatives; and
- the release of contingency provisions.

After taking these into account, the financial impact of the new output initiatives is only an additional cost of \$39.1 million in 2012-13. Between 2013-14 and 2015-16, it is expected that the funding released from these three sources will be greater than the cost of the initiatives announced in the 2012-13 Budget (see Table 2.3).

Table 2.3 Net financial impact of the new output initiatives in the 2012-13 Budget

	2012-13 Budget (\$ million)	2013-14 estimate (\$ million)	2014-15 estimate (\$ million)	2015-16 estimate (\$ million)
Output initiative costs (gross)	1,211.5	936.3	969.4	985.8
Less:				
• Funding from reprioritisation and adjustments	144.4	51.7	40.1	15.8
• Savings	241.9	265.9	267.8	240.3
• Release of contingency provisions	786.1	816.3	810.2	799.8
Total deductions	1,172.4	1,133.9	1,118.1	1,055.9
Net financial impact	39.1	-197.6	-148.8	-70.2

Source: Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.47

The only discussion of the item ‘funding from reprioritisation and adjustments’ in the budget papers is an explanatory note. This note states, ‘*This includes the reprioritisation of resources previously allocated to departments.*’¹⁴ In the absence of more information, the Committee assumes that this item relates to reductions in funding provided for programs in previous budgets. These reductions are presumably a result of changes to the Government’s strategic priorities, and are separate to reductions through savings measures.

As well as the \$144.4 million that was reallocated in the 2012-13 Budget, an additional \$384.4 million of funding for 2012-13 was reallocated in the 2011-12 Budget.¹⁵ In total, therefore, \$528.8 million previously allocated to programs in 2012-13 has been reallocated. The Committee has recommended previously that additional information about this be provided,¹⁶ though this has not been supported by the Government.¹⁷

The ‘savings’ item relates to the savings initiatives announced in the 2012-13 Budget. These are detailed elsewhere in the budget papers and discussed further in Section 2.4 of this report.

The third item indicates how much the Government expects to draw on its contingency provisions to offset the cost of new initiatives. In total, \$3.2 billion is released from these provisions over the four years to 2015-16. Contingency provisions in the 2012-13 Budget are discussed below in Section 2.6.

FINDING: Most of the funding for the new output initiatives announced in the 2012-13 Budget is expected to come from:

- reprioritisation and adjustments of funding previously allocated to departments;
- savings initiatives; and
- the release of contingency provisions.

2.3.4 The Government’s election commitments

Prior to its election in 2010, the Government set out a series of commitments to be achieved over the next four years. The 2011-12 budget papers disclose that the Government’s election commitments had been costed at:¹⁸

- \$5.2 billion for output and revenue commitments; and
- \$2.4 billion for asset commitments.

14 *ibid.*, p.47

15 *ibid.*, p.30

16 Public Accounts and Estimates Committee, *Report on the 2011-12 Budget Estimates — Part Three*, September 2011, Recommendation 24, p.95

17 Victorian Government, Government Responses to the Recommendations of Public Accounts and Estimates Committee’s 102nd Report on the 2011-12 Budget Estimates — Part Three, tabled 14 March 2012, p.14

18 Budget Paper No.3, *2011-12 Service Delivery*, May 2011, p.13

The 2011-12 Budget funded \$5.1 billion of the output and revenue commitments and \$1.1 billion of the asset commitments.¹⁹ The 2011-12 budget papers indicate that the remaining commitments '*will be fully funded in future budgets during this term of government.*'²⁰

The 2012-13 budget papers provide an update on the Government's progress at funding the election commitments (see Table 2.4).

Table 2.4 Progress at funding the Government's election commitments

	Government election commitments ^(a) (\$ million)	Funding provided up to 2012-13 Budget (\$ million)	Funding provided in 2012-13 Budget (\$ million)	Progress as at 2012-13 Budget ^(b) (\$ million)
Output and revenue initiatives ^(c)	5,213.1	5,001.6	183.3	5,184.9
Asset initiatives ^(d)	2,403.6	1,040.1	1,154.6	2,194.8

Notes (as supplied by the Department of Treasury and Finance):

- (a) Government Election Commitments refers to the Liberal Nationals Coalition 2010 Election Commitments document.
- (b) Total includes adjustments to funding as a result of changes to policy parameters, such as bringing forward the timing of election commitments and delivery of services beyond the scope of the Government Election Commitments.
- (c) Government Election Commitments total includes revenue and savings items. Where achieved, the funding progress amount also includes revenue and savings as specified within the Government Election Commitments.
- (d) Government Election Commitments total includes relevant savings as specified within the Government Election Commitments.

Source: Budget Paper No.3, *2012-13 Service Delivery*, May 2012, p.81

Table 2.4 indicates that the 2012-13 Budget funds an additional \$183.3 million of output and revenue initiatives and an additional \$1,154.6 million of asset initiatives. The end result is that around 99 per cent of output and revenue commitments have now been funded and about 91 per cent of asset commitments have now been funded.

The Committee notes some differences when comparing the value of funding prior to the 2012-13 budget papers as presented in the 2011-12 budget papers and as presented in the 2012-13 budget papers (see Table 2.5).

Table 2.5 Value of funding committed prior to 2012-13

	As indicated in the 2011-12 budget papers ^(a) (\$ billion)	As indicated in the 2012-13 budget papers ^(b) (\$ billion)
Output and revenue initiatives (expenditure over the forward estimates)	5.12	5.00
Asset initiatives (total estimated investment)	1.10	1.04

(a) Budget Paper No.3, *2011-12 Service Delivery*, May 2011, p.13

(b) Budget Paper No.3, *2012-13 Service Delivery*, May 2012, p.81

It is not clear to the Committee why these figures would be revised. There is no explanation in the budget papers, unless it is meant to be covered by the note that the total funding committed up to and including the 2012-13 Budget.²¹

19 *ibid.*

20 *ibid.*

21 Budget Paper No.3, *2012-13 Service Delivery*, May 2012, p.81

... includes adjustments to funding as a result of changes to policy parameters, such as bringing forward the timing of election commitments and delivery of services beyond the scope of the Government Election Commitments.

However, neither of the examples in the note would lower the value of initiatives previously funded between the 2011-12 and 2012-13 budgets.

FINDING: The 2012-13 Budget funds the bulk of the election commitments which were not funded in the 2011-12 Budget.

2.4 Operating surplus

The difference between the total revenue received and the total operating expenses is referred to as the ‘net operating balance’ or ‘net result from transactions’. This net operating balance is typically used to fund infrastructure spending (which is not included in operating expenses) or pay off debt.

The Government has repeatedly committed to delivering a minimum of \$100 million surplus for the net operating balance.²² In 2012-13, this has been identified as one of the four targets of the medium-term fiscal strategy (see Section 2.3.2 of this report).

Consistent with this target, the Government is forecasting a surplus of \$154.9 million in 2012-13. The Treasurer explained that:²³

Despite global uncertainty, a softer economy and a significant fall in revenue, the 2012-13 Budget will be in surplus by \$155 million.

The budget projects surpluses in every year.

The forecast surplus will grow over the next four years to \$2.5 billion by 2015-16.

Surpluses are not an end in themselves.

Surpluses are important because they build the capacity to fund infrastructure and better services. They reduce our reliance on debt and they help protect Victoria against future economic shocks.

Table 2.6 shows the revenue and expense projections for 2012-13 together with the original budget and latest estimate for 2011-12 (referred to as the ‘revised estimate’).

Table 2.6 shows that the operating surplus for 2012-13 is expected to be \$14.5 million (10 per cent) higher than the initial budget for 2011-12 and \$28.9 million (23 per cent) higher than the latest estimate for 2011-12.

FINDING: The Budget forecasts a surplus of \$154.9 million in 2012-13. This is in line with the Government’s target of at least \$100.0 million.

22 Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.4; Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.9

23 Budget Paper No.1, *2012-13 Treasurer’s Speech*, May 2012, p.3

Table 2.6 Revenue and expense estimates for 2011-12 and 2012-13

Operating item	2011-12 Budget	2011-12 revised estimate	2012-13 Budget
	(\$ million)	(\$ million)	(\$ million)
Revenue	47,439.2	46,875.1	48,356.7
Expenses	47,298.8	46,749.1	48,201.8
Net result from transactions (surplus)	140.4	126.0	154.9

Sources: Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.26; Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.38

2.4.1 Savings and revenue initiatives

At first glance, there appears to be relatively small movements between 2011-12 and 2012-13. However, underlying this apparent stability have been a number of initiatives announced by the Government since it came to office, including:

- savings initiatives, to limit the growth in expenditure; and
- revenue initiatives, to increase the amount of revenue.

These measures are summarised in Table 2.7. As can be seen from the table, they have had a sizeable impact on the 2012-13 Budget.

Table 2.7 Savings and revenue initiatives, as announced in budget papers, 2011-12 to 2012-13

Budget	Initiative	Estimated impact in 2012-13 (\$ million)	Estimated impact over the forward estimates (\$ million)
SAVINGS INITIATIVES			
2011-12 Budget	Government election commitment savings	349.6	1,568.7
	Measures to offset the GST reduction	161.7	637.7
2011-12 Budget Update	Capping departmental expenditure growth	227.0	1,010.0
	Maintain a sustainable public service	177.0	931.0
2012-13 Budget	Savings	241.9	1,016.2
Total savings initiatives		1,157.2	5,163.6
REVENUE INITIATIVES^(a)			
2011-12 Budget	Various	127.2	481.5
2011-12 Budget Update	Various	317.5	1,157.5
2012-13 Budget	Various	171.5	805.7
Total revenue initiatives^(b)		616.2	2,444.7
Total savings and revenue initiatives		1,773.4	7,608.3

(a) Does not include revenue foregone initiatives.

(b) The 2012-13 budget papers provide lower figures for the total value of revenue initiatives (\$601 million for 2012-13) – Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.5. It is not clear how this figure has been calculated.

Sources: Budget Paper No.3, *2011-12 Service Delivery*, May 2011, pp.92, 148; Victorian Budget 2011-12, Efficiency Savings Background Brief, n.d., p.1; 2011-12 Victorian Budget Update, December 2011, pp.113-4; Budget Paper No.3, *2012-13 Service Delivery*, May 2012, Chapter 1

These savings and revenue initiatives and their impact on the Budget will be discussed further in Part Two of this report.

FINDING: The Government has announced a number of savings and revenue initiatives since its election. The Government estimates that these savings initiatives have saved \$1,157.2 million in 2012-13. The revenue initiatives are estimated to have provided an additional \$616.2 million in 2012-13.

2.4.2 The Better Services Implementation Taskforce

The Government has indicated that it is committed to reforming government services, especially by:²⁴

- *improving the governance and focus of government agencies;*
- *addressing areas of duplication with the Commonwealth;*
- *increasing the transparency of government operations and outcomes achieved; and*
- *modernising service delivery and providing more choice.*

The budget papers state that initial steps have been taken in these directions in the 2012-13 Budget and explain that, ‘*Details on these measures are provided in Budget Paper No. 3.*’²⁵ In the absence of more detailed information, the Committee assumes that this relates to the new round of savings announced in the 2012-13 Budget (see Table 2.7).

In addition, in March 2012, the Government announced the establishment of a Better Services Implementation Taskforce. This taskforce consists of experienced executives from the private and public sectors²⁶ and is expected to ‘*oversee modernisation of Victoria’s government services.*’²⁷ The taskforce will draw on recommendations of the Independent Review of State Finances concerning the governance and operations of public sector entities.²⁸

The Committee considers that the work of this taskforce will be of interest to the Parliament and the community and intends to follow its progress in future years.

FINDING: The Committee notes that the Government has established a Better Services Implementation Taskforce to reform government services.

24 Budget Paper No. 2, *2012-13 Strategy and Outlook*, May 2012, p.31

25 *ibid.*

26 Mr T. Baillieu MP, Premier, ‘Implementation taskforce established’, media release, 16 March 2012

27 Budget Paper No. 2, *2012-13 Strategy and Outlook*, May 2012, p.31

28 *ibid.*

2.4.3 Future operating surpluses

Partly as a result of these measures, the Government anticipates that revenue will grow at a faster rate than expenses over the next four years. This will allow the surplus to increase over that period (see Table 2.8).²⁹

Table 2.8 Revenue and expense estimates, 2012-13 to 2015-16

Operating item	2012-13 Budget	2013-14 estimate	2014-15 estimate	2015-16 estimate
	(\$ million)	(\$ million)	(\$ million)	(\$ million)
Revenue	48,356.7	50,458.7	52,384.9	55,001.6
Expenses	48,201.8	49,597.6	51,308.4	52,473.8
Net result from transactions (surplus)	154.9	861.1	1,076.4	2,527.8

Source: Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.38

The Committee intends to closely monitor, in future reports, the performance of the Government compared to these estimates.

FINDING: The surplus is expected to grow to \$2.5 billion by 2015-16. Underpinning this are a number of savings and revenue initiatives that have been released since the Government came to office, with an estimated impact in excess of \$7.6 billion.

2.5 Asset investment

2.5.1 Level of investment

In 2012-13, the Government is expecting to spend \$6.3 billion on asset investment.³⁰ Asset investment includes infrastructure such as roads and hospitals, and other physical assets such as trains and computers. Between 2013-14 and 2015-16, the Government expects to spend an average of \$4.7 billion per year in asset investment.³¹

The budget papers estimate that asset investment (net of proceeds from asset sales) over the five-year period to 2015-16 will average 1.4 per cent of gross state product³² (see Table 2.9 for the last four years of that period). This exceeds the Government's medium-term fiscal strategy target of 1.3 per cent (see Section 2.3.2 of this report).

FINDING: The Government is planning to spend \$6.3 billion on infrastructure and other physical assets in 2012-13 and an average of \$4.7 billion per year between 2013-14 and 2015-16.

29 *ibid.*, pp.36-40

30 *ibid.*, p.48.

31 *ibid.*

32 *ibid.*, p.47

FINDING: Over the five years to 2015-16, this expenditure is expected to average 1.4 per cent of gross state product, which exceeds the Government's target of 1.3 per cent.

Funding for this expenditure comes primarily from four sources:

- the net result from transaction (surplus) – that is, the money left over after operating expenses have been deducted from the income;
- 'non-cash income and expenses' (this includes expenses such as depreciation and changes in liability – these are included in the operating expenses for accounting reasons but do not actually involve any cash flowing out, so the cash equivalent to these amounts is still available);
- proceeds from the sale of government assets; and
- borrowings.

Table 2.9 shows the proportion of the Government's asset investment that could be funded from the first three of these sources.

Table 2.9 Projected asset investment, 2012-13 to 2015-16

Item	2012-13 (\$ million)	2013-14 (\$ million)	2014-15 (\$ million)	2015-16 (\$ million)
Funding from the surplus, 'non-cash income and expenses' and the sale of assets [A]	2,558.3	3,544.4	3,638.4	5,304.4
Expenditure on asset investment ^(a) [B]	6,346.8	5,680.4	4,256.1	4,102.8
Percentage of [A] over [B] (per cent)	40.3	62.4	85.5	129.3
Net asset investment ^(b) as a proportion of gross state product (per cent)	1.7	1.5	1.0	1.0

(a) Includes expenditure on approved projects and capital provision approved but not yet allocated.

(b) Expenditure on asset investment minus proceeds from asset sales.

Source: Calculated by the Committee's Secretariat from data in Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.48; Budget Paper No.5, *2012-13 Statement of Finances*, May 2012, p.17

Over the four years from 2012-13 to 2015-16, it is expected that the proportion of the Government's asset investment that can be funded from sources other than borrowings will increase from 40 per cent to the full amount.³³ This change primarily reflects the Government's expectation of higher operating surpluses over the forward years (see Section 2.4.3).

There will be further discussion of asset investment and how it is funded in Part Two of this report.

FINDING: An increasing proportion of the asset investment program is expected to be funded without borrowing in future years. It is anticipated that asset investment will be fully funded without borrowing in 2015-16.

2.5.2 Disclosure in the budget papers

As in previous years, details of the Government's asset investment program are spread across the various 2012-13 budget papers. For example:

- Budget Paper No.2 (*2012-13 Strategy and Outlook*) provides details of the aggregate expenditure on asset investment and a list of each department's expenditure on new asset initiatives;³⁴
- Budget Paper No.3 (*2012-13 Service Delivery*) details each new asset initiative announced in the 2012-13 Budget. Initiatives are listed by department. Details include a description of each project, the total estimated investment, estimated expenditure for each year to 2015-16 and the relevant output to which the initiative contributes;³⁵
- Budget Paper No.4 (*2012-13 State Capital Program*) lists new and existing asset initiatives under departmental and agency headings. It shows each project's total estimated investment, estimated expenditure to 30 June 2012, estimated expenditure in 2012-13 and projected remaining expenditure. Due to varying accounting bases, threshold conventions and the exclusion of projects identified as commercially sensitive,³⁶ the total expenditure detailed in this budget paper does not align with totals elsewhere; and
- Budget Paper No.5 (*2012-13 Statement of Finances*) identifies (within each department's financial statements) the expected cash expenditure on asset investment.³⁷ It also breaks down the total asset investment from 2012-13 to 2015-16 by department and purpose.³⁸

The Committee has previously raised concerns about this scattered approach to presenting information³⁹ and the fact that data in one budget paper cannot always be reconciled with related material in other budget papers (due to factors such as threshold conventions and different inclusions or exclusions). This will be discussed further in Part Two of the report.

FINDING: Information about asset investment is presented in a variety of ways across the budget papers.

2.5.3 Net debt

As noted in Section 2.5.1, where the level of asset investment exceeds the funding available, additional borrowings are required. These additional borrowings contribute to the Government's level of net debt. Net debt is defined in the budget papers as:⁴⁰

The sum of borrowings and deposits held and advances received less the sum of cash and deposits, advances paid, and investments, loans and placements.

34 *ibid.*, pp.48-9

35 Budget Paper No.3, *2012-13 Service Delivery*, May 2012, Chapter 1

36 Budget Paper No.4, *2012-13 State Capital Program*, May 2012, pp.8-9

37 Budget Paper No.5, *2012-13 Statement of Finances*, May 2012, Chapter 3

38 *ibid.*, pp. 33-4

39 Public Accounts and Estimates Committee, *Report on the 2011-12 Budget Estimates — Part One*, June 2011, p.26

40 Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.51

The changes in net debt over the forward estimates period can be seen in Table 2.10. In dollar terms, net debt is expected to increase to 2015, before reducing marginally between 2015 and 2016. The reduction between 2015 and 2016, though, is a result of the Government increasing the value of its financial assets (mostly cash and deposits) rather than reducing the amount of borrowings. Borrowings, in fact, increase by approximately \$400,000 in that year.⁴¹

Table 2.10 Net debt as at 30 June, 2012 to 2016

	2012	2013	2014	2015	2016
Net debt (\$ billion)	16.1	20.7	23.1	23.8	23.7
Net debt (per cent of gross state product)	4.9	6.1	6.5	6.3	6.0

Source: Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.51

The Government's medium-term fiscal strategy includes a target of reducing net debt as a proportion of gross state product between 2012 and 2022.⁴² As can be seen from Table 2.10 net debt reduces as a proportion of gross state product after 2014. However, this reduction is primarily driven by the expected increase in gross state product, rather than a reduction in debt.

Further analyses of debt will be included in Part Two of this report.

FINDING: Net debt is expected to increase from 4.9 per cent of gross state product in June 2012 to 6.5 per cent by June 2014, before declining to 6.0 per cent by June 2016.

Statements on the 2012-13 Budget from credit agencies

The two rating agencies engaged by the Government, Standard & Poor's and Moody's Investors Services, issued statements on the 2012-13 Budget.

Standard & Poor's stated in its press release that Victoria's credit ratings (AAA/Stable) '*are not immediately affected by the Victorian government's announcement of its 2012-13 budget.*'⁴³ The comments by the agency included:⁴⁴

Today's budget is consistent with our expectation that the government will manage the state's finances within the constraints of lower operating revenues. The budget also includes a new fiscal strategy that targets operating surpluses and lower debt while providing for future infrastructure investment. Providing the state remains committed to its medium-term fiscal strategy, downside potential to the rating is low.

Standard & Poor's assessment of a strong institutional framework and a strong and diversified economy continue to support the ratings on Victoria.

41 *ibid.*

42 *ibid.*, p.9

43 Standard & Poor's, 'Ratings on the Australian State of Victoria unchanged after State Budget announcement', media release, 1 May 2012

44 *ibid.*

Moody's Investors Service stated that '*the outlook on the State of Victoria's AAA rating is stable and is unlikely to change with the release of its 2012-13 budget.*'⁴⁵ The agency further commented that:⁴⁶

Despite the impact of weaker revenue growth that has occurred more recently as state conveyancing duties and GST-backed commonwealth grants have slowed, the performance is expected to improve due to the state's intention to restrain spending including implementing the recommendations of the state's Independent Review of State Finances.

Both agencies have therefore confirmed that their ratings of Victoria remain stable following release of the 2012-13 Budget.

FINDING: The two rating agencies utilised by the Government have indicated that the State's AAA credit rating remains unchanged following the 2012-13 Budget.

2.6 Contingency provisions

In each budget, contingency provisions are made for expenses that have not been determined when the Budget is prepared. These expenses may be required for:⁴⁷

- unexpected needs, such as natural disasters, demands for services growing faster than predicted or wage negotiations resulting in higher costs than estimated; or
- needs which are expected but cannot currently be quantified, such as variations to asset investment projects and new initiatives to be released in future budgets.

Three types of contingency provision are made, as indicated in Table 2.11.

Table 2.11 Contingency items within the 2012-13 Budget and Appropriation Bill

Contingency item	2012-13 (\$ million)	2013-14 (\$ million)	2014-15 (\$ million)	2015-16 (\$ million)	Total (\$ million)
Output contingencies ^(a)	-130.5	1,025.9	1,582.3	2,132.3	4,610.0
Asset contingencies ^(b)	-	328.4	520.0	1,768.1	2,616.5
Advance to the Treasurer to meet urgent claims ^(c)	524.1	-	-	-	524.1

(a) Budget Paper No.5, *2012-13 Statement of Finances*, May 2012, p.30

(b) Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, p.48

(c) Appropriation (2012/2013) Bill 2012, page 16 of Schedule 1. The Advance to the Treasurer is released on a yearly basis. It is expected that similar figures would also be made available in future years.

The Government has put aside sizeable contingency provisions, with \$4.6 billion set aside for outputs (over the four years to 2015-16) and \$2.6 billion for asset investment, in addition to the Advance to the Treasurer. The value of contingency provisions varies significantly from one year to another, but the provisions made in the 2012-13 Budget are in line with historic amounts.⁴⁸

45 Moody's Investors Service, *Announcement: Moody's comments on State of Victoria's 2012-13 Budget*, 1 May 2012

46 *ibid.*

47 Budget Paper No.2, *2012-13 Strategy and Outlook*, May 2012, pp.52-3

48 Public Accounts and Estimates Committee, *Report on the 2011-12 Budget Estimates — Part Three*, September 2011, p.198

Of particular interest to the Committee is the fact that the 2012-13 output contingency is a negative amount (\$-130.5 million). The budget papers do explain that the contingency provision is a net amount which includes expected departmental underspending as well as allowance for additional expenditure.⁴⁹ However, no specific explanation of how this year's contingency amount was calculated is provided.

The Committee notes that one impact of the negative output contingency in 2012-13 is that the operating expenses are reduced by this amount. If this negative contingency were not in place, the net result from transactions would be a surplus of \$24.4 million rather than \$154.9 million.

Overall, there has been a substantial reduction in the level of contingency funds for 2012-13 compared to 2011-12. In 2011-12, \$342.2 million of output contingency provision was made and \$779.1 million was available through the Advance to the Treasurer. Together, these provided an additional \$1,121.3 million. This contrasts substantially with the net amount of \$393.6 million available from these two sources in 2012-13.

As discussed previously, the Committee does not have a view on the appropriate level of contingency provisions. It can be argued that a large contingency is important for risk management. It can also be argued that excess provisions should be avoided so that funds can be used to deliver services.⁵⁰

However, the Committee does consider that transparency about contingency provisions is important. This transparency should include explanations for the value of contingency provisions in a particular budget, including the methodology used to calculate the provisions. In its *Report on the 2011-12 Budget Estimates*, the Committee recommended that the Government present expanded information about contingencies in future years, including their role in the budgetary process and the methodology employed for determining their quantification.⁵¹

The Government supported that recommendation, indicating that the Department of Treasury and Finance 'will explore opportunities to enhance discussion around the basis and role of contingencies.'⁵²

The presentation of material on contingencies in the 2012-13 Budget is essentially unchanged from the previous year. The Committee strongly encourages the Government to go beyond its stated support for enhanced presentation through the taking of substantive action in the 2013-14 budget papers.

FINDING: The 2012-13 Budget includes contingency provisions totalling \$4.6 billion for outputs and \$2.6 billion for asset investment over the four years to 2015-16. For 2012-13, however, the Government has set a negative contingency for outputs, anticipating that factors such as departmental underspends will exceed unplanned expenditure requirements.

49 Budget Paper No.5, *2012-13 Statement of Finances*, May 2012, p.30

50 Public Accounts and Estimates Committee, *Report on the 2011-12 Budget Estimates — Part One*, June 2011, p.30

51 *ibid.*, Recommendation 8, p.31

52 Victorian Government, Government Responses to the Recommendations of the Public Accounts and Estimates Committee's 102nd Report on the 2011-12 Budget Estimates — Part One, tabled 24 November 2011, p.5

CHAPTER 3. DISCONTINUED PERFORMANCE MEASURES

3.1 Introduction

Each year, Budget Paper No.3 (Service Delivery) includes a suite of performance measures. These measures relate to the goods and services that the Government expects departments to deliver in the next year (referred to as 'outputs'). The performance measures describe the quantity, quality, timeliness and costs of particular goods and services.

In describing what the departments will deliver, performance measures are a crucial accountability tool. Each measure includes a target, and departments are required to report on their actual result compared to that target at the end of each financial year. This reporting must include explanations for any significant or material differences between the target and the actual result.

With each budget, performance measures are reviewed by departments and the Government. As a result, changes may be made, including:

- adding new measures;
- discontinuing obsolete measures;
- modifying measures to reflect changed circumstances; and
- adjusting targets.

In the 2012-13 Budget, the Government has proposed a large number of changes to the performance measures. As the Minister for Finance explained:⁵³

In line with recommendations made by PAEC, the Department of Treasury and Finance has worked with departments to review the quality of outputs and performance measures across all departments, in consultation with the Department of Premier and Cabinet.

The focus in this year's budget papers has been on enhancing performance measures tracking quality, improving the clarity of output descriptions and setting performance targets that better match and reflect output delivery. The review has also resulted in restructuring of departmental performance statements to more closely align output delivery with departmental objectives. This has resulted in a broader range of changes to outputs and measures than would normally occur in a typical budget.

In total, the Government has proposed discontinuing 224 measures and introducing 185 new measures. As a result, the total number of performance measures has reduced by 39 (3 per cent), from 1,242 to 1,203 (see Table 3.1).

53 Hon. R. Clark MP, Minister for Finance, correspondence received by the Committee, received 1 May 2012

Table 3.1 Changes to performance measures, 2011-12 to 2012-13

	Number of measures
Performance measures in 2011-12 ^(a)	1,242
Non-cost performance measures proposed to be discontinued	-194
Cost performance measures proposed to be discontinued	-30
New non-cost performance measures	167
New cost performance measures	18
Proposed performance measures in 2012-13	1,203

(a) Includes 1,233 performance measures in the 2011-12 budget papers, plus nine measures that were re-instated following review by the Committee.

Sources: Budget Paper No.3, *2011-12 Service Delivery*, May 2012; 2011-12 Budget Update, December 2011, Appendix B; Budget Paper No.3, *2012-13 Service Delivery*, May 2012

FINDING: The 2012-13 budget papers propose discontinuing 224 performance measures and introducing 185 new measures. The Government has proposed reducing the total number of performance measures by 39 (3 per cent).

The Minister for Finance asked the Committee to review the 194 non-cost performance measures that have been proposed to be discontinued. The purpose of the review is ‘*to determine whether or not PAEC agrees that these proposed changes are appropriate.*’⁵⁴ As this review was requested by 30 June 2012, the review has been included in this part of the report. Additional analysis of the 2012-13 performance measures and their targets will be included in Part Two.

3.2 Assessment criteria

This is the second time that the Committee has reviewed the performance measures that are proposed to be discontinued. In its 2011-12 report, the Committee discussed better practice in performance measurement in some detail.⁵⁵

In 2011-12, the Committee developed criteria to determine whether or not it is appropriate for performance measures to be discontinued. These criteria have been applied again by the Committee in 2012-13. The Committee considers that measures should be discontinued if:

- they are no longer appropriate (this will generally occur where measures reflect milestones, projects or programs that have been completed, altered or discontinued);
- they are replaced by new measures that are more relevant or informative; or
- the discontinuation of a measure does not inhibit the Parliament’s ability to determine whether the output has been implemented successfully.

54 *ibid.*

55 Public Accounts and Estimates Committee, *Report on the 2011-12 Budget Estimates — Part Two*, June 2011, Chapter 2

The Government has produced a similar list of criteria.⁵⁶ The budget papers explain that, with respect to 2012-13:⁵⁷

In the main, substantially changed and discontinued measures have been amended or replaced by new measures that provide a stronger basis for evaluation of performance in the delivery of services to the community.

Explanations for each of the non-cost performance measures which have been discontinued are provided in Appendix A of Budget Paper No.3. The Committee's assessment is primarily based on these explanations. The Committee has therefore adopted a principle of rejecting any measure where the explanation is considered to be insufficient.⁵⁸

3.3 Results of the review

Based on the criteria set out above, the Committee considers that it would be appropriate for the majority of the proposed measures to be discontinued. Most of these measures either:

- reflect programs or projects that have not continued; or
- have been replaced by new measures which the Committee considers to be more relevant or informative.

However, the Committee identified 25 measures which it considers should not be discontinued. These measures are listed in Table 3.2, along with the Committee's rationale.

FINDING: The Minister for Finance has asked the Committee to review the 194 non-cost performance measures that have been proposed to be discontinued in 2012-13. In most cases, these measures have been discontinued because they relate to completed programs or projects, or they have been replaced by more relevant or informative measures. However, the Committee considers that 25 of these measures should not be discontinued.

RECOMMENDATION 1: The Government not discontinue the performance measures listed in Table 3.2.

⁵⁶ Budget Paper No.3, *2012-13 Service Delivery*, May 2012, p.84

⁵⁷ *ibid.*, p.85

⁵⁸ Public Accounts and Estimates Committee, *Report on the 2011-12 Budget Estimates — Part Two*, June 2011, p.25

Table 3.2 Performance measures proposed to be discontinued in 2012-13 which the Committee considers should be retained

Output	Performance measure	Government's reasons for discontinuation	The Committee's rationale for retaining the measure
DEPARTMENT OF BUSINESS AND INNOVATION			
Strategic Policy	Number of major research and evaluation projects completed	This performance measure is proposed to be discontinued as it reflects on-going day-to-day operations. It will continue to be measured at the departmental level.	The Committee believes that stakeholders would be interested in knowing about the completion of major pieces of research and evaluation projects. The Committee considers that it is appropriate for measures to reflect on-going day-to-day operations and that this is not a reason for discontinuation.
Small Business	Registration for online services	The 2011-12 Expected Outcome is higher than the 2011-12 Target due to a greater than expected uptake as a result of the introduction of multiple high volume Smartforms and the Registration and Licence Finder system.	The explanation provided explains the reason for the expected outcome for 2011-12 exceeding the 2011-12 target. No justification has been provided for discontinuing the measure, which reflects a valid end-user benefit. Given this, the Committee cannot agree to the discontinuation.
Innovation	Customer satisfaction with information services from Information Victoria	This performance measure is proposed to be discontinued in line with aggregation of sectoral measures. [This explanation is discussed further in Section 3.5 of this report.]	The Committee considers that this measure provides meaningful information about the quality of the Department's service. Correspondence from the Secretary of the Department indicated that there is no replacement measure which captures this information at an aggregated level (see Figure 3.1).
Science and Technology	Percentage of funded science projects that are industry led	This performance measure is proposed to be discontinued in line with aggregation of sectoral measures. [This explanation is discussed further in Section 3.5 of this report.]	The Secretary has indicated that this measure has been replaced by 'Companies linked to business networks' (see Figure 3.1). This new measure does not appear to capture the same information as the discontinued measure. The new measure also does not provide any information about the effectiveness of the Department's service or alignment to industry needs. The Committee therefore considers that the discontinued measure is still useful.
Exports	New exports facilitated in Regional Victoria	This performance measure is proposed to be discontinued as it is included in the 2012-13 performance measure 'value of exports facilitated and imports replaced'.	Although this information will be included in the aggregate measure of exports facilitated, the Committee considers that stakeholders would be interested in distinguishing the value of the new exports facilitated specifically in regional Victoria. Continuing this measure would improve the reporting of, and accountability for, outcomes in regional Victoria.
Exports	Client satisfaction with export assistance offered	This performance measure is proposed to be discontinued as the emphasis is now on measuring performance through the new measure 'Number of businesses engaged with the Department'.	The Committee does not consider that measuring the number of businesses is a substitute for measuring the level of client satisfaction. The Committee considers that keeping this quality measure will usefully complement the quantity measure of 'Number of businesses engaged with the Department'.

Output	Performance measure	Government's reasons for discontinuation	The Committee's rationale for retaining the measure
Employment and Industrial Relations	Skilled Migration Victoria – average processing time for state sponsorship applications	This performance measure is proposed to be discontinued as it has been replaced by the 2012-13 performance measure 'Proportion of skilled migrants working in nominated field' which is considered a more relevant and appropriate target.	The Committee agrees that the new performance measure provides an improved quality measure. However, the Committee considers that it would benefit stakeholders to also retain this timeliness measure. This measure would provide additional meaningful information in terms of efficiency.
Tourism	Value of media coverage generated: domestic	This performance measure is proposed to be discontinued as it is more relevant to traditional media and does not adequately measure new social media or promotional activity.	The Committee acknowledges that these measures may only capture part of the marketing work done by the Department. However, the Committee does not consider that an appropriate response to this is to discontinue the measures without replacing them. Instead, the Department could: <ul style="list-style-type: none"> • develop new measures of social media to supplement the traditional-media measures; • modify its survey instruments (in the case of the advertising awareness measures); or • develop new, more comprehensive measures that include both traditional and social media.
Tourism	Value of media coverage generated: international	This performance measure is proposed to be discontinued as it is more relevant to traditional media and does not adequately measure new social media or promotional activity.	In the meantime, the Department should continue to report these measures to provide some information about the effectiveness of the Department's activities in this area.
Tourism	Victoria's share of domestic tourism advertising awareness among target markets: intrastate	This performance measure is proposed to be discontinued as it is more relevant to traditional media and does not adequately measure new social media or promotional activity.	In the meantime, the Department should continue to report these measures to provide some information about the effectiveness of the Department's activities in this area.
Tourism	Victoria's share of domestic tourism advertising awareness among target markets: interstate	This performance measure is proposed to be discontinued as it is more relevant to traditional media and does not adequately measure new social media or promotional activity.	In the meantime, the Department should continue to report these measures to provide some information about the effectiveness of the Department's activities in this area.
DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT			
Skills	Number of apprenticeships/trainees who qualify for the completion bonus	This performance measure is proposed to be discontinued as the program is being phased out. This means that there will be fewer apprentices/trainees that qualify for the scheme and a consequent decline in the number of employers receiving payments. This program was an initiative of the previous government, and commenced in 2004.	Despite being phased out, this program is still in operation and being publicly funded. It is anticipated that 11,000 people will still qualify for the bonus in 2012-13. ^(a) Therefore, the Committee considers that performance should still be measured until the program is entirely phased out.

Output	Performance measure	Government's reasons for discontinuation	The Committee's rationale for retaining the measure
DEPARTMENT OF HEALTH			
Emergency Services	Emergency Category 2 treated in 10 minutes	This performance measure is proposed to be discontinued as it has been replaced by the 2012-13 performance measure 'Emergency Department patients treated within time'.	The aims for the <i>Emergency Services</i> output include specifically 'improving waiting times for emergency services'. ^(b) The budget papers note that the new aggregated measure ('Emergency Department patients treated within time') aligns with the relevant National Partnership Agreement on Improving Public Hospital Services and is broader in scope than the three previous measures (which covered category 1, 2 and 3 patients separately, but not category 4 or 5 patients). ^(c)
Emergency Services	Emergency Category 3 treated in 30 minutes	This performance measure is proposed to be discontinued as it has been replaced by the 2012-13 performance measure 'Emergency Department patients treated within time'.	Of the three previous measures that have been aggregated into the new measure, 'Emergency Category 1 treated immediately' has been retained, but the Department has proposed discontinuing the measures for categories 2 and 3.
			The Minister for Health provided additional details about the reasons for these measures being discontinued at the budget estimates hearings. The Minister explained that the measures had been discontinued in consultation with emergency department experts and from a desire to reduce the burden of data collection and reporting. ^(d)
			The new, aggregated measure provides a good overall view of the Department's performance. However, the Committee considers that breaking down this measure into the component categories would provide stakeholders with additional meaningful information. With the time targets (which vary for each emergency category) included in the measure, the Department's performance will more easily be understood. The break-down into categories would also provide a better understanding of where any problems lie if the Department is unable to achieve its target.
			The Committee appreciates the desire to avoid unnecessary burdens in data collection and reporting, but notes that the discontinued performance measures use the same data that are used to calculate the aggregate measure. No additional data are required to be collected. Moreover, the Department has retained the category 1 measure, so it is already required to disaggregate the new measure.
			The Committee therefore considers that the measures for category 2 and 3 patients should be retained. To provide a more complete picture, the Committee considers that the Department's performance for emergency category 4 and 5 patients should also be disclosed in the budget papers through the addition of two new measures:
			<ul style="list-style-type: none"> • Emergency Category 4 patients treated in less than or equal to 1 hour after arrival in the emergency department; and • Emergency Category 5 patients treated in less than or equal to 2 hours after arrival in the emergency department.

Output	Performance measure	Government's reasons for discontinuation	The Committee's rationale for retaining the measure
Emergency Services	Non-admitted emergency patients with a length of stay of less than four hours	This performance measure is proposed to be discontinued as it has been replaced by the 2012-13 performance measure 'Emergency patients with a length of stay of less than four hours'.	The new performance measure includes both patients treated in emergency and discharged as well as those treated in emergency and then admitted to a ward. The Committee believes that (from an accountability perspective) this measure should be retained to provide information specifically about non-admitted patients. The Committee considers that this is especially important as the Department has consistently failed to hit its target for this measure for several years.
Aged Care Assessment	Average wait between client registration and ACAS [Aged Care Assessment Service] assessment – hospital-based assessment	The performance measure is proposed to be discontinued as it has been replaced by the 2012-13 performance measure 'Percentage of priority 1, 2 and 3 clients assessed within the appropriate time – hospital-based assessment', which is consistent with national benchmarks and is a better indicator of responsiveness than the previous measure of timeliness, which was based on the client's location rather than the urgency of their need for assessment.	The Department also proposed discontinuing these measures in 2011-12. The Committee did not agree with the discontinuation for two reasons. Firstly, in 2011-12, the replacement measure only related to priority 1 and 2 clients. The Department has resolved that concern by extending the replacement measure to also include priority 3. Secondly, the discontinued measures supply information that is not captured by the new measure. Specifically, the average waiting time provides some indication of the extent of the problem for clients who are not assessed within the appropriate time. The Committee therefore considers that it is still appropriate to maintain these measures as well as the new measures.
Aged Care Assessment	Average wait between client registration and ACAS assessment – community-based assessment	The performance measure is proposed to be discontinued as it has been replaced by the 2012-13 performance measure 'Percentage of priority 1, 2 and 3 clients assessed within the appropriate time – community-based assessment', which is consistent with national benchmarks and is a better indicator of responsiveness than the previous measure of timeliness, which was based on the client's location rather than the urgency of their need for assessment.	
DEPARTMENT OF HUMAN SERVICES			
Targeted Services	Clients waiting less than one month for specialist services	This performance measure is proposed to be discontinued as funding has moved into the 'Client services and Capacity' output. New performance measures have been introduced which better represent the most significant funding and areas of community interest in that output.	The <i>Client Services and Capacity</i> output is designed to provide specialised support for people with a disability and supports the Department's quality of life objective. The new performance measures relate to 'hours of community-based respite' and 'organisations that have successfully completed a quality review'. The Committee maintains that the waiting time for the provision of specialist services to people with a disability is a matter that would be of interest to stakeholders in the disability area and would also fall within the quality of life objective.
Social Housing	Number of public housing dwellings with major upgrade during year	This performance measure is proposed to be discontinued as it has been replaced by the 2012-13 performance measure 'Number of public housing dwellings upgraded during year'.	The Committee agrees that it is useful to measure all capital upgrade works to public housing dwellings during a year. However, the Committee considers that identifying the number of major upgrades separately provides additional important information that is helpful for stakeholders to understand the Department's program of works.

Output	Performance measure	Government's reasons for discontinuation	The Committee's rationale for retaining the measure
Social Housing	Proportion of public housing maintenance contractors completing urgent maintenance jobs that are within timeframes	This performance measure is proposed to be discontinued as the provision of urgent maintenance is a requirement of the <i>Residential Tenancies Act</i> , but is not as relevant to the Social Housing output. The discontinuation of this measure does not reduce the capacity to understand the degree of success of the Social Housing output and urgent maintenance will continue to be monitored as part of standard contract management.	The Committee considers that this measure provides useful information about the quality of services delivered by the Department. Although maintenance is a requirement of the act, historic results for this measure have been less than 100 per cent. The Committee therefore believes that it is in the public interest to disclose performance on this measure through the budget papers and annual reports.
Housing Support and Homelessness Assistance	Proportion of assisted households satisfied with renovation assistance	This performance measure is proposed to be discontinued as renovation assistance is already being captured as part of the measure 'Number of new households assisted to maintain or enter home ownership (including home renovation inspections as well as loans)'. As customer satisfaction is a quality measure, it provides different information to the quantity measure which the Government regards as capturing the same data. Therefore, this measure should be retained in the absence of a more objective alternative.	
DEPARTMENT OF JUSTICE			
Emergency Management Capability	Advice meets internal benchmarks	This performance measure is proposed to be discontinued in 2012-13 as it is replaced by two new measures 'Road crash rescue accredited brigades/units' and 'Level 3 Incident Controller trained staff and volunteers' which better inform the community regarding the quality of service delivery by emergency services organisations.	The Committee contends that assessing the quality of advice is important in an emergency management setting. It does not appear to the Committee that this assessment could be made based on the new measures.
Emergency Management Capability	Municipal customer satisfaction	This performance measure is proposed to be discontinued as it is replaced by two new measures 'Road crash rescue accredited brigades/units' and 'Level 3 Incident Controller trained staff and volunteers' which better inform the community regarding the quality of service delivery by emergency services organisations.	The Committee considers that it is important to understand whether emergency management services have been provided effectively to their customer base – in this case, municipalities. The Committee considers that this measure provides useful data which is not captured by the other quality measures in the output. Therefore, this measure should be retained in the absence of a more objective alternative.

Output	Performance measure	Government's reasons for discontinuation	The Committee's rationale for retaining the measure
PARLIAMENT			
Parliamentary Reports and Services	Overall level of external satisfaction with audits – audit clients	This performance measure is proposed to be discontinued with it being replaced by (i) the new measure 'Overall level of external satisfaction with audit reports and services – Parliamentarians' in 2010-11 and (ii) the new measure 'Average score of audit reports by external assessors' introduced in 2011-12.	The Committee considers that surveying audit clients can provide useful information for future improvements. Different feedback may be received from audit clients as opposed to Parliamentarians and external assessors or reviewers. This information should be publicly reported in the interest of accountability.
Audit reports on Financial Statements	Overall level of external satisfaction with audits – audit clients	This performance measure is proposed to be discontinued consistent with it being replaced by the new measure 'External/peer reviews finding no material departures from professional and regulatory standards' introduced in 2011-12.	The Committee notes that the new measures were introduced in 2011-12, and it was not considered necessary by the Parliament at that time to discontinue these measures.

(a) Budget Paper No.3, 2012-13 Service Delivery, May 2012, p.345

(b) *ibid.*, p.124

(c) *ibid.*, p.125

(d) Mr D. Davis MLC, Minister for Health, 2012-13 budget estimates hearing, transcript of evidence, 8 May 2012, pp.28-30

Source: Budget Paper No.3, 2012-13 Service Delivery, Appendix A

RECOMMENDATION 2: The Department of Health develop new performance measures for:

- (a) Emergency Category 4 patients treated in less than or equal to 1 hour after arrival in the emergency department; and
- (b) Emergency Category 5 patients treated in less than or equal to 2 hours after arrival in the emergency department.

3.4 Expected completion

The Department of Transport has proposed discontinuing 11 performance measures because either:

- the projects they relate to were expected to be completed in 2011-12; or
- milestones that were being measured were expected to be reached in 2011-12.

The Committee concurs with these reasons for discontinuing measures. However, the Committee notes that the completions and milestones are *expected* to occur in 2011-12, but had not *actually* occurred at the time the Budget was prepared. If the expectations turn out to be inaccurate, there may not be any public reporting by the Department as to when in 2012-13 the project was completed or the milestone reached.

In its report on the financial and performance outcomes for 2011-12, the Committee intends to review those performance measures that were discontinued in 2012-13 for the above reasons. The Committee will examine the accuracy of the expectations to ensure measures are not being discontinued too early.

3.5 Department of Business and Innovation

The Committee notes several issues connected with the Department of Business and Innovation. Firstly, the Committee notes that the overall effect of the changes proposed in the 2012-13 Budget reduced the number of the Department's performance measures by almost 50 per cent, a far greater reduction than for any other department (see Table 3.3).

Table 3.3 Number of performance measures by department, 2011-12 to 2012-13

Department	2011-12 total ^(a) (number)	2012-13 total (number)	Change	
			(number)	(per cent)
Business and Innovation	73	37	-36	-49.3
Education and Early Childhood Development	100	84	-16	-16.0
Health	185	182	-3	-1.6
Human Services	102	97	-5	-4.9
Justice	112	152	40	35.7
Planning and Community Development	88	83	-5	-5.7
Premier and Cabinet	108	110	2	1.9
Primary Industries	64	65	1	1.6
Sustainability and Environment	85	86	1	1.2
Transport	187	172	-15	-8.0
Treasury and Finance	94	93	-1	-1.1
Parliament	44	42	-2	-4.5
Total	1,242	1,203	-39	-3.1

(a) Includes 1,233 performance measures in the 2011-12 budget papers, plus nine measures that were re-instated following review by the Committee.

Sources: Budget Paper No.3, 2011-12 Service Delivery, May 2012; 2011-12 Budget Update, December 2011, Appendix B; Budget Paper No.3, 2012-13 Service Delivery, May 2012

The Committee considers this reduction in the number of performance measures to be of some concern. The Department is left with only 37 measures, far fewer than any other department. This is in contrast to the fact that the Department's total output expenditure for 2012-13 is estimated at \$621.0 million. Other departments with similar levels of output funding are the Department of Premier and Cabinet (with 110 measures) and the Department of Primary Industries (with 65 measures).

The number of performance measures is not, in itself, a guide to whether there is an appropriate performance measurement system in place. Where there are few measures, however, there may not be a sufficient number to provide transparency and accountability for all major aspects of a department's activities. In the case of the Department of Business and Innovation, as detailed in Section 3.5.2 of this report, the Committee considers that the number of performance measures is not enough to provide a sufficient picture of the Department's activities.

In addition to this large reduction, the level of disclosure about the Department's discontinued measures compares unfavourably to the disclosure made by other departments in four different ways.

Firstly, for one discontinued performance measure, no explanation was provided.⁵⁹ This was the only measure whose discontinuation was not explained in the budget papers.

Secondly, for 16 of the discontinued measures the explanation provided was, '*This performance measure is proposed to be discontinued in line with aggregation of sector [or sectoral] measures.*' No further details were supplied about what aggregated measures contained the same data or how the aggregated measures provide '*a stronger basis for evaluation of performance in the delivery of services to the community*', which the budget papers indicate was the main reason for the replacement of measures.⁶⁰

Thirdly, the budget papers indicate that, to allow for the possibility that a discontinued measure may be continued, '*where possible a 2012-13 target has been identified to ensure continuity of reporting and transparency.*'⁶¹ However, no 2012-13 targets were published for any of the measures proposed to be discontinued by the Department of Business and Innovation.

Fourthly, if the Department's proposed changes were accepted, three of the Department's six outputs would have no quality measures.⁶² This is despite a commitment from the Government that '*Departments will aim to ensure that there is at least one measure that assesses the quality of service delivery in each of its output categories for 2012-13.*'⁶³ These three outputs cover almost half of the Department's expenditure.

As a result of these factors, the Committee was not comfortable agreeing to the proposed discontinuations without further details from the Department. The Committee sought further information about the reasons for the overall change. The Committee also asked for further details about the measures that were proposed to be discontinued '*in line with aggregation of sector [or sectoral] measures.*' In response, the Secretary provided a considerable amount of information explaining the changes, and the Committee thanks the Secretary for this work.

59 'Registration for online services' – Budget Paper No.3, *2012-13 Service Delivery*, May 2012, p.339.

60 Budget Paper No.3, *2012-13 Service Delivery*, May 2012, p.85

61 *ibid.*, p.337

62 Tourism and Marketing; Innovation and Technology; and Trade and Export Facilitation.

63 Victorian Government, Government Responses to the Recommendations of the Public Accounts and Estimates Committee's 102nd Report – Report on the 2011-12 Budget Estimates — Part Two, tabled 7 February 2012, p.4

FINDING: The Department of Business and Innovation has proposed reducing its total number of performance measures by almost 50 per cent, leaving it with fewer measures than any other department. The Department's explanations in the budget papers for discontinuing performance measures were inadequate in a number of ways.

RECOMMENDATION 3: The Department of Business and Innovation improve the quality of information provided when proposing to discontinue performance measures in future budget papers. In particular, where a measure is to be replaced by a new measure, the budget papers should specify:

- (a) which new measure is replacing the discontinued one; and
- (b) how the new measure provides a stronger basis for the evaluation of performance in specific service delivery.

3.5.1 Reasons for the change

In response to the Committee's questions about the overall reasons for the changes, the Secretary of the Department of Business and Innovation indicated that:⁶⁴

... the Department undertook a detailed review of all its performance measures to better reflect output delivery. There are fewer, but more meaningful measures of the Department's outputs.

The Secretary explained that these changes have occurred in the context of the Government's financial management reform agenda, which aims to 'consolidate a planning, reporting and performance framework across the public sector that drives better performance.'⁶⁵

The Government's new approach to industry policy has also underpinned the Department's changes. As explained in the Department's strategy, *A More Competitive Manufacturing Industry: New Directions for Industry Policy and Manufacturing*:⁶⁶

This new approach moves away from targeting industry sectors and specific activities towards targeting the challenges faced by individual businesses in achieving high performance.

The Department has indicated that this new approach is in accord with the Government's election commitments and an inquiry by the Victorian Competition and Efficiency Commission.⁶⁷

The Secretary indicated that this move from focusing on sectors to focusing on individual businesses was the reason why many of measures were discontinued. The 16 measures which were discontinued with the explanation that discontinuation is 'in line with aggregation of sector (or sectoral) measures' were

⁶⁴ Mr H. Ronaldson, Department of Business and Innovation, correspondence received by the Committee, 23 May 2012

⁶⁵ *ibid.*

⁶⁶ Department of Business and Innovation, *A More Competitive Manufacturing Industry: New Directions for Industry Policy and Manufacturing*, November 2011, p.8

⁶⁷ *ibid.*, p.7

discontinued for this reason.⁶⁸ The Secretary provided a diagram for these measures that clearly indicates which aggregated measures capture the same information as these measures (see Figure 3.1).

Two measures do not have an aggregated measure capturing the same information. The Committee has recommended that one of these be retained.

Regarding the strategy *A More Competitive Manufacturing Industry: New Directions for Industry Policy and Manufacturing*, the Secretary also advised the Committee that:⁶⁹

Details of funded projects and their success in achieving Government objectives and productivity improvement and enhanced competitiveness will be made publicly available.

A number of particular reasons for discontinuing specific measures were also cited.

3.5.2 Committee's response

The Committee acknowledges that the discontinuation of some sector-specific measures is in line with the new approach to industry.

However, the Committee has serious concerns about the adequacy of the remaining measures to provide sufficient accountability for all major areas of departmental activity.

In particular, the proposed changes would leave three of the Department's six outputs with no quality measures. In addition, the *Investment Attraction, Facilitation and Major Projects* output would have only one quality measure – 'Delivery of nominated Major Projects Victoria projects complies with agreed plans and contractual frameworks'. This measure only relates to one aspect of that output. Moreover, the Committee has raised serious concerns about this measure previously. Rather than measuring the Department's performance on these projects relative to the original cost or timeliness targets, performance is measured relative to targets as they have been adjusted during the project. As a result, the Department has achieved a 100 per cent result on this measure every year. When the Committee compared the Department's performance relative to original timeliness and cost targets, which the Committee considers to be a more meaningful measure, the result was very different. The Committee therefore does not consider that this measure provides meaningful information about the quality of Major Projects Victoria's service.⁷⁰

Information supplied by the Secretary also indicated that, of the seven portfolios covered by the Department:⁷¹

- the Aviation Industry portfolio had no performance measures specifically related to it; and
- the Technology and Major Projects portfolios each had only one performance measure solely related to them.

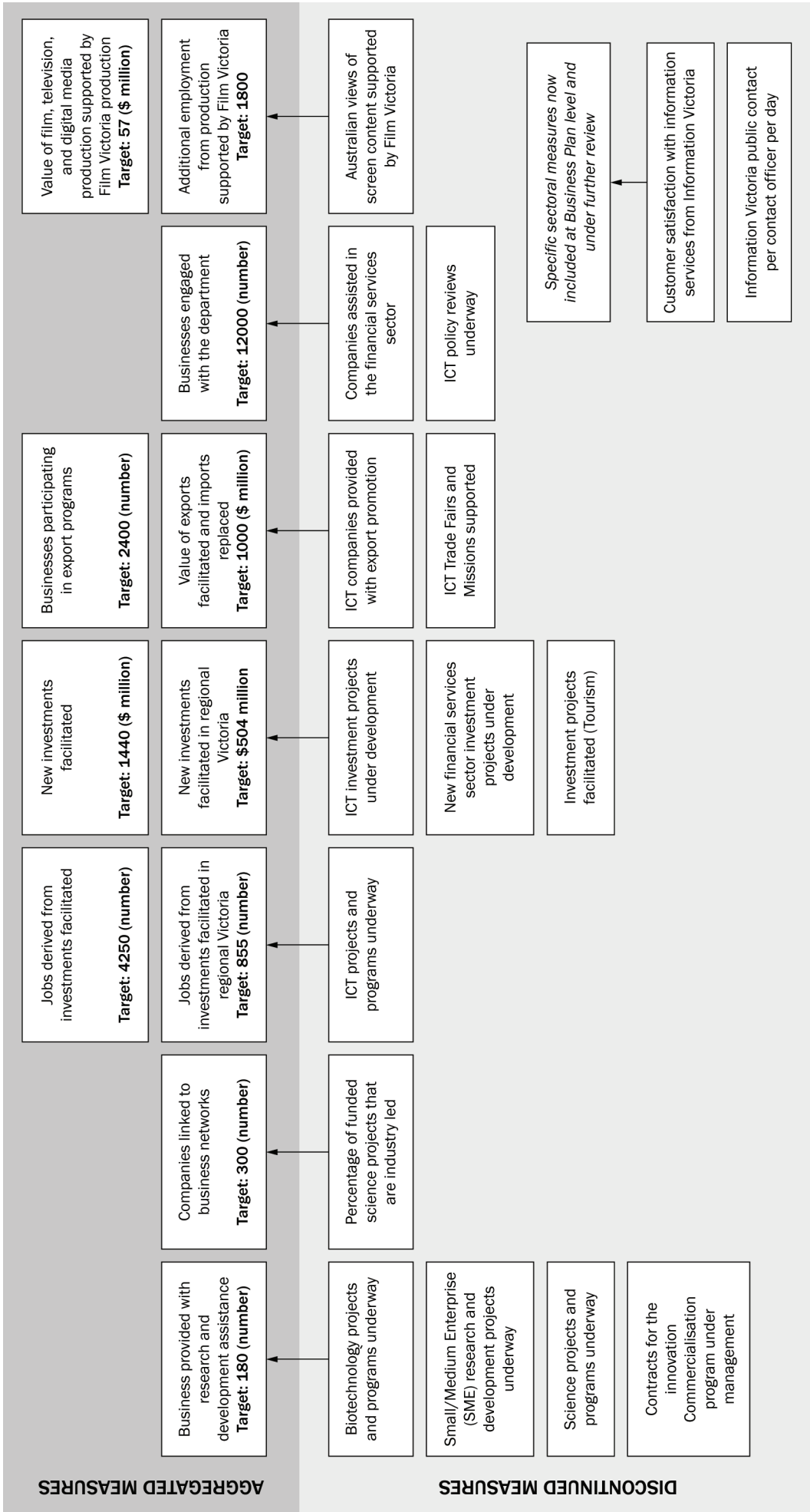
68 Mr H. Ronaldson, Department of Business and Innovation, correspondence received by the Committee, 23 May 2012

69 *ibid.*

70 Public Accounts and Estimates Committee, *Report on the 2009-10 and 2010-11 Financial and Performance Outcomes*, April 2012, pp.227-8

71 Mr H. Ronaldson, Department of Business and Innovation, correspondence received by the Committee, 23 May 2012, Attachment 1; see also Mr G. Rich-Phillips MLC, Minister responsible for the aviation industry, 2012-13 budget estimates hearing, transcript of evidence, 18 May 2012, pp.3-4

Figure 3.1 Aggregated measures that capture the information previously reported through measures now proposed to be discontinued



Source: Mr H. Ronaldson, Department of Business and Innovation, correspondence received by the Committee, 23 May 2012, Attachment 2

There are some measures in the Department to which these portfolios contribute along with other portfolios. However, there is no way for a stakeholder to identify whether performance in that particular area has been successful or not. The Committee considers that, if an area is significant enough to be assigned to a minister, the success of activities in that area is of interest to the Parliament and community.

The Committee also notes that, with the proposed discontinuations, there would be no timeliness measures for any of the outputs in the Department of Business and Innovation.

Overall, the Committee considers that the Department of Business and Innovation does not have an adequate performance measurement and reporting framework. The Committee cannot condone the reduction of the Department's performance measures to such a small number and does not believe that the Parliament or the community would consider it to be appropriate.

The Committee does not believe that the solution is to simply re-instate the discontinued measures. Rather, the Committee considers that the Department should develop a substantial range of new measures, in line with its new approach. The Department should ensure that there is a sufficient number of relevant and meaningful measures, especially quality measures, for the Parliament to properly understand the Department's performance each year. The number of measures should be in line with the Department's level of funding and provide information about all of the Department's major activities.

FINDING: The Department of Business and Innovation has indicated that there has been a shift in industry policy. There is now less focus on specific sectors of industry and more focus on individual businesses. The Department has discontinued many of its measures in order to reflect this change.

FINDING: While some of the discontinuations are in line with this shift, the Committee considers that the remaining measures are not sufficient to provide transparency and accountability for the Department's activities.

RECOMMENDATION 4: The Department of Business and Innovation develop a number of new measures in time for the 2013-14 Budget. There should be sufficient new measures to ensure that all major areas of activity are reported on adequately. The new measures should also include quality measures for all major activities where possible.

3.5.3 Role of the Department of Treasury and Finance

The Department of Treasury and Finance has ultimate responsibility for preparing the budget papers. The Department is also expected to review, with departments, the *'outputs, and the performance measures used to evaluate service delivery, annually for their continuing relevance and robustness.'*⁷² Given the inadequacies associated with the Department of Business and Innovation that have been noted in this section, the

72 Department of Treasury and Finance, *Budget and Financial Management Guidances*, October 2007 BFMG-09, p.112

Committee is concerned about whether or not the Department of Treasury and Finance is fulfilling those roles.

As part of its quality assurance processes, the Committee would expect the Department to identify problems such as the absence of an explanation for one discontinuation, the poor explanation for 16 discontinuations and the lack of 2012-13 targets. As part of its role ensuring the robustness of outputs and measures, the Committee would expect the Department to have ensured that the Department of Business and Innovation did not have no quality performance measures for half of its outputs and only 37 measures in total.

The Committee has raised concerns about the Department of Treasury and Finance's role overseeing departmental performance measures previously.⁷³ The Committee considers that this remains an area in which the Department can improve.

FINDING: The Department of Treasury and Finance is responsible for preparing the budget papers and reviewing performance measures. The inadequacies associated with the Department of Business and Innovation in the 2012-13 Budget suggest that there is room for improvement in these roles.

RECOMMENDATION 5: The Department of Treasury and Finance evaluate its processes for reviewing performance measures that are proposed to be discontinued. This review should ensure that the Department can adequately fulfil its responsibilities for:

- (a) quality assurance of the budget papers; and
- (b) ensuring the robustness of outputs and performance measures.

73 Public Accounts and Estimates Committee, *Report on the 2009-10 and 2010-11 Financial and Performance Outcomes*, April 2012, pp.193-4

CHAPTER 4. DEPARTMENT OF BUSINESS AND INNOVATION HEARINGS

4.1 Introduction

The Department of Business and Innovation is responsible for the administration of the following portfolios:

- Employment and Industrial Relations;
- Innovation, Services and Small Business;
- Major Projects;
- Manufacturing, Exports and Trade;
- Minister responsible for the aviation industry;
- Technology; and
- Tourism and Major Events.

4.2 Key budget themes for 2012-13

The Department advised the Committee that the key strategic priorities underpinning the 2012-13 Budget were:⁷⁴

Exports – creating economic opportunity for Victorian businesses by providing export development assistance in relation to product, financing, marketing and logistics;

Industry assistance – supporting businesses to maximise job growth, business growth and commercial opportunities;

Manufacturing – delivering the new Manufacturing Strategy which responds to the Victorian Competition and Efficiency Commission inquiry A More Competitive Victorian Manufacturing Inquiry;

Employment – provide employment and skilled migration programs to meet the needs of businesses; and

Regulation reform – tailoring regulation to limit the impact on businesses.

The Department indicated that new initiatives were based on the following key policies:⁷⁵

Manufacturing

International Engagement

74 Department of Business and Innovation, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 3 May 2012, p.2

75 *ibid.*, p.3

4.3 Major priority shifts for 2012-13

No major differences in the Department's priorities between the 2012-13 Budget and the previous budget were specified by the Department.⁷⁶

4.4 Employment and Industrial Relations portfolio

4.4.1 Introduction

The Committee received evidence from the Hon. Richard Dalla-Riva MLC, Minister for Employment and Industrial Relations, on 10 May 2012. The Minister was assisted by Howard Ronaldson, Secretary; Justin Hanney, Deputy Secretary, Trade and Industry Development; Tim Sharard, Director, Private Sector Workplace Relations; and Jim Strilakos, Chief Finance Officer, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.4.2 General comments

The Minister provided an overview of the Employment and Industrial Relations portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). No documents were provided at the hearing (see Section 4.4.4). A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

4.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on enhancing service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Productivity

- target for productivity improvement (pp.5-6); and
- Government promotion of greater productivity (pp.6-7).

Jobs market

- job growth (p.8); and
- factors impacting on the jobs market (p.11).

Wages

- the Government's position on minimum wages (pp.10-11); and

⁷⁶ *ibid.*, p.2

- retail wages (p.11).

Other matters

- reduction in employment programs (p.7);
- State charges and their impact on jobs (pp.8-9);
- State representations in major industrial relations cases and inquiries (pp.9-10);
- funding for retrenched workers (pp.11-12); and
- business engagement (pp.12-13).

4.4.4 Documents tabled at the budget estimates hearing

The Minister did not provide an introductory slide presentation or any other documents at the hearing.

4.4.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide further information relating to employment programs that have ceased in the last 12 months (p.7 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

4.5 Innovation, Services and Small Business portfolio

4.5.1 Introduction

The Committee received evidence from the Hon. Louise Asher MP, Minister for Innovation, Services and Small Business, on 9 May 2012. The Minister was assisted by Howard Ronaldson, Secretary; Randall Straw, Deputy Secretary, Innovation and Technology; Justin Hanney, Deputy Secretary, Trade and Industry Development; and Jim Strilakos, Chief Finance Officer, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.5.2 General comments

The Minister provided an overview of the Innovation, Services and Small Business portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). No documents were provided at the hearing (see Section 4.5.4). A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

4.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Innovation

- innovation vouchers program (p.11);
- *Showcase New Innovations* initiative (p.12);
- variations in funding for the Victorian Innovation Statement (p.13);
- *Victoria Prize* and *Victoria Fellowships* initiatives (p.13);
- Victorian Endowment for Science Knowledge and Innovation fellowships and school mentoring initiative (p.15); and
- Victorian research scholarships (pp.16-17).

Victorian international engagement strategy

- benefits for the wider Victorian economy and businesses (pp.6-7);
- benefits for small businesses (pp.8-9);
- European offices (p.10); and
- Middle Eastern delegation – methodology for estimating benefits (pp.10-11).

Film production

- support for film production (pp.11-12); and
- value of film, television and digital media production supported by Film Victoria (pp.15-16).

Small business

- small business assistance programs ceasing (pp.7-8); and
- Small Business Mentoring Service (pp.9, 11).

Other matters

- impact of initiatives on industry and community stakeholders (p.5);
- proportion of all international students studying in Victoria (pp.5-6);
- operational infrastructure support grants (p.10); and
- impact of savings on front-line services, economic growth and jobs (pp.13-15).

4.5.4 Documents tabled at the budget estimates hearing

The Minister did not provide an introductory slide presentation or any other documents at the hearing.

4.5.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- small business assistance programs ceasing (p.8); and
- impact of savings on front-line services, economic growth and jobs (p.15).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

4.6 Major Projects portfolio

4.6.1 Introduction

The Committee received evidence from the Hon. Dr Denis Napthine MP, Minister for Major Projects, on 8 May 2012. The Minister was assisted by Howard Ronaldson, Secretary; Peter Noble, Acting Deputy Secretary, Investment and Major Projects; Tim Bamford, Executive Director, Major Projects Victoria; and Jim Strilakos, Director of Finance, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.6.2 General comments

The Minister provided an overview of the Major Projects portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 4.6.4) are also available on the Committee's website.

4.6.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on enhancing service delivery, promoting productivity and achieving efficiency gains (p.4) and the following (page numbers refer to the transcript on the Committee's website):

Project status

- E-gate (pp.7-8);
- Port of Hastings (pp.8-9);
- Melbourne Park (pp.9-10);
- Melbourne Markets (pp.11-12); and
- Flinders Street Station design competition (p.12-13).

Other matters

- accountability for Major Projects Victoria's projects (pp.4-5);
- Auditor-General's report *Melbourne Markets Redevelopment* (pp.5-7);

- Major Projects Victoria's share of savings initiatives (p.7); and
- ferry service from Werribee/Geelong to Melbourne's Central Business District (pp.10-11).

4.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

4.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

4.7 Manufacturing, Exports and Trade portfolio

4.7.1 Introduction

The Committee received evidence from the Hon. Richard Dalla-Riva MLC, Minister for Manufacturing, Exports and Trade, on 10 May 2012. The Minister was assisted by Howard Ronaldson, Secretary; Justin Hanney, Deputy Secretary, Trade and Industry Development; Jim Strilakos, Chief Finance Officer; and David Latina, Executive Director, Industry Development, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.7.2 General comments

The Minister provided an overview of the Manufacturing, Exports and Trade portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). No documents were provided at the hearing (see Section 4.7.4). A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

4.7.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- the mining boom and the Victorian economy (pp.4-5);
- specialist manufacturing service (pp.5-6);
- reductions in programs supporting manufacturing (pp.6-8);
- budget initiatives for manufacturing (pp.6-7);
- 'super trade mission' to India (pp.8-9); and
- performance measures (p.9).

4.7.4 Documents tabled at the budget estimates hearing

The Minister did not provide an introductory slide presentation or any other documents at the hearing.

4.7.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- ceasing manufacturing programs and their values (p.6);
- net result of changes to international engagement and manufacturing programs (pp.7-8); and
- performance measures (p.9).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

4.8 Minister responsible for the aviation industry's portfolio

4.8.1 Introduction

The Committee received evidence from the Hon. Gordon Rich-Phillips MLC, Minister responsible for the aviation industry, on 18 May 2012. The Minister was assisted by Howard Ronaldson, Secretary; Jim Strilakos, Chief Finance Officer; John Dalton, Director, Strategy and Policy, Tourism and Aviation; and Andrew Ferrington, Director, Aviation Service, Tourism and Aviation, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.8.2 General comments

The Minister provided an overview of the portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 4.8.4) are also available on the Committee's website.

4.8.3 Key matters raised at the budget estimates hearing

In addition to the overview (p.2), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

- aircraft maintenance employment in Victoria (p.3);
- performance measures (pp.3-4);
- Geelong regional airport feasibility study (pp.4-5);
- aviation training (p.5); and
- Regional Aviation Fund (pp.5-6).

4.8.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

4.8.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

4.9 Technology portfolio

4.9.1 Introduction

The Committee received evidence from the Hon. Gordon Rich-Phillips MLC, Minister for Technology, on 18 May 2012. The Minister was assisted by Howard Ronaldson, Secretary; Randall Straw, Deputy Secretary, Innovation and Technology; and Jim Strilakos, Chief Finance Officer, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.9.2 General comments

The Minister provided an overview of the Technology portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 4.9.4) are also available on the Committee's website.

4.9.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- impact of funding cuts on programs in the portfolio (p.3);
- Victorian Biotechnology Advisory Council (pp.3-4);
- mobile phone and tablet applications (pp.4-5);
- new markets in biotechnology (p.5); and
- National Broadband Network (pp.5-6).

4.9.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

4.9.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

4.10 Tourism and Major Events portfolio

4.10.1 Introduction

The Committee received evidence from the Hon. Louise Asher MP, Minister for Tourism and Major Events, on 9 May 2012. The Minister was assisted by Howard Ronaldson, Secretary; Leigh Harry, Chief Executive Officer, Tourism Victoria and Deputy Secretary, Tourism and Aviation; Jim Strilakos, Chief Finance Officer; and John Dalton, Director, Tourism Strategy and Policy, Department of Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.10.2 General comments

The Minister provided an overview of the Tourism and Major Events portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). No documents were provided at the hearing (see Section 4.10.4).

4.10.3 Key matters raised at the budget estimates hearing

In addition to the overview (p.2), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

- facilitation of high-end accommodation in rural Victoria (pp.3-4);
- international aviation access to Victoria (p.4);
- performance measures (pp.4-6); and
- attraction of Chinese visitors (p.6).

4.10.4 Documents tabled at the budget estimates hearing

The Minister did not provide a slide presentation or any other documents at the hearing.

4.10.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

CHAPTER 5. DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT HEARINGS

5.1 Introduction

The Department of Education and Early Childhood Development is responsible for the administration of the following portfolios:

- Children and Early Childhood Development;
- Education;
- Higher Education and Skills; and
- Minister responsible for the teaching profession.

5.2 Key budget themes for 2012-13

The Department advised the Committee that the key strategic priorities underpinning the 2012-13 Budget were:⁷⁷

- *implementation of Government election commitments and embedding the reform agenda, including the commitment to lifelong learning*
- *strengthen and continue delivery of core programs and services to meet increasing demand*
- *protecting vulnerable children and growing their opportunities, including responding to the Protecting Victoria's Vulnerable Children Inquiry*
- *higher standards and greater choice in early childhood and schools*
- *boosting economic growth and productivity through skills*
- *modernisation and upgrade of Victoria's education and training asset base, ensuring labour market and industry needs are met and modern teaching and learning practises are supported.*

The Department indicated that new initiatives were based on the following key policies:⁷⁸

- *2011 Victorian Families Statement*
- *Victoria as a Learning Community*
- *Victorian Economic and Financial Statement*
- *Protecting Victoria's Vulnerable Children Inquiry*

77 Department of Education and Early Childhood Development, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 4 May 2012, p.2

78 *ibid.*, p.4

5.3 Major priority shifts for 2012-13

Regarding the 2012-13 priorities, the Department explained:⁷⁹

While key priorities remain unchanged, in 2011-12 priorities related largely to delivering Government commitments. In 2012-13, the priorities target the reform of key service delivery and meeting demand, while remaining cognisant of the current fiscal context.

The impacts of this change, as identified by the Department, were:⁸⁰

The focus on reform has seen the funding of the Strengthening Student Support Services initiative. Demand initiatives funded include Students with Disabilities Transport Program and Program for Students with Disabilities. Cognisant of the fiscal environment, funding has been allocated to ensure that key service delivery programs are continued, with a focus on reform to ensure they are being effectively targeted. Programs include:

- *Early Childhood Education and Care for Vulnerable Three Year Olds Known to Child Protection*
- *Sustaining the Universal Maternal Child Health Services*
- *Sustaining the Enhanced Maternal Child Health Services*
- *Engaging Vulnerable Families in Early Learning*
- *Refocussing Vocational Training in Victoria*

5.4 Children and Early Childhood Development portfolio

5.4.1 Introduction

The Committee received evidence from the Hon. Wendy Lovell MLC, Minister for Children and Early Childhood Development, on 16 May 2012. The Minister was assisted by Richard Bolt, Secretary; Paul Linossier, Acting Deputy Secretary, Early Childhood Development Group; Jim Miles, Deputy Secretary, Infrastructure and Finance Services Group; and Michael Maher, Executive Director, Programs and Partnerships Division, Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.4.2 General comments

The Minister provided an overview of the Children and Early Childhood Development portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 5.4.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

79 *ibid.*, p.2

80 *ibid.*

5.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Kindergarten and childcare

- universal access to 15 hours of kindergarten (pp.5-7);
- early childhood infrastructure grants (pp.5-6);
- Casterton childcare centre (p.12); and
- kindergarten and childcare research (pp.10-11).

Support for vulnerable families

- three-year old kindergarten (pp.8-9); and
- early learning activities (pp.11-13).

Other matters

- maternal child health programs (pp.6-8);
- Commonwealth funding (p.8);
- performance measures (pp.9-10); and
- the proportion of savings measures to be met in the portfolio (p.11).

5.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled a document with information about kindergarten participation rates. The slides and tabled document are available on the Committee's website (www.parliament.vic.gov.au/paec).

5.4.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- Commonwealth funding (p.8); and
- implementation of savings measures (p.11).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

5.5 Education portfolio

5.5.1 Introduction

The Committee received evidence from the Hon. Martin Dixon MP, Minister for Education, on 11 May 2012. The Minister was assisted by Richard Bolt, Secretary; Dr Jim Watterston, Deputy Secretary, School Education Group; Chris Wardlaw, Deputy Secretary, Strategy and Review Group; and Jim Miles, Deputy Secretary, Infrastructure and Financial Services Group, Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.5.2 General comments

The Minister provided an overview of the Education portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 5.5.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

5.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-6) and the following (page numbers refer to the transcript on the Committee's website):

Capital projects

- new school construction, land acquisition and school upgrades (pp.10-11, 15-16, 20);
- rollout of capital expenditure (pp.12-14);
- capital projects and population growth (pp.18-19);
- school maintenance (pp.17-18);
- planning money and construction money (pp.25-6); and
- asbestos during renovations (p.28).

Support for students and families

- education maintenance allowance (EMA) and the School Start Bonus (pp.6-7, 9-10);
- student support services (pp.11-12);
- Reading Recovery programs (pp.16-17);
- support for students with disabilities (pp.20-3); and
- impact of the Cummins inquiry (p.27).

Other matters

- changes in the Department (pp.7-9);
- departmental savings (pp.14-15);
- boundaries for Albert Park Secondary College (pp.21-2);
- executive director for communications (pp.23-4); and
- local cluster-based management (pp.24-5).

5.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

5.5.5 Questions taken on notice at the budget estimates hearing

The Minister took a question on notice at the hearing regarding student support services (p.12 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

5.6 Higher Education and Skills portfolio

5.6.1 Introduction

The Committee received evidence from the Hon. Peter Hall MLC, Minister for Higher Education and Skills, on 15 May 2012. The Minister was assisted by Richard Bolt, Secretary; Kym Peake, Deputy Secretary, Higher Education and Skills Group; Jim Miles, Deputy Secretary, Infrastructure and Finance Services Group; and David Clements, Executive Director, Tertiary Education Policy and Strategic Projects, Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.6.2 General comments

The Minister provided an overview of the Higher Education and Skills portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 5.6.4) are also available on the Committee's website.

5.6.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-6) and the following (page numbers refer to the transcript on the Committee's website):

Government funding

- funding rates for different courses (pp.6-7);
- cost of demand-driven training system and growth in enrolment numbers (pp.7, 9-10); and
- subsidies for certificate II courses (p.12).

TAFE employees

- enterprise bargaining agreement (p.8); and
- redundancy provisions for TAFE teachers (pp.8-9).

Other matters

- regional TAFE campuses (p.10);
- responding to unethical providers (p.11);
- national partnership agreement (pp.11-12); and
- proportion of savings measures to be met in the portfolio (pp.7-8).

5.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

5.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

5.7 Minister responsible for the teaching profession**5.7.1 Introduction**

The Committee received evidence from the Hon. Peter Hall MLC, Minister responsible for the teaching profession, on 15 May 2012. The Minister was assisted by Tony Bugden, Executive Director, Human Resources; Dr Jim Watterston, Deputy Secretary, School Education Group; Jim Miles, Deputy Secretary, Infrastructure and Finance Services Group; and Richard Bolt, Secretary, Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.7.2 General comments

The Minister provided an overview of the portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 5.7.4) are also available on the Committee's website.

5.7.3 Key matters raised at the budget estimates hearing

In addition to the overview (p.2), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

Teacher remuneration

- pay rates (pp.3-4, 8);
- performance pay trials (p.4); and
- industrial action (pp.4-5).

Other matters

- teacher attraction programs (p.5);
- teachers on short-term contracts and progression (pp.5-7);
- safe use of social media in schools (p.7);
- vocational education and training (VET) in schools (pp.7-8); and
- the Victorian Institute of Teaching (p.8).

5.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

5.7.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

CHAPTER 6. DEPARTMENT OF HEALTH HEARINGS

6.1 Introduction

The Department of Health is responsible for the administration of the following portfolios:

- Ageing;
- Health; and
- Mental Health.

6.2 Key budget themes for 2012-13

The Department advised the Committee that the key strategic priorities underpinning the 2012-13 Budget were:⁸¹

The Department's key strategic priorities for the 2012-13 Budget and forward estimates are the reform priorities outlined in the Victorian Health Priorities framework 2012-2022:

1. *Developing a system that is responsive to people's needs*
2. *Improving every Victorian's health status and health experiences*
3. *Expanding service, workforce and system capacity*
4. *Increasing the system's financial sustainability and productivity*
5. *Implementing continuous improvements and innovation*
6. *Increasing accountability and transparency*
7. *Utilising e-health and communications technology*

The Department indicated that new initiatives were based on the following key policies:⁸²

Budget allocations are based on the Government's health, ageing and mental health policy priorities and objectives, as outlined in the Victorian Health Priorities Framework 2012-2022.

6.3 Major priority shifts for 2012-13

Comparing the 2012-13 Budget priorities with the 2011-12 priorities, the Department indicated:⁸³

The department 2012-13 Budget priorities are aligned with those of the 2011-12 Budget, reflecting the Government's long-term plan to reform Victoria's healthcare system.

The 2012-13 Budget includes a new strategic priority, 'Increasing the system's financial sustainability and productivity'.

81 Department of Health, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 3 May 2012, p.2

82 *ibid.*, p.3

83 *ibid.*, p.2

The impact of this difference, as identified by the Department, was:⁸⁴

To 'increase the system's financial sustainability and productivity' the Department is focussed on identifying productivity and administrative efficiencies in the health portfolio.

6.4 Ageing portfolio

6.4.1 Introduction

The Committee received evidence from the Hon. David Davis MLC, Minister for Ageing, on 8 May 2012. The Minister was assisted by Lance Wallace, Acting Secretary; Professor Chris Brook, Executive Director, Wellbeing, Integrated Care and Ageing; Peter Fitzgerald, Executive Director, Strategy and Policy; and Jane Herington, Director, Ageing and Aged Care, Department of Health. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.4.2 General comments

The Minister provided an overview of the Ageing portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.4.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

6.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- dementia support (pp.3-4);
- Swan Hill aged-care facility redevelopment (pp.4-5);
- land bank acquisitions for residential aged-care facilities (p.5);
- the home and community care program (pp.5-6); and
- supported residential services (pp.6-7).

6.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

84 *ibid.*

6.4.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to land bank purchases for residential aged-care facilities (p.5 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

6.5 Health portfolio

6.5.1 Introduction

The Committee received evidence from the Hon. David Davis MLC, Minister for Health, on 8 May 2012. The Minister was assisted by Lance Wallace, Acting Secretary; Professor Chris Brook, Executive Director, Wellbeing, Integrated Care and Ageing; Peter Fitzgerald, Executive Director, Strategy and Policy; and Frances Diver, Executive Director, Hospital and Health Service Performance, Department of Health. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.5.2 General comments

The Minister provided an overview of the health portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.5.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

6.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-5), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.5-6) and the following (page numbers refer to the transcript on the Committee's website):

Elective surgery

- target setting for category 2 elective surgery patients (pp.6-7);
- demand for elective surgery (pp.12-13); and
- Commonwealth funding (pp.24-5).

Financial considerations

- net cost of the nurses enterprise bargaining agreement (pp.9-10);
- Commonwealth funding contribution (pp.11-12);
- impact of savings measures on hospital budgets (pp.14-15);
- effect of Commonwealth funding on State health budgets (p.15);

- acute training and development budget (pp.15-16);
- changes to private health insurance and the Medicare safety net (p.16); and
- collateralised debt obligations (pp.21-2).

Capital program

- support for bush nursing hospitals (pp.7-8);
- Royal Children’s Hospital (p.10);
- Victorian Comprehensive Cancer Centre (p.11);
- Sunshine Hospital intensive care unit (pp.13-14); and
- Monash Children’s Hospital (pp.16-18).

Election commitments

- Ballarat base hospital (pp.27-8);
- projects in Geelong (p.30);
- Kilmore and District Hospital (p.31);
- Seymour Hospital chemotherapy chairs (p.32); and
- Radiotherapy services – South West Victoria (Warrnambool) (pp.32-3).

Understanding performance

- funding and performance of ambulance services (pp.6-7);
- performance of the Mildura Base Hospital (p.12);
- quality and safety within the health system (p.18);
- patient satisfaction (p.20);
- access to bypass and hospital early warning system data (p.23); and
- discontinued performance measures (pp.28-30, 32).

Other matters

- support for organ retrieval and transplantation (pp.8, 24);
- the Better Health Channel (p.9);
- service demand growth and budgeted separations (pp.10-11);
- additional hospital beds (pp.18-21);
- Refugee Support Program (p.22);
- Victorian Cancer Agency funding (pp.23-4);
- improving health information and communication technology (pp.25-6);
- whooping cough (pp.26-7);
- funding for anti-smoking social marketing or advertising (pp.30-1); and
- improving security and safety in hospitals (pp.31-2).

6.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled the July 2010 to June 2011 patient satisfaction monitor (p.20 of the transcript). The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

6.5.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to funding for anti-smoking social marketing or advertising (pp.30-1 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

6.6 Mental Health portfolio

6.6.1 Introduction

The Committee received evidence from the Hon. Mary Wooldridge MP, Minister for Mental Health, on 17 May 2012. The Minister was assisted by Lance Wallace, Acting Secretary; Dr Karleen Edwards, Executive Director, Mental Health, Drugs and Regions; and Mr Pier De Carlo, Director, Planning and Strategy, Mental Health, Drugs and Regions Division, Department of Health. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.6.2 General comments

The Minister provided an overview of the Mental Health portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.6.4) are also available on the Committee's website.

6.6.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on enhancing service delivery, productivity and efficiency (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Mental health performance targets

- clinical inpatient separations (p.5); and
- timeliness of admission to a mental health bed (p.5).

Psychiatric disability rehabilitation and support services

- indexation policy (p.6); and
- potential cuts to staff and/or programs (p.7).

Mental health initiatives

- drug-related and alcohol-related emergency department admissions (pp.5-6);
- support for Victorians with a mental illness (p.7);
- implementation of the new Mental Health Act (pp.7-8);
- funding for new mental health beds (pp.8-9);
- establishment of the Victorian Institute of Workforce Development and Innovation (p.9); and
- mental health services in country Victoria (pp.9-10).

6.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

6.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

CHAPTER 7. DEPARTMENT OF HUMAN SERVICES HEARINGS

7.1 Introduction

The Department of Human Services is responsible for the administration of the following portfolios:

- Community Services;
- Housing;
- Women's Affairs; and
- Youth Affairs.

7.2 Key budget themes for 2012-13

The Department advised the Committee that the key strategic priorities underpinning the 2012-13 Budget were:⁸⁵

The Department of Human Services support Victorians in need to build better lives and achieve their potential by providing housing and community services and programs to assist individuals and families to participate in their community, the economy and life.

The department's priorities are:

Immediate support

With our partners we support people in crisis, and help individuals and families get their lives back on track:

- *Deliver responsive client-centred services when and where people need them*
- *Work with our clients to help them build essential life skills*
- *Provide services that support the wellbeing and safety of our clients*

Capabilities and participation

With our partners we work with families, individuals, young people and communities to improve their lives through building capabilities and resilience, supporting participation in work, education and the community:

- *Work with our clients to build capabilities to get into and stay in work*
- *Support our clients to participate in training, education and the community*
- *Support young people to have a voice, build capabilities, reach their potential, and participate confidently in their communities*
- *Intervene early to prevent marginalisation and disadvantage*

85 Department of Human Services, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 4 May 2012, p.2

- *Advocate for people and communities at risk of marginalisation, and promote equality and participation in Victoria*

Quality of life

With our partners we provide services to support people in need to enjoy a positive life:

- *Deliver responsive. Joined up services that meet people's needs*
- *Give clients choice and control where appropriate*
- *Provide services that support our clients to achieve their potential*

The Department indicated that new initiatives were based on the following key policies:⁸⁶

Key sectoral policies guiding human services delivery include:

- *2011 Victorian Families Statement*
- *Human Services – The case for change*
- *Engage, Involve, Create: Youth Statement*
- *State Disability Plan 2002-212*
- *Victorian Indigenous Affairs Framework*
- *Indigenous Family Violence Strategy and Ten Year Plan*
- *COAG [Council of Australian Governments] National Indigenous Reform Agreement – Closing the Gap*
- *COAG National Affordable Housing Agreement*
- *COAG National Disability Agreement*
- *Social Housing and Homelessness National Partnerships*
- *Indigenous Economic Participation National Partnership*
- *National Disability Strategy*
- *Victoria's Vulnerable Children – Our Shared Responsibility*

Currently in development:

- *Victorian Housing Framework*
- *State Disability Plan 2013-2016*
- *Family Violence Action Plan*

7.3 Major priority shifts for 2012-13

Several major differences in the Department's priorities between the 2012-13 Budget and the previous budget were specified by the Department:⁸⁷

86 *ibid.*, p.4

87 *ibid.*, p.2

The department has updated its strategic directions in 2012 to reflect the machinery of government changes made in 2011, and provide a cotemporary view of the department's role and objectives, in delivering government policy. The refreshed strategic directions reflect a stronger focus on supporting families and individuals through building capabilities and promoting and supporting economic and social participation.

Additionally, the tabling of the Protecting Victoria's Vulnerable Children Inquiry (PVVCI) report and government's responses to the recommendations of the report will shape priorities in child protection and family services in the future, as will the preparation for the National Disability Insurance Scheme (NDIS).

The impacts of these differences, as identified by the Department, were:⁸⁸

The differences in strategic priorities between 2011-12 and 2012-13 will result in a greater resource focus on innovative service delivery, with a particular emphasis on responses to the recommendations of the PVVCI and commencing preparatory work to deliver government's commitment to implementation of the national Disability Insurance Scheme (NDIS).

7.4 Community Services portfolio

7.4.1 Introduction

The Committee received evidence from the Hon. Mary Wooldridge MP, Minister for Community Services, on 17 May 2012. The Minister was assisted by Gill Callister, Secretary; Jim Higgins, Acting Executive Director, Corporate Services; Chris Asquini, Executive Director, Children, Youth and Families; and Arthur Rogers, Executive Director, Disability Services, Department of Human Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.4.2 General comments

The Minister provided an overview of the Community Services portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.4.4) are also available on the Committee's website.

7.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

The National Disability Insurance Scheme (NDIS)

- retaining capacity and skills with the commencement of the scheme (pp.4-5);

88 *ibid.*, p.3

- Victoria's potential to host the scheme regionally (p.5); and
- funding models (pp.7-8).

Disaster response spending

- emergency relief grants (pp.8-9); and
- 'Christmas day floods' recovery funding (p.9).

Protecting Victoria's Vulnerable Children

- initiatives and funding (pp.5-6); and
- recruitment and retention of front-line staff (pp.9-10).

Youth justice

- support for young offenders (pp.10-11);
- statutory minimum sentences for young offenders (p.11); and
- funding for custodial facilities (pp.11-12).

Other matters

- reduction of community services staff (pp.6-7, 15);
- respite care facilities (p.12);
- service connections funding – services for vulnerable families (pp.12-13);
- household concession thresholds (pp.13-14); and
- response to sexual assault (pp.14-15).

7.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled two slides relating to household concession thresholds. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

7.5 Housing portfolio

7.5.1 Introduction

The Committee received evidence from the Hon. Wendy Lovell MLC, Minister for Housing, on 16 May 2012. The Minister was assisted by Gill Callister, Secretary; Doug Craig, Acting Executive Director, Housing and Community Building; Jo McInerney, Acting Director, Policy Planning and Strategy, Housing and Community Building; and Rob Jenkins, Manager, Budget and Performance,

Housing and Community Building, Department of Human Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.5.2 General comments

The Minister provided an overview of the Housing portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.5.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

7.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

- numbers of households assisted (pp.5-6);
- structural deficit in the housing portfolio (pp.6-7);
- savings targets for portfolio programs (pp.7-8);
- challenges in delivering housing assistance (pp.8-9);
- rents and rental subsidies (pp.9-10);
- work and learning centres (p.10);
- levels of social housing stocks (pp.10-11); and
- youth foyers (pp.11-12).

7.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.5.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to the number of dwellings combined with other dwellings to make larger homes (p.11 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

7.6 Women's Affairs portfolio

7.6.1 Introduction

The Committee received evidence from the Hon. Mary Woolridge MP, Minister for Women's Affairs, on 17 May 2012. The Minister was assisted by Gill Callister, Secretary; Jim Higgins, Acting Executive Director, Corporate Services; and Christine Mathieson, Acting Director, Office of Women's Policy, Department of Human Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.6.2 General comments

The Minister provided an overview of the Women's Affairs portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.6.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

7.6.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp. 2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp. 3-4) and the following (page numbers refer to the transcript on the Committee's website):

- implications of departmental savings for the Office of Women's Policy (pp.4-5);
- addressing violence against women (pp.5-6);
- expenditure for women's policy (p.6);
- social and community services sector pay equity case (p.7);
- family violence crisis services (pp.7-8);
- primary prevention programs (p.8); and
- measures to increase women in leadership positions (p.9).

7.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.6.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to expenditure on women's policy (p.6 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

7.7 Youth Affairs portfolio

7.7.1 Introduction

The Committee received evidence from the Hon. Ryan Smith MP, Minister for Youth Affairs, on 18 May 2012. The Minister was assisted by Gill Callister, Secretary; Jim Higgins, Acting Executive Director, Corporate Services; and Simone Reichstein, Acting Director, Office for Youth, Department of Human Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.7.2 General comments

The Minister provided an overview of the Youth Affairs portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.7.4) are also available on the Committee's website.

7.7.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3) key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- impact of announced departmental job losses on Office for Youth staff (p.4);
- FReeZa program (pp.4-5);
- funding for Youth Affairs programs in 2012-13 (pp.5-6); and
- discontinued initiatives (pp.6-7).

7.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.7.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

CHAPTER 8. DEPARTMENT OF JUSTICE HEARINGS

8.1 Introduction

The Department of Justice is responsible for the administration of the following portfolios:

- Attorney-General;
- Bushfire Response;
- Consumer Affairs;
- Corrections;
- Crime Prevention;
- Gaming;
- Minister responsible for the establishment of an anti-corruption commission;
- Police and Emergency Services; and
- Racing.

8.2 Key budget themes for 2012-13

8.2.1 Department of Justice

The Department advised that:⁸⁹

The key priorities underpinning the 2012-13 Budget and forward estimates to 2015-16 for the Department relate to implementation of the Government's election commitments, and managing demand pressures in the Justice Portfolio, addressing in particular:

- *supporting Victoria Police in the delivery of additional police officers, Protective Service Officers (PSOs), and investment in Victoria Police infrastructure*
- *taking a comprehensive approach to improving community safety and crime prevention through delivery of:*
 - *the Community Crime Prevention Program, including anti-graffiti initiatives such as graffiti removal programs and graffiti prevention and removal grants; Community Safety Fund grants; Public Safety Infrastructure Fund grants; and the Reducing Violence Against Women and their Children grants, and*
 - *Family violence law reform*
- *strengthening the independence of the Courts system*
- *wide ranging reforms in sentencing*
- *enhancing the capacity of Corrections Victoria to effectively manage prisoners and offenders*

89 Department of Justice, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 3 May 2012, p.2

- *taking a comprehensive approach to enhance emergency management through:*
 - *leading or supporting the implementation of all the Victorian Bushfires Royal Commission recommendations*
 - *supporting emergency services volunteers*
 - *investing in emergency management infrastructure and equipment*
- *leading the development of the government's Emergency Management White Paper*
- *supporting the establishment and leading the implementation of the Independent Broad-based Anti-corruption Commission (IBAC)*
- *establishing the independent Freedom of Information (FOI) Commissioner*
- *ensuring responsible regulation through:*
 - *supporting operations and policies that protect and promote the interests of consumers*
 - *supporting operations and policies that regulate the gambling, liquor and racing industries*
- *fostering responsible gambling, and reducing the prevalence and severity of problem gambling through the establishment of the Victorian Responsible Gambling Foundation, and*
- *supporting the growth and development of the racing industry.*

8.2.2 Victoria Police

With respect to Victoria Police, the Department advised the Committee that:⁹⁰

Victoria Police strategic priorities for 2012-13 are currently being finalised and include a review and update of the current strategic plan (The Way Ahead 2013-2018).

Strategic priorities for Victoria Police will focus on key government election commitments including:

- *recruitment, training and deployment of 1700 additional frontline police*
- *recruitment training and deployment of 940 PSOs to train stations, and*
- *the operational and corporate/admin processes required to support these key initiatives.*

Victoria Police's key strategic priorities for 2012-13 continue to be based on the priorities enunciated in The Way Ahead 2008-2013. These priorities are:

- *A Safer Victoria*
- *Connecting the Community*
- *Valuing our People.*

Operational priorities are developed each year following a state-wide strategic assessment, which considers emerging risks based on contemporary intelligence and community feedback. These annual operational priorities are closely linked to the strategic priorities outlined in The Way Ahead 2008-13.

90 *ibid.*, p.3

Ongoing priorities underpinning the budget into 2012-13 and over the forward estimates are:

- *Taking a comprehensive approach to tackling crime and crime prevention, including family violence, street crime, drugs and road safety offences*
- *Accelerating delivery of 1700 additional police*
- *Delivery of 940 PSOs*
- *Delivering associated infrastructure for additional Police and PSOs.*

8.2.3 Key policies underpinning new budget initiatives

The Committee was advised by the Department that the Government's election commitments provide a service delivery and strategic framework that governs a four-year program that commenced in 2011-12.⁹¹ Broad sectoral policies upon which new budget initiatives are based relate to:⁹²

- emergency services and volunteer organisations;
- public safety and crime reduction;
- liquor licensing; and
- integrity of Government.

Details of the specific linkages of the new budget initiatives to the Department's key sectoral policies can be viewed in the Department's response to the Committee's budget estimates questionnaire, which is located on the Committee's website (www.parliament.vic.gov.au/paec).

8.3 Major priority shifts for 2012-13

The Department indicated that, in building on the strategic priorities of the previous year, there were several major differences in its priorities for 2012-13 compared to the previous budget.⁹³ These are set out below.

Following the integration of the administration of gambling and liquor licensing through the creation of the Victorian Commission of Gambling and Liquor Regulation (VCGLR) in 2011-12, the VCGLR became operational on 6 February 2012.⁹⁴

To increase integrity, transparency and accountability in relation to speed and red light cameras, a 2011-12 government priority was to establish an office of the Road Safety Camera Commissioner, and to appoint a Commissioner.⁹⁵ The role of the Road Safety Camera Commissioner is to provide Victorian motorists with an independent avenue to test the validity of the Victoria's road safety camera system. Following the appointment of the Commissioner, the Office of the Commissioner became operational on 6 February 2012.⁹⁶

91 *ibid.*, p.6

92 *ibid.*, pp.6-7

93 *ibid.*, p.3

94 *ibid.*

95 *ibid.*

96 *ibid.*, p.4

Progress in relation to sentencing reforms included the introduction of the new single, flexible Community Correction Order, which commenced on 16 January 2012. As of 26 April 2012, over 2,400 new orders had been made. The next phase of sentencing reforms is to be rolled out during 2012-13.⁹⁷

According to advice received from the Department, pending completion of the update of Victoria Police's strategic plan, no changes to the strategic priorities for Victoria Police have been made for 2012-13 relative to 2011-12.⁹⁸

As advised by the Department, there were no funding and resource allocation impacts on the 2012-13 Budget arising from the differences in the Department's priorities between 2011-12 and 2012-13.⁹⁹

8.4 Attorney-General's portfolio

8.4.1 Introduction

The Committee received evidence from the Hon. Robert Clark MP, Attorney-General, on 11 May 2012. The Attorney-General was assisted by Penny Armytage, Secretary; Gail Moody, Executive Director, Strategic Projects and Planning; and Carolyn Gale, Executive Director, Community Operations and Strategy, Department of Justice. The Committee thanks the Attorney-General and accompanying officers for their attendance and assistance.

8.4.2 General comments

The Attorney-General provided an overview of the Attorney-General's portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.4.4) are also available on the Committee's website.

8.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Parliamentary inquiry into the handling of child abuse by religious and other organisations

- resourcing issues (pp.5-6); and
- parliamentary privilege (pp.7-8).

97 ibid.

98 ibid.

99 ibid.

Other matters

- protection of vulnerable children (p.6);
- reducing the regulatory burden for legal practitioners (p.8);
- development of performance measures (pp.8-9);
- establishment of the court executive service (pp.9-10);
- efficiency of the Court of Appeal (p.10);
- funding to address court delays in the Magistrates' Court (pp.10-11);
- County Court – impact of a significant reduction in guilty pleas (p.11);
- additional funding for Victoria Legal Aid (pp.11-12); and
- funding for the coroner's prevention unit (pp.12-13).

8.4.4 Documents tabled at the budget estimates hearing

The Attorney-General provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Attorney-General at the hearing.

8.5 Bushfire Response portfolio

8.5.1 Introduction

The Committee received evidence from the Hon. Peter Ryan MP, Minister for Bushfire Response, on 10 May 2012. The Minister was assisted by Penny Armytage, Secretary; and Neil Robertson, Executive Director, Police and Emergency Management, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.5.2 General comments

The Minister provided an overview of the Bushfire Response portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.5.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Budget measures

- funding of recommendations from the Royal Commission (pp.5-6);
- bushfire recovery programs (pp.8-9);
- fire services levy (p.9);
- property buy-back scheme (pp.9-10);
- support for businesses in bushfire-affected areas (p.11); and
- Fire Recovery Unit community support programs (pp.11-12).

Other matters

- improvements in bushfire safety (p.6);
- building standards and maintenance for fire refuges (pp.7-8);
- radio communications black spots (p.10);
- vulnerable people in emergencies (pp.10-11); and
- numbers of Incident Control Centres and trained staff (pp.12-13).

8.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.5.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to radio communications black spots (p.10 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.6 Consumer Affairs portfolio

8.6.1 Introduction

The Committee received evidence from the Hon. Michael O'Brien MP, Minister for Consumer Affairs, on 16 May 2012. The Minister was assisted by Penny Armytage, Secretary; Shaun Condron, Chief Finance Officer; Claire Noone, Executive Director, Consumer Affairs; and Carlyne Gale, Executive Director, Community Operations and Strategy, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.6.2 General comments

The Minister provided an overview of the Consumer Affairs portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.6.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.6.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Liquor regulation

- liquor licensee enforcement, compliance and monitoring activities (pp.4-5);
- actions taken under new secondary supply laws (p.6); and
- liquor licensing under new Victorian Commission for Gambling and Liquor Regulation (p.7).

Promoting and protecting consumer interests

- retirement village residents (pp.5-6);
- funding for Consumer Affairs Victoria (pp.7-9); and
- support for vulnerable and disadvantaged Victorians (pp.9-10).

8.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.6.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to Consumer Affairs Victoria programs, including grants, that have been discontinued or transferred (p.9 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.7 Corrections portfolio

8.7.1 Introduction

The Committee received evidence from the Hon. Andrew McIntosh MP, Minister for Corrections, on 7 May 2012. The Minister was assisted by Penny Armytage, Secretary; Julia Griffith, Executive Director, Corrections, Health and Crime Prevention; and Bob Hastings, Commissioner, Corrections Victoria, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.7.2 General comments

The Minister provided an overview of the Corrections portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.7.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.7.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Offender management

- global positioning system (GPS) tracking of offenders (p.4);
- flexible community corrections orders (p.7);
- breaches of conditions for sex offenders (pp. 4-5, 7-8); and
- management of serious sex offenders (pp.8-9).

Prison construction

- increased prison capacity (pp.5-6);
- job creation (p.6); and
- delays with the Ararat prison redevelopment (pp.9-10).

Other matter

- job cuts (pp.6-7).

8.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.7.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to the number of breaches of conditions for sex offenders in the last financial year (p.8 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.8 Crime Prevention portfolio

8.8.1 Introduction

The Committee received evidence from the Hon. Andrew McIntosh MP, Minister for Crime Prevention, on 7 May 2012. The Minister was assisted by Penny Armytage, Secretary; Julianne Brennan, Director, Community Crime Prevention; and Julia Griffith, Executive Director, Corrections, Health and Crime Prevention, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.8.2 General comments

The Minister provided an overview of the Crime Prevention portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.8.4) are also available on the Committee's website.

8.8.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2–3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.3–4) and the following (page numbers refer to the transcript on the Committee's website):

Neighbourhood Watch

- access to crime statistics (p.6);
- recruitment of state manager (p.7); and
- expenditure of funding in 2011-12 (p.7).

Other matters

- evaluation of closed circuit television (CCTV) programs (pp.4–5);
- crime prevention measures (pp.5–6);
- establishment of a crime reduction target (p.6);
- local community engagement on crime prevention initiatives (pp.6–7); and
- examples of crime prevention initiatives (pp.7–8).

8.8.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.8.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

8.9 Gaming portfolio

8.9.1 Introduction

The Committee received evidence from the Hon. Michael O'Brien MP, Minister for Gaming, on 16 May 2012. The Minister was assisted by Penny Armytage, Secretary; Ross Kennedy, Executive Director, Racing and Gaming; Cate Carr, Director, Gambling Policy and Research; and Shaun Condron, Chief Finance Officer, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.9.2 General comments

The Minister provided an overview of the Gaming portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.9.4) are also available on the Committee's website.

8.9.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

- gambling licences (p.6);
- help for problem gamblers (p.6);
- the ban on automatic teller machines (ATMs) in gaming venues (pp.7-8, 11-12);
- the auction of gaming machine entitlements (pp.8-10);
- community gambling advocacy office within the Victorian Responsible Gambling Foundation (pp.10-11); and
- payment by Intralot for the monitoring license, and to Tatts and Tabcorp for the legacy system (pp.12-13).

8.9.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.9.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

8.10 Minister responsible for the establishment of an anti-corruption commission's portfolio

8.10.1 Introduction

The Committee received evidence from the Hon. Andrew McIntosh MP, Minister responsible for the establishment of an anti-corruption commission, on 7 May 2012. The Minister was assisted by Penny Armytage, Secretary, Department of Justice; Joanne de Morton, Deputy Secretary; and Scott Widmer, Director, Government and Corporate Group, Department of Premier and Cabinet. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.10.2 General comments

The Minister provided an overview of the portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.10.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.10.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Freedom of Information Commission

- power of the Freedom of Information Commissioner to set enforceable standards (pp.6-7);
- freedom of information processes (p.7); and
- appropriateness of funding (pp.11-12).

Independent Broad-based Anti-corruption Commission (IBAC)

- tender for specialist security advisor (pp.4-6);
- anti-corruption education and prevention (pp.7-9);

- operationalising the Victorian Inspectorate and Public Interest Monitor (p.8);
- recruitment of an IBAC Commissioner (pp.9-10);
- use of IBAC and Inspector powers (pp.10-11); and
- protection of community rights (pp.12-13).

Other matter

- public sector integrity initiatives (pp.6, 8-9).

8.10.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.10.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to the recruitment of an IBAC Commissioner (p.10 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.11 Police and Emergency Services portfolio

8.11.1 Introduction

The Committee received evidence from the Hon. Peter Ryan MP, Minister for Police and Emergency Services, on 10 May 2012. The Minister was assisted by Penny Armytage, Secretary; Neil Robertson, Executive Director, Police and Emergency Management, Department of Justice; and Ken Lay, Chief Commissioner of Victoria Police. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.11.2 General comments

The Minister provided an overview of the Police and Emergency Services portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.11.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.11.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-6), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.6-7) and the following (page numbers refer to the transcript on the Committee's website):

Protective services officers

- funding for protective services officers (pp.8-10);
- upgrading police stations (pp.9-10);
- protective services officer recruitment (pp.10-11);
- initial activity on train stations (p.13);
- scope of training (p.14); and
- operational numbers (p.14).

Additional frontline police

- progress in delivering the 1,700 additional front-line police (pp.15-16); and
- roles to be performed (p.16).

Emergency services communications

- break-down of funding (p.17);
- long-term strategic planning (p.17); and
- receipt of 'emergency alerts' on mobile phones (p.18).

Other matters

- developments on railway stations to protect the public (p.10);
- impact of budget savings on jobs (pp.11-12);
- impact on front-line services of cuts to back-office roles (pp.12-13);
- former Chief Commissioner's resignation payout (pp.16-17);
- new targets for replacement performance measures (pp.18-19);
- target for crime reduction (pp.19-20);
- bushfire response emergency services (p.20);
- police on-the-spot fines (pp.20-1);
- major emergency management reform (pp.21-2);
- former Chief Commissioner – contingent liability for potential compensation claim (pp.22-3);
- police station upgrades (p.23); and
- police enterprise bargaining agreement – productivity gains (pp.24-5).

8.11.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.11.5 Questions taken on notice at the budget estimates hearing

The Minister took two questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- costs involved in advertising, recruitment and training of protective services officers (p.15); and
- number of people fined for breaching the new laws in relation to 'having a traveller' while driving (p.21).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

8.12 Racing portfolio

8.12.1 Introduction

The Committee received evidence from the Hon. Dr Denis Napthine MP, Minister for Racing, on 8 May 2012. The Minister was assisted by Penny Armytage, Secretary; Ross Kennedy, Executive Director, Racing and Gaming; and Shaun Condon, Chief Finance Officer, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.12.2 General comments

The Minister provided an overview of the Racing portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.12.4) are also available on the Committee's website.

8.12.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.3) and the following (page numbers refer to the transcript on the Committee's website):

Industry development

- breeding industries (pp.4-5); and
- benefits to Ballarat (pp.6-7).

Other matters

- harness racing (pp.3-4); and
- racing industry share of racing and gaming revenue (pp.5-6).

8.12.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.12.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

CHAPTER 9. DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT HEARINGS

9.1 Introduction

The Department of Planning and Community Development is responsible for the administration of the following portfolios:

- Aboriginal Affairs;
- Local Government;
- Planning;
- Regional and Rural Development;
- Regional Cities;
- Sport and Recreation; and
- Veterans' Affairs.

9.2 Key budget themes for 2012-13

The Department advised the Committee that the key strategic priorities underpinning the 2012-13 Budget were:¹⁰⁰

- *implementing planning and regulatory reforms to assist in the management of population growth and infrastructure planning;*
- *developing planning strategies for metropolitan and regional areas experiencing significant growth and change;*
- *driving economic growth in regional and rural Victoria;*
- *partnering with business, communities, community and sporting organisations and councils to improve the way community and sporting facilities and infrastructure are planned and developed;*
- *working with and building the capacity of local governments, community and volunteer organisations in planning, service provision and the recognition and management of cultural heritage; and*
- *delivering whole of government strategies to close the gap between Indigenous and non-Indigenous Victorians and supporting the needs of Victorian veterans.*

These priorities support the following two departmental objectives which link and drive the efforts of the Department's portfolios and agencies:

- *Sustainable economic development:*

100 Department of Planning and Community Development, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 4 May 2012, p.2

A strong economic base is essential for the prosperity of all Victorians. DPCD's objective is to enhance prosperity through planning for industry development, population growth, heritage conservation, investing in economic infrastructure and job creation in regional and metropolitan Victoria. Addressing housing affordability through increased land supply, reducing regulatory burden in the planning, building and heritage sectors and providing support for natural disaster preparedness and recovery will also support this objective.

- *Strong and vibrant communities:*

All Victorians benefit from communities serviced by quality infrastructure and services. DPCD's objective is to support strong communities through engagement with local councils, businesses and the public to plan for the future of local communities. DPCD supports a strong, transparent and accountable system of local government, accessible community sport and recreation facilities and ensures effective planning is in place to respond to major disasters. Improving the quality of sport and recreation facilities and enhancing participation strengthens communities and maintains Victoria's reputation as Australia's leading state for sporting events. Policy development and service delivery that appreciate Victoria's heritage, respect the sacrifice of veterans and close the gap in Indigenous and non-Indigenous outcomes also add to the richness of our culture and standard of living.

The Department indicated that new initiatives were based on the following key policies:¹⁰¹

Key sectoral policies applicable to new initiatives for DPCD include the Victorian Liberal Nationals Coalition Plan for Sport & Recreation and the Victorian Liberal Nationals Coalition Plan for Veterans' Affairs, on which new initiatives for the Sport and Recreation and Veterans' Affairs portfolios are broadly based. New initiatives for the Local Government portfolio also contribute to implementation of all Victorian Bushfire Royal Commission recommendations and the Government response to the Bailey Report on Roadside weeds and pests.

9.3 Major priority shifts for 2012-13

With respect to major differences in the Department's priorities between the 2012-13 Budget and the previous budget, the Department advised that:¹⁰²

The 2012-13 strategic priorities include all priorities from 2011-12, however have been refined and aligned with two broad objectives instead of four.

In 2011-12, the Department's objectives were as follows:

- *planning communities for growth and change;*
- *investing in communities;*
- *growing regional and rural Victoria; and*
- *improving organisational performance.*

101 *ibid.*, p.5

102 *ibid.*, p.3

The Department identified that:¹⁰³

At a departmental level, any changes in strategic priorities from 2011-12 to 2012-13 will have no impact on funding and resource allocation decisions for 2012-2013 other than those listed below...

Program/initiative	Comments
Broadmeadows Government Services Building	The Broadmeadows Government Services Building was not proceeded with due to departments no longer needing the level of space and the impacts of the higher rental costs.
Expert Assistance Program	The Expert Assistance Program has been discontinued. A portion of the funding has been redirected to the fund the new Community Works Program with the remainder to meet efficiency targets.
Regional Infrastructure Development Fund (RIDF)	On 1 June 2011, all projects and liabilities under the Regional Infrastructure Development Fund (RIDF) were transferred to be administered under the Regional Growth Fund. To date, 406 RIDF major infrastructure projects and programs have been announced throughout regional and rural Victoria. Some other Regional Blueprint initiative funding has been reduced to meet efficiency targets.
Green Light Program	As a result of the need for continuing work on this program and the current priorities and needs in regard to Local Government and across the Department, funding has been reduced and reprioritised at this stage.
Transport Connections	Funding has been reduced to meet efficiency targets.

9.4 Aboriginal Affairs portfolio

9.4.1 Introduction

The Committee received evidence from the Hon. Jeanette Powell MP, Minister for Aboriginal Affairs, on 18 May 2012. The Minister was assisted by Andrew Tongue, Secretary; Greg Forck, Chief Finance Officer; Ian Hamm, Executive Director, Aboriginal Affairs Victoria; and Jenny Samms, Executive Director, Aboriginal Affairs Taskforce, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

9.4.2 General comments

The Minister provided an overview of the Aboriginal Affairs portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.4.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

¹⁰³ *ibid.*

9.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- achievements and objectives of Reconciliation Victoria (p.4);
- Victorian Indigenous Honour Roll (pp.4-5);
- Reconciliation Action Plan funding (p.5);
- engaging with Indigenous Victorians (pp.5-6); and
- outcomes of Government training (pp.6-7).

9.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

9.4.5 Questions taken on notice at the budget estimates hearing

The Minister took a question on notice at the hearing relating to outcomes for recipients of government training (p.7 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

9.5 Local Government portfolio

9.5.1 Introduction

The Committee received evidence from the Hon. Jeanette Powell MP, Minister for Local Government, on 18 May 2012. The Minister was assisted by Andrew Tongue, Secretary; Greg Forck, Chief Finance Officer; Sue Jaquinot, Deputy Secretary, Local Government and Community Development; and Kendrea Pope, Director, Sector Development, Local Government Victoria, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

9.5.2 General comments

The Minister provided an overview of the Local Government portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.5.4) are also available on the Committee's website.

9.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

- differential rating of businesses by local councils (p.5);
- Brimbank City Council administration (pp.5-6);
- additional councils in administration (pp.6-7);
- grants paid to councils not meeting milestones (p.7);
- funding of public libraries (p.8); and
- abolition of the Local Government Inspectorate (p.9).

9.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

9.5.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

9.6 Planning portfolio

9.6.1 Introduction

The Committee received evidence from the Hon. Matthew Guy MLC, Minister for Planning, on 15 May 2012. The Minister was assisted by Andrew Tongue, Secretary; Greg Forck, Chief Finance Officer; Prue Digby, Deputy Secretary, Planning, Building and Heritage; and John Ginivan, Acting Executive Director, Planning and Building Reform, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

9.6.2 General comments

The Minister provided an overview of the Planning portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.6.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

9.6.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-5), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.5) and the following (page numbers refer to the transcript on the Committee's website):

Planning and managing population growth

- Government response to population growth (pp.6-7);
- accommodating growth in regional Victoria (pp.7-8);
- managing growth across the metropolitan area (pp.9-10);
- land supply (p.11);
- greater housing density in growth areas (pp.12-13); and
- community consultation and metropolitan planning strategy (pp.13-14).

Infrastructure

- growth areas infrastructure contribution (p.20); and
- transport pressures (pp.21-2).

Agricultural land

- protection of agricultural land in peri-urban areas (pp.18-19); and
- fragmentation of landholdings (pp.19-20).

Other matters

- code assess options for planning approvals and community consultation rights (pp.6, 15-16);
- impact of budget reductions on programs (p.7);
- privatisation or contracting out of substantive planning functions (p.7);
- ports and environs report (pp.8-9);
- Government policy pertaining to regional planning offices (p.10);
- housing affordability (pp.10-11);
- coastal mapping (p.12);
- planning scheme amendments reform (pp.14-15);
- reforms for the planning system (pp.16-17);
- Logical Inclusions Advisory Committee report (p.17);
- developer contributions in peri-urban areas (p.18);
- local community input into planning scheme amendments (pp.20-1); and
- movements in house prices and keeping prices low (p.22).

9.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

9.6.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to the coastal climate change report for Wellington Shire (p.21 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

9.7 Regional and Rural Development portfolio

9.7.1 Introduction

The Committee received evidence from the Hon. Peter Ryan MP, Minister for Regional and Rural Development, on 10 May 2012. The Minister was assisted by Andrew Tongue, Secretary; Greg Forck, Chief Finance Officer; Sue Jaquinot, Deputy Secretary, Local Government and Community Development, Department of Planning and Community Development; and Lachlan Bruce, Chief Executive, Regional Development Victoria. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

9.7.2 General comments

The Minister provided an overview of the Regional and Rural Development portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.7.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

9.7.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.4) and the following (page numbers refer to the transcript on the Committee's website):

- programs that have lapsed in 2011-12 and will not be continued (pp.4-5);
- programs supported by the Regional Growth Fund (pp.5-6, 10-11);
- Energy for the Regions Program – towns included and not included in 2011-12 (pp.6-7);
- funding models to extend the rollout of natural gas (p.7);
- regional population growth and relocation to regional Victoria (pp.7-8);

- assistance to TAFE employees in Bendigo (pp.8-10);
- local government infrastructure program (p.10); and
- the Putting Locals First Program (p.11).

9.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

9.7.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide further information relating to programs that have expired in 2012-13 (p.5 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

9.8 Regional Cities portfolio

9.8.1 Introduction

The Committee received evidence from the Hon. Dr Denis Napthine MP, Minister for Regional Cities, on 8 May 2012. The Minister was assisted by Andrew Tongue, Secretary; Greg Forck, Chief Finance Officer; Lachlan Bruce, Chief Executive, Regional Development Victoria; and Lill Healy, Executive Director, Policy and Programs, Regional Development Victoria, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

9.8.2 General comments

The Minister provided an overview of the Regional Cities portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.8.4) are also available on the Committee's website.

9.8.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- responsibilities of the portfolio (pp.3-6);
- support for population growth in regional cities (pp.4-5);
- jobs growth in regional cities (p.5); and
- Ballarat Western Link Road (p.7).

9.8.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled a plan of the Ballarat Western Link Road. The slides and plan are available on the Committee's website (www.parliament.vic.gov.au/paec).

9.8.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

9.9 Sport and Recreation portfolio

9.9.1 Introduction

The Committee received evidence from the Hon. Hugh Delahunty MP, Minister for Sport and Recreation, on 15 May 2012. The Minister was assisted by Andrew Tongue, Secretary; Peter Hertan, Deputy Secretary, Sport and Recreation and Veterans' Affairs; Susan George, Director, Community Sport and Recreation; and Greg Forck Chief Finance Officer, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

9.9.2 General comments

The Minister provided an overview of the Sport and Recreation portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.9.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

9.9.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-5), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.5-6) and the following (page numbers refer to the transcript on the Committee's website):

Extending support for soccer facilities

- funding period (pp.6-7); and
- project details (pp.9-10).

Community facility grant projects

- support for projects (p.7); and
- funds available (pp.13-16).

Other matters

- impacts of departmental savings measures on the portfolio (pp.7-8);
- significant sporting events (pp.8, 16);
- funding for bike and walking trails (pp.8-9);
- impacts of lower ‘investing in communities’ expenditure (pp.10-11);
- enhancing participation by women (pp.11-12);
- Olympic delegation (p.12);
- support for coaches and volunteers (pp.12-13); and
- support for athletes (pp.14-15).

9.9.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee’s website (www.parliament.vic.gov.au/paec).

9.9.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to overseas travel to the Olympics in relation to the Victorian Institute of Sport (p.12 of the transcript on the Committee’s website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee’s website.

9.10 Veterans’ Affairs portfolio

9.10.1 Introduction

The Committee received evidence from the Hon. Hugh Delahunty MP, Minister for Veterans’ Affairs, on 15 May 2012. The Minister was assisted by Andrew Tongue, Secretary; Greg Forck, Chief Finance Officer; Peter Hertan, Deputy Secretary, Sport and Recreation and Veterans’ Affairs; and David Roberts, Manager, Veterans Unit, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

9.10.2 General comments

The Minister provided an overview of the Veterans’ Affairs portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee’s website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.10.4) are also available on the Committee’s website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee’s website.

9.10.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- Western Port maritime memorial project (pp.3-4);
- funding for initiatives relating to the Anzac centenary (pp.4-5);
- assistance for Afghanistan war veterans (p.5);
- Galleries of Remembrance project at the Shrine of Remembrance (pp.5-6); and
- election commitment relating to housing for veterans (p.6).

9.10.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

9.10.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing relating to the Western Port maritime memorial project (p.4 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

CHAPTER 10. DEPARTMENT OF PREMIER AND CABINET HEARINGS

10.1 Introduction

The Department of Premier and Cabinet is responsible for the administration of the following portfolios:

- Arts;
- Multicultural Affairs and Citizenship; and
- Premier.

10.2 Key budget themes for 2012-13

The Department advised the Committee that the key strategic priorities underpinning the 2012-13 Budget were:¹⁰⁴

- *strengthening public policy outcomes and high quality Government decision-making for all Victorians;*
- *promoting an effective, accountable and professional public administration;*
- *support and promote active citizenship and unit across a vibrant multicultural community; and*
- *developing and promoting a thriving Victorian arts and cultural sector.*

The Department indicated that new initiatives were based on the following key policies:¹⁰⁵

- *For new arts and cultural development initiatives the relevant sector policy is Commitment to the Arts;*
- *For new multicultural affairs and citizenship initiatives the relevant sectoral policy is Commitment to Multicultural Affairs and Citizenship; and*
- *For the increased support for the Victorian Ombudsman and the extension of the pilot of regional DPC offices initiatives the relevant sectoral policy is Responsible Governance and Integrity.*

10.3 Major priority shifts for 2012-13

No major differences in the Department's priorities between the 2012-13 Budget and the previous budget were specified by the Department.¹⁰⁶

104 Department of Premier and Cabinet, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 3 May 2012, p.2

105 *ibid.*, p.3

106 *ibid.*, p.2

10.4 Arts portfolio

10.4.1 Introduction

The Committee received evidence from the Hon. Ted Baillieu MP, Premier and Minister for the Arts, on 4 May 2012. The Premier was assisted by Helen Silver, Secretary; Dennis Carmody, Deputy Director, Agencies and Infrastructure; Greg Andrews, Deputy Director, Policy and Programs; and Penny Hutchinson, Director, Arts Victoria, Department of Premier and Cabinet. The Committee thanks the Premier and accompanying officers for their attendance and assistance.

10.4.2 General comments

The Premier provided an overview of the Arts portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 10.4.4) are also available on the Committee's website.

10.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- arts grants (pp.3-4);
- support for the arts in Geelong (pp.4-5); and
- protection and security of State collections (pp.5-6).

10.4.4 Documents tabled at the budget estimates hearing

The Premier provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

10.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Premier at the hearing.

10.5 Multicultural Affairs and Citizenship portfolio

10.5.1 Introduction

The Committee received evidence from the Hon. Nicholas Kotsiras MP, Minister for Multicultural Affairs and Citizenship, on 16 May 2012. The Minister was assisted by Hakan Akyol, Director, Office of Multicultural Affairs and Citizenship; and Donald Speagle, Deputy Secretary, Federalism, Citizenship and Climate Change Group, Department of Premier and Cabinet. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.5.2 General comments

The Minister provided an overview of the Multicultural Affairs and Citizenship portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 10.5.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

10.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Funding details

- refugee support (pp.5-6);
- grants to multicultural organisations in rural and regional Victoria (p.6);
- Victorian Multicultural Commission and regional advisory councils (pp.6-8);
- South Asian Building Fund (p.7);
- cultural precinct enhancement grants (p.7); and
- metropolitan grants approved (pp.10-11).

Other matters

- assistance from the refugee support program (pp.5-6);
- Unity through Partnerships program (p.8);
- Victorian diversity employment awards (pp.8-9);
- rights and responsibilities seminars (p.9);
- Cultural Diversity Week (pp.9-10);
- culturally and linguistically diverse Victorians in regional Victoria (p.11);
- employment levels at the Victorian Multicultural Commission (pp.11-12); and
- Victorian community grants (p.12).

10.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

10.5.5 Questions taken on notice at the budget estimates hearing

The Minister took two questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- list of organisations and/or projects funded by the South Asian Building Fund (p.7); and
- 2011-12 Victorian diversity employment awards (p.9).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

10.6 Premier's portfolio

10.6.1 Introduction

The Committee received evidence from the Hon. Ted Baillieu, Premier of Victoria, on 4 May 2012. The Premier was assisted by Helen Silver, Secretary; Pradeep Phillip, Deputy Secretary, Policy and Cabinet Group; Joanne de Morton, Deputy Secretary, Government and Corporate Group; and Donald Speagle, Deputy Secretary, Federalism, Citizenship and Climate Change Group, Department of Premier and Cabinet. The Committee thanks the Premier and accompanying officers for their attendance and assistance.

10.6.2 General comments

The Premier provided an overview of the Premier's portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 10.6.4) are also available on the Committee's website.

10.6.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.5) and the following (page numbers refer to the transcript on the Committee's website):

Health

- cancer strategy (pp.19-20);
- Monash children's hospital (p.21); and
- health initiatives in the Budget (pp.25-8).

Community safety

- protection of vulnerable children (pp.5-6);
- prison capacity (p.16);
- serious sex offenders (pp.17-18); and

- police funding (pp.20-1).

Budget measures

- impact of initiatives on the community (pp.4-5);
- staffing levels and front-line services in the Department of Premier and Cabinet (p.5);
- Independent Review of State Finances (p.6);
- non-renewal of fixed term contracts and redundancies (pp.8-12);
- performance measures (p.14); and
- the effect of GST distribution on the Budget (pp.21-2).

Education

- School Start Bonus and the Education Maintenance Allowance (pp.15-18); and
- TAFE funding (pp.24-5).

Support for the economy

- reduction of WorkCover premiums (pp.6-7);
- first home bonus and the building industry (pp.12-13);
- international trade engagement (pp.13-4); and
- manufacturing support (p.23).

Support for the community

- energy concession payments (pp.7-8); and
- refugee support (p.22).

Transport

- regional rolling stock (p.8);
- grade separations (p.15);
- Webb Dock initiative (pp.18-19); and
- road safety funding (pp.26-7).

Other matters

- essential infrastructure protection (pp.10-11); and
- freedom of information requests (pp.28-9).

10.6.4 Documents tabled at the budget estimates hearing

The Premier provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

10.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Premier at the hearing.

CHAPTER 11. DEPARTMENT OF PRIMARY INDUSTRIES HEARINGS

11.1 Introduction

The Department of Primary Industries is responsible for the administration of the following portfolios:

- Agriculture and Food Security; and
- Energy and Resources.

11.2 Key budget themes for 2012-13

The Department advised the Committee that the key strategic priorities underpinning the 2012-13 Budget were:¹⁰⁷

- *Competitive businesses and efficient markets, through increased productivity, access to global trade and investment, and improved market structure and function.*
- *Sustainably managed natural resources, through efficient and sustainable allocation, use and management of natural resources.*
- *Engaged, safe and responsible communities, through improved community engagement, recreation and capacity building, and enhanced human safety and animal welfare.*

The Department indicated that new initiatives were based on the following key policies:¹⁰⁸

- *Productivity through innovation in agriculture*
 - *Accelerated productivity growth*
 - *New modes of service delivery*
 - *Reduction in cost of doing business*
 - *Enhanced regional engagement*
- *Securing energy supplies and investment*
 - *Investing in innovation*
 - *Developing Victoria as a Carbon Capture & Storage (CCS) hub - CarbonNet*
 - *Moderating cost of living pressures*
 - *Responding to the impact of energy sector transition*
 - *Stimulating new energy and earth resources investment*
 - *Managing emergencies effectively*

107 Department of Primary Industries, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 10 May 2012, p.2

108 *ibid.*, p.4

11.3 Major priority shifts for 2012-13

The Department advised that:¹⁰⁹

The Department's high level strategic priorities have not changed materially since 2011-12, however the approach to achieving them has been reinvigorated, and supported through funding provided for Agriculture and Food Industry and securing energy supplies and investment initiatives in Victoria.

11.4 Agriculture and Food Security portfolio

11.4.1 Introduction

The Committee received evidence from the Hon. Peter Walsh MP, Minister for Agriculture and Food Security, on 17 May 2012. The Minister was assisted by Jeff Rosewarne, Secretary; Chris O'Farrell, Chief Financial Officer; and Professor German Spangenberg, Executive Director, Biosciences Research Division, Department of Primary Industries. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

11.4.2 General comments

The Minister provided an overview of the Agriculture and Food Security portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 11.4.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

11.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-6) and the following (page numbers refer to the transcript on the Committee's website):

Financial matters

- savings target and staff reductions (pp.6-7); and
- programs that have lapsed or had their funding reduced for this financial year (pp.7-8).

Increasing productivity

- productivity growth in the dairy industry (pp.9-10);
- boosting productivity and profitability in Victoria's red meat industry (p.13); and

¹⁰⁹ *ibid.*, p.2

- research relating to grower productivity and profitability (pp.14-15).

Agricultural exports

- facilitating agriculture and food export outcomes (p.7); and
- the impact of the Australian dollar on agricultural exports (pp.21-2).

Control of invasive species

- feral cats and wild foxes (pp.16-17);
- status of the hunt for the puma (p.17);
- fruit bats (p.20);
- investment in wild dog control (pp.20-1); and
- black slug (pp.23-4).

Other matters

- enhancing biosecurity preparedness (p.8-9);
- resolution of disputes (p.9);
- impact of supermarket dairy price wars (pp.11-12);
- job losses from Murray Goulburn (pp.12-14);
- roadside weed management, expenditure and compliance (pp.14, 17-18);
- Primesafe and the closure of Trafalgar local abattoir (p.15);
- supporting Victorian horticulture (pp.15-16);
- security of supply of timber (pp.18-19);
- delivery of services to the game industry (pp.19-20);
- laws on control of dangerous dogs (pp.22-3); and
- farm debt mediation scheme (p.24).

11.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

11.4.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing relating to these topics (page numbers refer to the transcript on the Committee's website):

- programs that have lapsed or had their funding reduced for this financial year (p.8); and
- budget provision for dealing with the black slug (pp.23-4).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

11.5 Energy and Resources portfolio

11.5.1 Introduction

The Committee received evidence from the Hon. Martin O'Brien MP, Minister for Energy and Resources, on 16 May 2012. The Minister was assisted by Jeff Rosewarne, Secretary; Doug Sceney, Acting Executive Director, Energy and Earth Resources; Chris O'Farrell, Chief Financial Officer; and Mark Feather, Acting Executive Director, Energy Sector Development, Department of Primary Industries. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

11.5.2 General comments

The Minister provided an overview of the Energy and Resources portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 11.5.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

11.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Energy Technology Innovation Scheme

- projects funded (pp.5-6); and
- effects on renewable energy technology (pp.13-14).

Carbon tax

- managing risks arising from the tax (pp.8-9); and
- economic modelling (pp.11-13).

Solar energy

- Mallee solar park project (pp.9-10); and
- State target (p.14).

Other matters

- minimising costs of gas and electricity (pp.7-8); and
- carbon capture and storage (pp.10-11).

11.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

11.5.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide further information relating to the Victorian Government contribution to the Mallee solar park project (p.10 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

CHAPTER 12. DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT HEARINGS

12.1 Introduction

The Department of Sustainability and Environment is responsible for the administration of the following portfolios:

- Environment and Climate Change; and
- Water.

12.2 Key budget themes for 2012-13

The Department advised the Committee that:¹¹⁰

The Department's output statement now refers to departmental objectives in the place of strategic priorities.

The department's objectives for 2012-13 and over the forward estimates are:

- *Effective management of water resources to meet future urban, rural and environmental needs.*
- *The community benefits from effective management of Victoria's assets.*
- *Effective environment and climate change policy, investment and regulation.*
- *Reduced impact of major bushfires and other extreme events on people, infrastructure and the environment.*

Regarding new initiatives, the Department indicated that:¹¹¹

The Department does not have sectoral policies relating specifically to the new budget initiatives. The Department has a range of policies that underpin our key objectives, such as the Government's Plan for Water and Implementing the Government Response 2009 Victorian Bushfires Royal Commission - May 2011. All policies are publically available on the Department's website.

Budget allocations to new initiatives are based on the Department's key objectives as per these policies. These Department's objectives are stated in the Corporate Plan.

110 Department of Sustainability and Environment, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 3 May 2012, p.2

111 *ibid.*, p.4

12.3 Major priority shifts for 2012-13

No major differences in the Department's priorities between the 2012-13 Budget and the previous budget were specified by the Department.¹¹²

12.4 Environment and Climate Change portfolio

12.4.1 Introduction

The Committee received evidence from the Hon. Ryan Smith MP, Minister for Environment and Climate Change, on 18 May 2012. The Minister was assisted by Greg Wilson, Secretary; Adam Fennessy, Deputy Secretary, Natural Resources and Environmental Policy; Peter Appleford, Deputy Secretary, Land and Fire; and Matthew Clancy, Acting Chief Financial Officer, Department of Sustainability and Environment. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

12.4.2 General comments

The Minister provided an overview of the Environment and Climate Change portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 12.4.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

12.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Effects of reduced output funding

- *Environmental Policy and Climate Change* output (pp.6-7);
- *Statutory Activities and Environmental Protection* output (p.18);
- *Biodiversity* output (pp.15-16); and
- *Public Land* output (pp.19-20).

Grants programs

- reduction in portfolio-wide discretionary grants program (p.5);
- Communities for Nature program (pp.16-17);

¹¹² *ibid.*, p.2

- environmental works for regional waterways (p.12); and
- work by Sustainability Victoria in energy efficiency and waste management (pp.13-15).

Other matters

- investment in Zoos Victoria (pp.5-6);
- management of fire on public land (p.8);
- funding of climate adaptation programs (pp.8-10);
- progress of planned burning for the year (pp.10-11);
- employment reduction in Parks Victoria (p.11);
- funding for Port Phillip and Yarra River task force (pp.12-13); and
- litter fines and illegal dumping (pp.18-19).

12.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

12.4.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- portfolio-wide discretionary grants programs (p.5);
- programs that have ceased or been reduced (p.7);
- regional adaptation plans funded through the Victorian Local Sustainability Accord (p.9);
- grant programs cut from the Environment Protection Authority (p.18); and
- programs that have received reduced funding in the *Public Land* output (p.20).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

12.5 Water portfolio

12.5.1 Introduction

The Committee received evidence from the Hon. Peter Walsh MP, Minister for Water, on 17 May 2012. The Minister was assisted by Greg Wilson, Secretary; Jane Doolan, Deputy Secretary, Water; and Matthew Clancy, Acting Chief Finance Officer, Department of Sustainability and Environment. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

12.5.2 General comments

The Minister provided an overview of the Water portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 12.5.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

12.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (p.2), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

Financial matters

- dividends from water authorities (pp.3-4);
- depreciation of dams (pp.4-5);
- profit levels required from urban water authorities (p.5);
- funding for groundwater monitoring (p.6);
- funding for Southern Rural Water (pp.7-8);
- funding for environmental water management (p.8);
- departmental savings (pp.8-9);
- water augmentation initiatives and funding (pp.11-12); and
- funds for dams (p.13).

Other matters

- securing priority waterways (p.4);
- enhancing the Victorian water register (p.5);
- Macalister irrigation district upgrade (p.6);
- water management initiatives (p.9);
- volumetric water charges (pp.9-10);
- Office of Living Victoria (pp.10-11);
- dredging Mordialloc Creek (pp.12-13); and
- timeline for the Lindenow project (p.14).

12.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

12.5.5 Questions taken on notice at the budget estimates hearing

The Minister took questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- dividends from water authorities (p.4);
- the depreciation of dams (p.5); and
- the impact of departmental savings on programs and employment (p.9).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

CHAPTER 13. DEPARTMENT OF TRANSPORT HEARINGS

13.1 Introduction

The Department of Transport is responsible for the administration of the following portfolios:

- Ports;
- Public Transport; and
- Roads.

13.2 Key budget themes for 2012-13

The Department advised the Committee that the key strategic priorities underpinning the 2012-13 Budget were:¹¹³

- *Increasing safety on the transport system*
- *Improving transport services*
- *Increasing transport system capacity, efficiency and resilience*
- *Undertaking planning to address current transport deficiencies and provide for future transport demand.*

13.3 Major priority shifts for 2012-13

The Department indicated that there had been some changes in its priorities between the 2012-13 Budget and the previous budget:¹¹⁴

The departmental strategic priorities in the 2011-12 State Budget papers reflected four shorter-term strategic priorities defined from early development work of the DOT Plan 2011. This was based on the policy announcements of Government and the long-term objectives of the transport system defined by the Transport Integration Act 2010.

These previous priorities were then further refined for the DOT Plan 2011. This refinement included:

- *The previous strategic priority on personal safety was expanded to include all aspects of safety, including transport safety infrastructure and safety accreditation and regulation*
- *The previous strategic priority on capacity and efficiency was changed to include an explicit reference to resilience, to reflect investment in transport system maintenance, particularly for public transport*

113 Department of Transport, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 3 May 2012, p.2

114 *ibid.*

- *The previous strategic priority on public transport punctuality and reliability was generalised to overall transport system operational efficiency and was included in the current strategic priority about capacity, efficiency and resilience*
- *The previous strategic priority relating to regional Victoria is now included under the other strategic priorities.*

The Department indicated that these changes had no impact on funding and resource allocation in the 2012-13 Budget.¹¹⁵

13.4 Ports portfolio

13.4.1 Introduction

The Committee received evidence from the Hon. Dr Denis Napthine MP, Minister for Ports, on 8 May 2012. The Minister was assisted by Jim Betts, Secretary; Terry Garwood, Executive Director, Freight, Logistics and Marine Division; and Robert Oliphant, Chief Finance Officer, Department of Transport. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

13.4.2 General comments

The Minister provided an overview of the Ports portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 13.4.4) are also available on the Committee's website.

13.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Port of Melbourne expansion

- reasons for expanding Webb and Swanston docks (pp.7-8);
- funding sources for Webb Dock expansion (pp.8-9); and
- truck movements on the M1 (pp.9-10).

Port of Hastings redevelopment

- reasons (pp.9, 11-12); and
- progress and timeline (pp.9, 12).

115 *ibid.*

Other matters

- port licence fee (pp.6-7);
- volume of trade through Geelong and Portland docks (pp.10-11); and
- local ports (p.12).

13.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

13.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

13.5 Public Transport portfolio

13.5.1 Introduction

The Committee received evidence from the Hon. Terry Mulder MP, Minister for Public Transport, on 9 May 2012. The Minister was assisted by Jim Betts, Secretary; Ian Dobbs, Chief Executive, Public Transport Victoria; Norman Gray, Director, Network Operations, Public Transport Victoria; and Robert Oliphant, Chief Financial Officer, Department of Transport. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

13.5.2 General comments

The Minister provided an overview of the Public Transport portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 13.5.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

13.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.3-6) and the following (page numbers refer to the transcript on the Committee's website):

Budget initiatives

- Regional Rail Link (pp.11-12);
- Avalon airport link (p.12);

- Mode Shift Incentive Scheme (p.16);
- benefits of grade separations (pp.25-6);
- level crossing upgrades (pp.22-3); and
- regional rolling stock (pp.27-8).

Rail services

- punctuality (pp.8-9);
- revised timetable (pp.16-19);
- costs of new station at Grovedale (p.31);
- protective services officers facilities (pp.23-4); and
- major periodic maintenance works (pp.30-1).

Other transport modes

- standards for taxis and hire vehicles (pp.28-9);
- Fels review of the taxi industry (pp.29-30); and
- school bus provision (pp.32-3).

Public transport accessibility

- performance standards (pp.13-15);
- compliance of budget projects (pp.15-16); and
- locations of improvement works (pp.31-2).

Future planning

- costs of rail project studies (pp.20-1);
- funding of recommended projects (p.21);
- catering for patronage projections (pp.19-20); and
- amenities for cyclists (pp.33-4).

Other matters

- public transport and roads funding (pp.9-10);
- classification of the rail infrastructure renewal program as capital or output funding (pp.6-8);
- Auditor-General's recommendations for public transport funding (pp.10-11); and
- commencement of Public Transport Victoria: costs and staff numbers (pp.26-7).

13.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

13.5.5 Questions taken on notice at the budget estimates hearing

The Minister took questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- metropolitan rail transport maintenance (p.7); and
- costs of creating Public Transport Victoria (p.26).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

13.6 Roads portfolio

13.6.1 Introduction

The Committee received evidence from the Hon. Terry Mulder MP, Minister for Roads, on 9 May 2012. The Minister was assisted by Jim Betts, Secretary; and Robert Oliphant, Chief Finance Officer, Department of Transport; along with Gary Liddle, Chief Executive; and Bruce Gidley, Chief Operating Officer, VicRoads. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

13.6.2 General comments

The Minister provided an overview of the Roads portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 13.6.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

13.6.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.3-5) and the following (page numbers refer to the transcript on the Committee's website):

- incident response units (pp.5-6);
- road safety programs (pp.6-7, 11-13);
- savings initiatives, including consultancies (pp.7-8);
- east-west link (pp.8-9);
- repair of flood-damaged roads (pp.9-10); and
- country roads and bridges program (pp.10-11).

13.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

13.6.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing about the amount of funding for local roads closed due to flood damage (p.10 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

CHAPTER 14. DEPARTMENT OF TREASURY AND FINANCE HEARINGS

14.1 Introduction

The Department of Treasury and Finance is responsible for the administration of the following portfolios:

- Assistant Treasurer;
- Finance; and
- Treasurer.

14.2 Key budget themes for 2012-13

The Department advised the Committee that the key strategic priorities underpinning the 2012-13 Budget were:¹¹⁶

The Department's key strategic priorities for the 2012-13 Budget are its departmental objectives which guide its policy directions:

- *Sound financial management of Victoria's fiscal resources;*
- *Guide Government actions to increase Victoria's productivity and competitiveness;*
- *Drive improvement in public sector asset management and the delivery of infrastructure;*
and
- *Deliver efficient Whole of Government common services to the Victorian public sector.*

14.3 Major priority shifts for 2012-13

The Department advised the Committee that:¹¹⁷

The 2011-12 departmental objectives were revised and amended for the 2012-13 Budget.

These changes more clearly outline the priorities of the Department and improve the links between the department's outputs and measures. The changes included re-wording of the three existing objectives and the inclusion of a fourth objective.

The impacts of these differences, as identified by the Department, were:¹¹⁸

The separation of the third and fourth objectives reflects the departmental priorities for driving improvement in public sector asset management and the delivery of infrastructure; and delivering efficient Whole of Government common services to the Victorian public sector.

116 Department of Treasury and Finance, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 3 May 2012, p.2

117 *ibid.*, p.2

118 *ibid.*

These objectives and their two main contributing outputs – ‘Land and Infrastructure Investment Management’ and ‘Government Services’, have been provided with increased funding given the department’s commitment to these priorities.

The increased funding for ‘Government Services’ was only due to the additional funding received as part of the 2012-13 budget, to implement and monitor compliance of the enhanced Implementation Guidelines for the Victorian Code of Practice in the Building and Construction Industry.

14.4 Assistant Treasurer’s portfolio

14.4.1 Introduction

The Committee received evidence from the Hon. Gordon Rich-Phillips MLC, Assistant Treasurer, on 18 May 2012. The Assistant Treasurer was assisted by Dean Yates, Acting Secretary; Darren Bloomfield, Acting Deputy Secretary, Government Services Division, Department of Treasury and Finance; Tracey Slatter, Acting Chief Executive Officer, Transport Accident Commission; and Greg Tweedly, Chief Executive Officer, Worksafe Victoria. The Committee thanks the Assistant Treasurer and accompanying officers for their attendance and assistance.

14.4.2 General comments

The Assistant Treasurer provided an overview of the Assistant Treasurer’s portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee’s website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 14.4.4) are also available on the Committee’s website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Assistant Treasurer receiving correspondence from the Committee. This response will be published on the Committee’s website.

14.4.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.4) and the following (page numbers refer to the transcript on the Committee’s website):

Savings

- government vehicle fleet (pp.8-9); and
- whole-of government purchasing arrangements (pp.9-10).

Other matters

- sale of surplus government land (pp.4-5);
- impact of reduced WorkCover premiums (pp.5-6);
- occupationally linked cancers among fire fighters (p.6);

- implementation of the national occupational health and safety package (pp.6-7);
- Transport Accident Commission and Victorian Workcover Authority (pp.7-8); and
- bullying prevention unit within WorkSafe (p.9).

14.4.4 Documents tabled at the budget estimates hearing

The Assistant Treasurer provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

14.4.5 Questions taken on notice at the budget estimates hearing

The Assistant Treasurer took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- the budget for WorkSafe's bullying prevention unit (p.9); and
- government land to be sold (p.5).

A written response by the Assistant Treasurer to the Committee is due within 21 days of the Assistant Treasurer receiving correspondence from the Committee. This response will be published on the Committee's website.

14.5 Finance portfolio

14.5.1 Introduction

The Committee received evidence from the Hon. Robert Clark MP, Minister for Finance, on 11 May 2012. The Minister was assisted by Grant Hehir, Secretary; Dean Yates, Deputy Secretary, Budget and Financial Management Division; and Brendan Flynn, Deputy Secretary, Economic and Financial Policy Division, Department of Treasury and Finance. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

14.5.2 General comments

The Minister provided an overview of the Treasury portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 14.5.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

14.5.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-3), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- Essential Services Commission (pp. 3-4);
- construction code compliance unit (pp.4-5);
- establishment of a parliamentary budget office (p.5);
- public sector wage increases (pp.5-6);
- Victorian Managed Insurance Authority (pp.6, 8-9);
- domestic building insurance cover and consumer protection (pp.6-7);
- productivity outcomes and financial and accountability reporting (pp.7-8);
- performance measures (pp.8-9);
- classification of expenditures as capital or recurrent (p.9); and
- accuracy of estimating State taxation revenue in the State Budget (p.10).

14.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

14.5.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide further information relating to accuracy of estimating state taxation revenue in the State Budget (p.10 of the transcript on the Committee's website).

A written response by the Minister to the Committee is due within 21 days of the Minister receiving correspondence from the Committee. This response will be published on the Committee's website.

14.6 Treasurer's portfolio

14.6.1 Introduction

The Committee received evidence from the Hon. Kim Wells MP, Treasurer, on 4 May 2012. The Treasurer was assisted by Grant Hehir, Secretary; Dean Yates, Deputy Secretary, Budget and Financial Management Division; Brendan Flynn, Deputy Secretary, Economic and Financial Policy Division; and David Webster, Deputy Secretary, Commercial Division, Department of Treasury and Finance. The Committee thanks the Treasurer and accompanying officers for their attendance and assistance.

14.6.2 General comments

The Treasurer provided an overview of the Treasury portfolio at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 14.6.4) are also available on the Committee's website. A written response to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Treasurer receiving correspondence from the Committee. This response will be published on the Committee's website.

14.6.3 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included a standard question on service delivery, productivity and efficiency (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

The State Budget

- estimated expenditure growth (pp.11-12);
- annual operating surplus and net debt (pp.17-21);
- maintenance of Victoria's AAA rating (pp.21-2); and
- Victoria's capacity to withstand future economic shock (pp.26-7).

Factors impacting on the Budget

- financial and economic challenges (pp.6-7);
- the official cash rate (pp.25-6); and
- the carbon tax (pp.29-30).

State revenue

- GST revenue (pp.6-8, 24-5);
- fire services levy (p.11);
- assets received free of charge or for nominal benefit in 2011-12 (pp.12-13);
- automatic indexation of fees and fines (pp.13-14);
- Commonwealth funding (pp.24-5); and
- land transfer duty concessions for farmers (pp.27-9).

Capital projects

- high-value, high risk process (p.5);
- Port of Hastings project (p.18);
- capital spending (pp.13-15); and
- Royal Victorian Eye and Ear Hospital (p.21).

Employment

- jobs growth (pp.15-16); and
- public sector job losses (pp.22-4).

Other matters

- construction code compliance (p.5);
- efficiency in the State Revenue Office (pp.5-6, 23);
- lapsing of the first home bonus (pp.7-8);
- productivity growth (pp.9-10); and
- interstate comparisons of fiscal indicators (pp.10-11).

14.6.4 Documents tabled at the budget estimates hearing

The Treasurer provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

14.6.5 Questions taken on notice at the budget estimates hearing

The Treasurer took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- fire services levy (p.11);
- assets received free of charge or for nominal benefit in 2011-12 (p.13); and
- impact of the official cash rate being lowered (p.26).

A written response by the Treasurer to the Committee is due within 21 days of the Treasurer receiving correspondence from the Committee. This response will be published on the Committee's website.

CHAPTER 15. PARLIAMENTARY DEPARTMENTS HEARINGS

15.1 Introduction

The Committee received evidence from the Hon. Ken Smith MP, Speaker of the Legislative Assembly, and the Hon. Bruce Atkinson MLC, President of the Legislative Council, on 7 May 2012. The Presiding Officers were assisted by Ray Purdey, Clerk of the Legislative Assembly; Wayne Tunnecliffe, Clerk of the Legislative Council; and Peter Lochert, Secretary, Department of Parliamentary Services. The Committee thanks the Presiding Officers and accompanying officers for their attendance and assistance.

15.2 Key budget themes for 2012-13

The Parliamentary Departments advised the Committee that the key strategic priorities underpinning the 2012-13 Budget were:¹²⁴

- *Ensure our funding model does not compromise the independence of the Parliament*
- *Expand and leverage specialist skills and knowledge of Parliament for the benefit of the Departments, Parliament and the community*
- *Support members in fulfilling their role to the best of their ability*
- *Leverage greater value from our information and technology systems and processes*
- *Optimise Parliament's physical infrastructure*
- *Increase public awareness of, and opportunities for engagement with, the functioning of Parliament*

15.3 Major priority shifts for 2012-13

The Parliamentary Departments did not specify how the Departments' priorities differed between the 2012-13 Budget and the previous budget.¹²⁵

While noting that service delivery would be affected by reduced funding, the Parliamentary Departments did not detail the impacts of changes in strategic priorities on the 2012-13 Budget.¹²⁶

15.4 General comments about the budget estimates hearing

The Presiding Officers provided an overview of the Parliamentary Departments at the start of the budget estimates hearing. The Committee raised various matters, as detailed below.

124 Parliamentary Departments, response to the Committee's 2012-13 Budget Estimates Questionnaire, received 1 May 2012, p.2

125 *ibid.*

126 *ibid.*

Transcripts of the hearing are provided on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 15.6) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions is expected to be received by the Committee within 21 days of the Presiding Officers receiving correspondence from the Committee. These responses will be published on the Committee's website.

15.5 Key matters raised at the budget estimates hearing

In addition to the overview (pp.2-4), key matters raised at the budget estimates hearing included the following (page numbers refer to the transcript on the Committee's website):

Budget measures

- effects of budget cuts on committee functions (pp.4-6); and
- funding for the upcoming Family and Community Development Committee inquiry into child abuse (pp.6-7).

Parliamentary facilities

- space utilisation (pp.9-11);
- Parliamentary gift shop (pp.10-11);
- electorate office accommodation (pp.11-12);
- cost of tourism (pp.12-13);
- security (pp.13-14);
- integrity of Parliament House (pp.16-18); and
- occupational health and safety costs (p.17).

Travel

- costs of senior public service travel (pp.14-15); and
- Presiding Officers' travel reports (pp.14-16).

Other matters

- benefits of regional parliamentary sittings (pp.7-8);
- independent parliamentary budget office (pp.8-9); and
- employee remuneration (pp.18-19).

15.6 Documents tabled at the budget estimates hearing

The Presiding Officers provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

15.7 Questions taken on notice at the budget estimates hearing

The Presiding Officers took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript on the Committee's website):

- cost of tourism to the Parliament (pp.12-13, 19);
- senior public service travel costs (pp.14-15, 19); and
- the disclosure of Presiding Officers' travel (pp.14-16, 19).

Written responses by the Presiding Officers to the Committee are due within 21 days of the Presiding Officers receiving correspondence from the Committee. These responses will be published on the Committee's website.

