

1. Economic Outlook

Question:

The 2016–17 Budget notes that “In 2014–15, GSP per capita grew by 0.7 per cent and growth is expected to continue over the forward estimates. Keeping economic growth ahead of population growth is critical to ensuring all Victorians benefit from economic growth, and relies on greater employment and increased productivity.” (2016–17 Budget Paper 2, pp.2–3)

Please outline the measures the Department of Economic Development, Jobs, Transport and Resources is taking to increase Victoria’s GSP per capita.

Response:

The following points outline the measures the Department of Economic Development, Jobs, Transport and Resources is taking to increase Victoria’s GSP and, by extension, Victoria’s GSP per capita:

Critical transport infrastructure to ensure sufficient capacity to meet commuter and freight demands

- Planning and design works for the Melbourne Metro Tunnel.
- Completed Regional Rail Link in mid-2015.
- New E-class trams and tram route upgrades.
- Ordering 48 new VLOCITY carriages and 10 X’TRAPOLIS trains.
- High-capacity metropolitan trains for the Cranbourne–Pakenham railway corridor.
- Undertaking the Mernda Rail Extension.
- Implementation of Regional Network Development Plan.
- Investing \$140 million into the Hurstbridge Rail Duplication.

Reducing road congestion and improving safety

- Removed the level crossing at Glen Iris and commenced work to remove 18 more of Melbourne’s level crossings.
- Invited expressions of interest for Monash Freeway Upgrade, with construction to begin in 2016 and be completed in 2018.
- Commenced CityLink Tullamarine Freeway widening.
- Investing \$5.5 billion to build the Western Distributor.

Significant capital works program and regional investment

- \$338 million upgrade of Melbourne Park.
- \$100 million Flinders Street Station restoration works.
- \$83.1 million redevelopment and restoration of the State Library.
- \$25 million Ballarat Station redevelopment.

Reducing inequality and fostering economic inclusion

- Establishing four Back to Work place based projects across Victoria.
- Major Skills Project Guarantee (for all publicly funded works contracts valued at or over \$20 million [GST inclusive], 10 per cent of total estimated labour hours commitment must be filled by local apprentices, trainees or engineering cadets).
- Providing traineeships as part of the Youth Employment Scheme.

- Establishing the Inquiry into Labour Hire and Insecure Work.
- \$53 million Jobs Victoria initiative including the Jobs Victoria Employment Network.
- Releasing the \$46.5 million Automotive Transition Plan, which includes:
 - \$5 million Automotive Supply Chain Transition Plan.
 - \$33.1 million Local Industry Funds for Transition.
 - \$8.4 million new South-East Automotive Training Skills Program.
- Funding the Automotive Transition Plan with an additional \$10 million to support businesses that hire automotive industry workers affected by the upcoming closure of major car manufacturers.

Stronger businesses and market environment

- A whole of government regulation reform program to reduce regulatory burden in Victoria by 25 per cent, estimated as \$1.1 billion per year, including the establishment of a Red Tape Commissioner.
- Establishing the \$508 million Premier's Jobs and Investment Fund, now increased to \$558 million with an additional \$50 million in the 2016–17 Budget.
- Strengthening the Victoria Industry Participation Program, using government purchasing power on major government projects to support local businesses and jobs (\$12 million, 2016–17 Budget).
- Establishing LaunchVic.
- Appointing an Innovation Expert Panel, to be led by Victoria's Lead Scientist.

Maximising investment attraction

- Establishing a new dedicated investment attraction fund (\$166 million, 2016–17 Budget).
- Enhanced investor support services through Invest Victoria.

Promoting Victoria for investment, trade and major events

- Implemented reforms to better leverage the program of events across Melbourne and regional Victoria.
- Completed the Trade and Investment Review.

Connecting business globally

- Supporting Victorian businesses through an Outbound Trade Mission Program, Export Skills Program and the Governor of Victoria Export Awards (\$24 million, 2016–17 Budget).
- Expanding the VGBO Network (\$66 million, 2016–17 Budget).
- Delivering the Hamer Scholarships Program for Victorian leaders.
- Delivering the Asia Capabilities and Scholarships Program.
- Providing access to the global talent pool through the \$10 million Investor Migration and Global Talent initiative (2016–17 Budget).

Release of sector growth strategies

- Released eight Future Industries priority sector strategies:
 - Medical Technologies and Pharmaceuticals.
 - New Energy Technologies.
 - Food and Fibre.
 - Transport Technologies.

- Defence.
- Construction Technologies.
- International Education — as well as \$32 million for its implementation (in the 2016–17 Budget).
- Professional Services.
- The Creative Industries strategy was also recently released.

Climate change leadership

- Delivery of the Victorian Energy Efficiency Target (VEET) scheme.
- Implementation of the Renewable Energy Action Plan.
- Independent review of the *Climate Change Act 2010*.
- Set a renewable energy target of no less than 20 per cent by 2020 under the Renewable Energy Roadmap.

Delivery of the Future Industries Fund

- Specific programs announced to date are:
 - \$5 million Future Industries Manufacturing Program.
 - \$20 million New Energy Jobs Fund (implementation of this has been moved to the Department of Environment, Land, Water and Planning).
 - \$20 million Sector Growth Program.

Supporting our regions

- Establishment of the \$500 million Regional Jobs and Infrastructure Fund.
- Commitment of up to \$220 million in funding to the Murray Basin Rail Project (\$416 million project).
- Establishment of the \$200 million Agriculture Infrastructure and Jobs Fund
- Establishment of the \$101 million Regional Tourism Infrastructure Fund.
- Committing \$40 million to the Labrobe Valley Transition Fund.
- Securing investment to address mobile black spots in regional Victoria (\$32.1 million).
- Establishment of the FoodSource Victoria program (\$20 million).
- \$18 million Regional Rail Connectivity Project improving the mobile phone coverage along Victoria's regional railway commuter routes.
- Creation of the Regional Skills and Training package (jointly with the Department of Education and Training).
- New train stabling and maintenance in Waurin Ponds.

Supporting the visitor economy and major events

- Establishment of Visit Victoria.
- \$38 million for Global Marketing by Visit Victoria to showcase Victoria to the world.
- Establishment of the \$20 million Regional Events Fund.
- Establishment of the \$9 million Business Events Fund.

2. Major Projects Victoria

Question:

Please provide a full list of projects in which Major Projects Victoria (MPV) is involved, including the total project costs (both capital and output costs), and identify other entities involved in the project. Please also identify the status of the project (i.e. in planning, under construction, achieved practical completion, achieved financial completion, etc.) Where applicable, please use the project name provided in Budget Paper No.4. Please include all projects for which any expenditure was made during 2015–16 or is expected over the forward estimates).

Response:

The projects listed in the following table represents the projects that Major Projects Victoria assisted in delivering in 2015–16:

Project name	Project value (\$ million)		Partner entities	Project status
	Capital (TEI)	Output		
Ballarat West Employment Zone	30.2	–	Regional Development Victoria City of Ballarat	Under construction
Flinders Street Station – administration building	23.5	–	Economic Projects Public Transport Victoria	Planning and under construction
Kew Residential Services	496.5 ¹	–	Department of Health and Human Services	Under construction
Palais Theatre redevelopment	21.0	–	Creative Victoria City of Port Phillip	Under construction
Parkville Gardens	410.6 ¹	–	Department of Health and Human Services	Under construction
Melbourne Park Redevelopment — Stage 1	379.9	–	Sport and Recreation Victoria Melbourne and Olympic Trust	Achieved practical completion
Melbourne Park Redevelopment — Stage 2	338.1	–	Sport and Recreation Victoria Melbourne and Olympic Trust	Under construction
Melbourne Markets Relocation Project — trading floor and warehousing	438.0	–	Economic Projects Melbourne Market Authority	Achieved practical completion (Builders liability period)
Shrine Galleries of Remembrance	45.0	–	Departments of Premier and Cabinet, Veteran Affairs	Final completion
State Library of Victoria redevelopment	83.1	–	Creative Victoria State Library of Victoria	Planning and under construction

¹ TEI includes private and public sector investment.

3. Energy and Resources output cost

Question:

(Please refer to BP3 p.144)

The target for total output cost for the Energy and Resources output increased by 11.7 per cent for 2016–17. The budget papers note that ‘the higher 2016–17 target primarily reflects funding allocated in the 2016–17 Budget for a number of Energy initiatives.’ Please advise which initiatives from the 2016–17 Budget contributed to this increase.

Response:

The increase from the 2015–16 Budget amount of \$154.1 million to the 2016–17 Budget amount of \$172.1 million is primarily due to the new funding in the 2016–17 Budget for the following initiatives:

- Modernising Earth Resources management.
- Hazelwood Response – Regional rehabilitation strategy.
- Driving Growth in renewable Energy.
- Saving Energy, Growing Jobs.

4. Reconciliation between Parliamentary authority for the provision of outputs and total income from transactions

Question:

The Department advised the total Parliamentary authority for the provision of outputs (\$8,553.8 million) in q.20 of the Committee’s General Questionnaire. This compares with total income from transactions \$9,663.6 million (BP3 p.124). Please identify:

- a) the sources for differences in these figures*
- b) whether these sources are in or out of the public account*

Response:

- a. The department’s total income from transactions in the 2016–17 Budget is \$9,663.6 million, while the total Parliamentary authority for the provision of outputs is \$8,553.8 million. The difference is predominately due to revenue from non-appropriation sources, in particular for General Government Sector portfolio agencies (as listed in the table below). This includes revenue received by agencies such as assets received free of charge, donations, and grants.

Entity	2016–17 departmental revenue from non-appropriation sources (\$ million)	Details
Public Transport Victoria	489	Farebox revenue, fair value of assets and services received free of charge, grants received from other departments
VicRoads	462	Transport Accident Commission, sales of goods and services, miscellaneous taxes
Creative Victoria Agencies	102	Fees and charges, sales of goods and services
Department of Economic Development, Jobs, Transport and Resources	56	Other miscellaneous revenue for projects undertaken, grants received
Total	1,109	

- b. The majority of the revenue is received by portfolio agencies, and is outside the public account.

5. Performance measures

Question:

- a) *Regarding the 'Accounting for rail safety' performance measure (BP3 pp.159, 349–50), the Committee appreciates that the Department has reinstated a performance measure recommended in the 2015–16 estimates report. However, we note that the Department has again proposed removing this measure, along with two other measures concerning rail safety. Please describe the following activities, including how each differs from the others:*
- i. *rail safety audits*
 - ii. *compliance inspections*
 - iii. *investigations*
 - iv. *regulatory interventions*
- b) *The Department's proposed performance measure on rail safety (BP5 p.159) counts the number of rail safety audits, compliance inspections and investigations. Please explain how the Department intends to demonstrate:*
- i. *whether these activities were performed on time*
 - ii. *whether any interventions arose from the other activities*
 - iii. *whether any safety issues that were uncovered have been remedied.*

Response:

- a. The new railway safety measure proposed consolidates the three discontinued measures to accurately reflect the regulatory activities of Transport Safety Victoria (TSV).
- i. Railway safety audits are a regulatory intervention activity to determine whether the railway transport operator has a safety management system and whether they are complying with it.
 - ii. Compliance inspections have a narrower scope, focussing on a specified aspect of a rail safety management system.
 - iii. Investigations determine whether or not there has been a breach of the railway safety legislation, typically conducted following a serious railway safety incident.
 - iv. Regulatory interventions include railway safety audits, compliance inspections, investigations, and enforcement tools.
- b. In relation to these regulatory activities:
- i. There is no mandated timeframe for completion of these activities.
 - ii. This is reported in monthly rail safety reports to the Office of the National Rail Safety Regulator.
 - iii. TSV generally requires the relevant railway transport operator to provide a plan for rectifying identified safety issues, monitors compliance with it, and reports in rail safety reports to the Office of the National Rail Safety Regulator.