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120th Report to Parliament

**Report on the 2014-15
Budget Estimates – Part One**

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Parliament of Victoria
Public Accounts and Estimates Committee

Report on the 2014-15 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 TERMS

Agency	Government entities which generally receive their funding through ‘departments’ and for which ‘departments’ are responsible for reporting. Examples include Victoria Police, Court Services Victoria, hospitals and TAFEs. Agencies, like ‘departments’, are directly accountable through one or more ministers to Parliament.
Asset initiative	A new program or project (‘initiative’) that delivers assets. See ‘asset investment’.
Asset investment	Expenditure on assets (generally infrastructure such as roads or hospitals) as opposed to expenditure on the delivery of products and services (‘outputs’).
BERC	Budget and Expenditure Review Committee
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.
Budget papers	The set of documents released with the annual budget. These normally include the Treasurer’s speech and volumes on: strategy and outlook; service delivery; capital investment; and the estimated financial statements. The set also includes the annual financial report, published after the end of the budget period.
CFA	Country Fire Authority
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).
DEECD	Department of Education and Early Childhood Development
DEPI	Department of Environment and Primary Industries
Department	Large government entities. At 30 June 2014 there are selected to be nine 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.

Depreciation	The amount of the reduction in value of the assets from being used during the year, and the amount of the asset's useful life that has been consumed during the year. This amount is listed as an expense on the operating statement, and the cash equivalent to that amount is usually used to partially fund 'asset investment'.
DHS	Department of Human Services
DOH	Department of Health
DOJ	Department of Justice
DPC	Department of Premier and Cabinet
DPS	Department of Parliamentary Services
DSDBI	Department of State Development, Business and Innovation
DTF	Department of Treasury and Finance
DTPLI	Department of Transport, Planning and Local Infrastructure
Entity	Either a 'department' or an 'agency'.
Forward estimates period	The period for which estimates are made in the budget papers. This includes the budget year and the following three financial years. The forward estimates period for the 2014-15 Budget was 2014-15 to 2017-18 inclusive.
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'.
Gross state product (GSP)	The total value of goods and services produced by the state in a year. This includes the goods and services delivered by the Government and the private sector.
GST	Goods and services tax
Information and Communications Technology (ICT)	A program or project that delivers hardware and/or software assets to assist output delivery
Initiative	A specific program or project detailed in the budget papers. Budget papers can include 'asset initiatives', 'output initiatives', 'revenue initiatives', 'revenue foregone initiatives' and 'savings initiatives'.
Investments in financial assets for policy purposes	'Asset investment' funded through another sector (most commonly funded by the 'general government sector' and through the 'public non-financial corporations sector') for an asset that becomes part of that other sector. May be reported as gross inflows, gross outflows or net cash flows.

Liabilities	Amounts that an organisation is obliged to pay in future years. Examples include borrowings and defined benefits superannuation plans.
National partnership grants	Grants from the Commonwealth Government to the State Government that fund projects specified by the Commonwealth.
NDIS	National Disability Insurance Scheme
Net borrowings	New interest bearing liabilities raised from public borrowings during the year (less interest bearing liabilities repaid). Not to be confused with 'Net lending/borrowing'.
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 lending/borrowing	A measure of financial performance in a year, calculated by adding economic flows (such as changes in the values of financial assets and liabilities) and 'asset investment' (net of asset funding) to 'net result from transactions'.
Net operating balance	A measure of an entity'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 'net result from transactions' or 'net operating balance'. 'Asset investment' is not included in the operating balance.
Net result	A measure of an entity's financial performance in a year which is calculated by taking the 'net result from transactions' and then adding other economic flows, such as changes in the values of financial assets and liabilities. The net result is different to the 'net result from transactions' (see below). 'Asset investment' is not included in either the net result or the 'net result from transactions'.
Net result from transactions	See 'net operating balance'.
Non-financial public sector (NFPS)	The 'general government sector' and 'public non-financial corporations sector' consolidated together.
Output	An aggregate of goods and services (such as health care or policing services) delivered by a 'department' or its agencies. Outputs are identified in the budget papers.
Output expenditure	Expenditure on 'outputs' (that is, goods and services). This is distinct from 'asset investment' although it includes expenditure on 'public private partnerships'.
Output initiative	A new program or project ('initiative') that delivers goods and services (part of a department's 'outputs'). Output initiatives are usually for a limited period of time, although they are sometimes perpetual.

PSO	Protective Services Officer
Public financial corporations (PFC) sector	Government 'agencies' that provide financial services, such as the Treasury Corporation of Victoria or the Transport Accident Commission.
Public non-financial corporations (PNFC) sector	Government 'agencies' that provide goods or services 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').
Public private partnership (PPP)	An arrangement in which the private sector delivers an asset on behalf of the Government. Ownership of the asset usually passes to the Government after a defined period of time. Government expenditure for PPP projects is included in 'output expenditure' rather than 'asset investment'.
Public sector as a whole	The 'general government sector', 'public non-financial corporations sector' and 'public financial corporations sector' consolidated together. Referred to in the budget papers and Annual Financial Report as the 'State of Victoria'.
Purchases of non-financial assets	'Asset investment' by the 'general government sector' managed by an 'entity' within that sector for an asset that becomes part of that sector.
Revenue	Income received by the Government, mostly from State taxes and grants from the Commonwealth Government.
Savings initiative	Changes in the provision of 'outputs' that result in reductions to the cost of the 'output'. This may be done by reducing the services provided or providing the same services more efficiently. Savings initiatives are only one factor affecting 'output expenditure'. Thus, they may not reduce a department's total 'output expenditure' compared to the previous year if other factors (such as 'output initiatives') are greater in value. Savings initiatives are usually perpetual.
Specific purpose grants	Grants from the Commonwealth Government to the State Government with restrictions on how the funding can be spent.
State of Victoria	See 'Public sector as a whole'.
TAFE	Technical and Further Education
Total estimated investment (TEI)	An estimate of the total amount of expenditure required to deliver an 'asset investment' project.
VHPF	Victorian Health Priorities Framework 2012-2022

CHAIR'S FOREWORD

The 2014-15 Budget provides details of the Government's fiscal and economic plans over the next four years. The annual inquiry into the budget estimates undertaken by the Public Accounts and Estimates Committee examines these plans, primarily focusing on their transparency and support for accountability.

As part of this inquiry, the Committee sent questionnaires to all Government departments and the Parliament, and held 50 public hearings with Victorian ministers and the Parliament's presiding officers. The hearings and resulting reports provide an important piece of the accountability cycle for the Government and provide the Committee with a comprehensive outlook of the plans and assumptions underlying the Budget.

A two part report will be tabled by the Committee. This report will provide explanations for and analysis of the information generated by the inquiry, and the information in the budget papers. This is the first of the two parts.

Chapter 2 provides an overview of the Budget and budget papers.

Chapter 3 contains the Committee's assessment of the performance measures that the Government has proposed altering from 2014-15. This includes both the introduction of new measures and the discontinuation of old ones.

Chapters 4 through 13 cover each Government department and the Parliament, and their key aims and policy objectives. Each portfolio's hearing is summarised, with an index of issues and topics linked to the Hansard transcripts. This is designed to assist members to find key topics and policy issues connected to their electorate, for use in debate on the Appropriation bills.

The Committee will table the second part of this report later in the year. Part Two will provide a more in-depth analysis of the budget estimates. It will present the Committee's considered view on the presentation and process of the estimates and include recommendations where the Committee considers that improvements could be made. The Committee is grateful for the time put into responding to questionnaires and attending the public hearings. In particular, recognition should go to the Presiding Officers, Premier, Deputy Premier, Treasurer, Assistant Treasurer, Attorney-General, ministers, departmental secretaries, and heads of agencies. Thanks should also go to the many staff that supported them.

The ten days of hearings require the support of many parliamentary staff including the Hansard reporters and sound and broadcast team, the security staff, parliamentary attendants and Protective Services Officers. Their contribution to the hearings is significant and essential. On behalf of myself and the Committee, I express my thanks to all of them.

The Committee is also very grateful to the Committee's secretariat. Many hours were spent preparing for the hearings, supporting the hearings and assisting with this report within a short publishing timeframe. Most of this work is unseen, and I take this opportunity to recognise the secretariat's hard work.

Finally, I would like to thank my fellow Committee members for their contribution. The budget estimates hearings are a challenging process. A collegiate approach was evident throughout the hearings.

I commend the report to all Members.

DAVID MORRIS MP
Chair

FINDINGS AND RECOMMENDATIONS

CHAPTER 2

Key Aspects of the 2014-15 Budget

2.3

Structure of the 2014-15 budget papers

FINDING: The 2014-15 budget papers mostly follow the same structure and presentation of the 2013-14 budget papers. New information has been included throughout. There is no longer an information paper on 'Federal Financial Relations'.

page 11

2.4

Budget setting and strategic direction

FINDING: The 2014-15 budget papers present a positive assessment of Victoria's economic outlook and identify the factors that underpin the Government's key strategy of 'Building a Better Victoria'.

page 13

FINDING: The Government's strategic framework to support its economic reform decisions and financial management incorporates an economic and fiscal strategy and a medium-term fiscal strategy. Both strategies, and the Government's long-term financial management objectives, are outlined in the 2014-15 budget papers.

page 15

FINDING: The 2014-15 Budget proposes funding allocations totalling \$5.7 billion for new output initiatives (additional goods and services to be delivered) up to and including 2017-18. The Budget also proposes between \$21.7 billion to \$26.8 billion of new asset investments (infrastructure and other physical assets) up to and beyond 2017-18.

page 16

FINDING: Around 45 per cent of the cost of new output initiatives announced in the 2014-15 Budget will be met through reprioritisation of resources previously allocated to departments, savings initiatives and release of contingency provisions, after adding cost adjustments for policy decisions yet to be allocated.

page 19

2.5

Operating surplus

FINDING: The Budget forecasts an operating surplus of \$1,326.7 million in 2014-15, which is substantially higher than the Government's medium-term fiscal target of at least \$100 million. This forecast is also well above the revised estimate for the year of \$911 million, published in December 2013 in the 2013-14 Budget Update.

page 20

FINDING: The Government forecasts that its operating surplus will rise significantly in 2015-16 to a level above \$3 billion and remain above that level in the remaining two years of the forward estimates period. *page 21*

2.6

Asset investment

FINDING: The Government expects that its asset investment program will be substantially funded (by 70 per cent) from internal cash resources in 2014-15 and able to be fully funded internally, without borrowings, in the remaining years of the forward estimates period. *page 24*

FINDING: Major asset recycling decisions relating to the Port of Melbourne and the Rural Finance Corporation, announced by the Government in the 2014-15 Budget, are expected to generate positive cash flows totalling around \$5 billion in 2015-16. The Government has identified that the proceeds from these decisions will be invested in new infrastructure projects. *page 24*

FINDING: Information on the Government's asset investment program is presented in a variety of ways across the budget papers. Specific information on the program and proposed asset investment in regional and rural Victoria is included in two budget information papers released with the budget documents. *page 25*

FINDING: The Government has four public private partnership (PPP) projects currently in procurement, with the tender process for two projects likely to be complete by the end of 2014. The Government forecasts that its infrastructure investment on PPPs in 2014-15 will total \$1,854 million. *page 26*

FINDING: The Government expects net debt to decrease sharply from \$23.4 billion in 2014-15 to \$18.5 billion in 2015-16, with marginal further reductions by June 2018. This significant downward trend in net debt estimates reflects the Government's asset recycling decisions announced in the 2014-15 Budget. *page 27*

2.7

Victoria's credit rating

FINDING: Commentary on the Budget by the two international rating agencies engaged by the Government indicates a positive response to the 2014-15 Budget. *page 27*

2.9 Contingency provisions

FINDING: The 2014-15 Budget includes contingency provisions totalling \$5.8 billion for outputs and \$9.4 billion for asset investment over the four years to 2017-18. The contingency provision for asset investment purposes is significantly larger than the equivalent allowance for asset contingencies identified in the previous Budget. *page 32*

CHAPTER 3

Discontinued and Newly-Introduced Performance Measures

3.2 Discontinued performance measures

FINDING: The Committee has reviewed the 86 non-cost performance measures that have been proposed to be discontinued. In 16 cases, the Committee has recommended the measures not be discontinued. In a number of these cases, the Committee is not able to make a comprehensive evaluation and has recommended that the measures be retained until further information has been received from departments. *page 36*

RECOMMENDATION 1: The Government not discontinue the 16 performance measures that are listed in Table 3.1 of this report. *page 36*

FINDING: The Committee recommended the reinstatement of four measures that had been proposed for discontinuation as part of the 2013-14 Budget. Following this recommendation, one measure has been reinstated. *page 37*

3.3 Newly-introduced performance measures

FINDING: Performance measures introduced in the 2014-15 Budget are generally useful and contribute to the overall quality of the whole suite of performance measures. In some cases, additional information or refinements would enhance the usefulness of measures. *page 39*

FINDING: The Department of State Development, Business and Innovation has proposed reducing the number of performance measures for the 'Energy and resources' output from 29 to ten. The proposal incorporates the amalgamation of 15 measures into five. The overall effect is that less meaningful performance information would be disclosed by the Department. *page 40*

1.1

Background

The Appropriation (2014-2015) Bill 2014 and the Appropriation (Parliament 2014-2015) Bill 2014 were introduced into Parliament on 6 May 2014. These bills authorise the release of money for use by the Government and the Parliament during the financial year 2014-15.

The sources for funding these bills come primarily from State taxation, the sales of goods and services by the Government, and Commonwealth grants.

Along with the appropriation bills, the Government submitted to Parliament five budget papers, an overview and two budget information papers. These papers set out in detail the estimates, assumptions, strategies and aims underpinning the appropriations, including:

- » estimates of revenue, expenditure and other financial movements over 2014-15 and the forward estimates period (that is, the next three years following the budget year);
- » the goods and services which will be delivered by departments;
- » the State's capital program;
- » the Government's fiscal strategies;
- » the economic conditions outlook; and
- » performances measures associated with the goods and services delivered by the Government.

The Government expects that total revenue from operating transactions will be \$52.9 billion and the expenditure from operating transactions will be \$51.6 billion in 2014-15.¹ It is also estimated that \$7.5 billion will be spent on infrastructure by the general government sector in 2014-15.² This estimate includes infrastructure investment for public private partnerships.³

1.2

The inquiry process

The Public Accounts and Estimates Committee must inquire into the budget estimates and budget papers each year.⁴ In undertaking this inquiry, the Committee seeks to:

- » assist members of Parliament in their deliberation on the appropriation bills;
- » provide feedback on the performance measures that the Government has proposed altering with the 2014-15 Budget;
- » give members of Parliament and the community a better understanding of the budget estimates;

1 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.52

2 *ibid.*, p.6

3 Budget Paper No.4, *2014-15 State Capital Program*, May 2014, p.15

4 *Parliamentary Committees Act 2003*, s.14

- » promote clear, full and precise disclosure in the budget papers of the Government's objectives and intended results; and
- » encourage efficient and effective government administration.

The findings and recommendations resulting from this inquiry will be published in the *Report on the 2014-15 Budget Estimates*, of which this is the first part. A second part will be tabled later in 2014.

1.2.1

Departmental budget estimates questionnaires

Questionnaires were sent to all departments in March 2014 seeking details of the underlying assumptions relating to each department's budget estimates. The questionnaires provide additional information to the Committee on how the Budget affects each department. The questions focused on:

- » departmental strategic priorities;
- » the bases on which the budget was prepared;
- » spending, including new initiatives;
- » efficiencies and savings;
- » revenue, including Commonwealth grants;
- » net debt;
- » geographic considerations;
- » performance measures;
- » staffing matters; and
- » progress on the implementation of previous recommendations.

The responses to the questionnaire can be found on the Committee's website (www.parliament.vic.gov.au/paec).

1.2.2

Public hearings

From 9-23 May 2014, the Committee held public hearings with each minister and the Parliament's Presiding Officers. These hearings provided ministers with an opportunity to give presentations on their portfolios to the Committee. The hearings enabled the Committee to ask questions on any aspects of the Budget related to each portfolio.

In total, there were 50 hearings, lasting over 54 hours.

Transcripts of the hearings are also available on the website. Chapters 4 to 13 of this report summarise the issues raised in each portfolio. Slide shows of ministers' presentations and documents tabled in the hearings can be downloaded from the Committee's website.

In some cases, ministers took questions on notice at the hearings. Responses to these questions will be published on the Committee's website when they are received.

1.3**Structure of the report**

Part One of the report contains:

- » an overview of the budget papers and budget estimates (Chapter 2);
- » the Committee's review of the performance measures proposed to be discontinued or introduced in the 2014-15 budget papers (Chapter 3); and
- » details of the issues raised in the public hearings (Chapters 4 to 13).

Part One is intended to assist members of Parliament in their consideration of the appropriation bills. It also provides the Committee's view on the proposed discontinuation of performance measures in a timely manner, so that the Government can finalise which measures it will need to monitor before the 2014-15 financial year begins.

Part Two will provide a detailed analysis of the 2014-15 Budget. This will include a strong focus on the clarity and transparency of information regarding the budget estimates and their assumptions.

1.4**Portfolio and other changes in 2014**

In March 2014, a number of changes were made to the ministerial portfolios of the Victorian Government.⁵ These included changes to one existing portfolio, and the discontinuation of one portfolio (see Table 1.1).

Table 1.1**Changes to portfolios**

Portfolios at the time of the 2013-14 Budget	Portfolios at the time of the 2014-15 Budget
Innovation, Services and Small Business	Innovation Small Business
Minister responsible for the Teaching Profession	-

Source: Public Accounts and Estimates Committee

One machinery-of-government change has impacted on the structure of the 2014-15 budget papers. This change involves the creation of a new statutory body, Courts Services Victoria. This body will provide facilities and administrative services to the courts, previously delivered by the Department of Justice.

1.5**Acknowledgements**

The Committee acknowledges the substantial contribution to this inquiry made by the Presiding Officers, Premier, Deputy Premier, Treasurer, Assistant Treasurer, Attorney-General, Ministers, Departmental Secretaries, Deputy Secretaries, heads of agencies and their accompanying staff. The Committee thanks everybody involved for their time and effort in preparing responses to the questionnaires,

⁵ *Victoria Government Gazette*, No.S79, 17 March 2014, pp.1-2

attending the public hearings and responding to questions on notice and requests for further information.

1.6

Cost

The cost of this inquiry was approximately \$49,000.

2.1

Introduction

This chapter presents the Committee's overview of the 2014-15 Budget. It is the Government's fourth budget and the second for the Hon. Michael O'Brien MP as the Treasurer.

The chapter begins with a discussion of the key components of the Budget. These components and their relationship to each other are described and identified diagrammatically in Section 2.2.

The chapter then seeks to answer the following questions about the Budget:

- » How are the budget papers structured? (Section 2.3)
- » What is the setting in which the Budget was released? This includes the challenges facing the Government, its strategic directions and the new initiatives it has announced. (Section 2.4)
- » What will the operating surplus be, and how will it be achieved? (Section 2.5)
- » What are the Government's plans for asset investment? (Section 2.6)
- » How did the 2014-15 Budget impact on the State's credit rating? (Section 2.7)
- » How is the sustainability of the Government's finances expected to change over the forward estimates? (Section 2.8)
- » What contingencies has the Government built into the Budget? (Section 2.9)

Many of the topics discussed in this chapter will be analysed in more detail in Part Two of this report, expected to be tabled later in 2014.

2.2

Key components of the State Budget

Figure 2.1 below illustrates the key components of the Budget. Its purpose is to provide an overall understanding of how the components of a budget are connected to each other and how money flows from one area to another.

The amounts used in the diagram relate specifically to the Government's estimates for 2014-15 in the general government sector. The amounts are detailed and compared to the previous year's revised estimates in Table 2.1.

The first component of the diagram is **REVENUE**. Over half of this (53 per cent) is **STATE-SOURCED REVENUE**. The remainder is **COMMONWEALTH-SOURCED**.

The bulk of the revenue funds the Government's **OUTPUT EXPENDITURE**. This **EXPENDITURE** primarily covers the goods and services delivered by the Government.

The amount of revenue that remains after output expenditure has been funded is the **NET OPERATING BALANCE**. Achieving a surplus of at least \$100 million is one of the Government's targets in its medium-term fiscal strategy (see Section 2.4.2). The Government expects to achieve a surplus of \$1.3 billion in 2014-15, and plans to increase the surplus substantially to \$3 billion in 2015-16, and \$3.3 billion in 2017-18 (see Section 2.5.2).

Costs such as **DEPRECIATION** are included in output expenditure. These costs are recorded as output expenditure in line with accounting standards, but do not involve any transfer of cash. As a result, the cash equivalent of these costs is still available from revenue to be used by the Government as it sees fit.

Usually the cash equivalent to items such as depreciation is used to fund asset investment (that is, infrastructure and other physical assets). Some, or all, of the operating surplus is also normally used for this purpose. Where the amounts from these two sources are not enough to fund the planned annual asset investment, the Government will usually use proceeds from **SALES OF NON-FINANCIAL ASSETS** and **NET BORROWINGS**.

The amount of cash borrowings expected to be made in 2014-15 is \$1.9 billion.⁶ However, the Government expects not to require cash borrowings in 2015-16, with net debt actually falling by \$4.9 billion.⁷ This position arises from:

- » a significantly higher forecast operating surplus in that year; and
- » positive net cash flows from the Government's asset recycling strategies relating to the Port of Melbourne's operations and the Rural Finance Corporation (see Section 2.6.2 of this report).

The **ANNUAL ASSET INVESTMENT** funded by the above sources is delivered through two avenues. **PURCHASES OF NON-FINANCIAL ASSETS** covers projects directly delivered by the general government sector (that is, the departments and agencies that do not generally charge for their services). **NET CASH FLOWS FROM INVESTMENTS IN FINANCIAL ASSETS FOR POLICY PURPOSES** covers those projects which are funded by the general government sector but where the assets are delivered by the public non-financial corporations sector. The major portion of this funding in 2014-15 relates to the Regional Rail Link.⁸

Payments are also made each year for **PUBLIC PRIVATE PARTNERSHIPS (PPPs)**. The Government's **PPP INFRASTRUCTURE INVESTMENT** is forecast to amount to \$1.8 billion in 2014-15.⁹

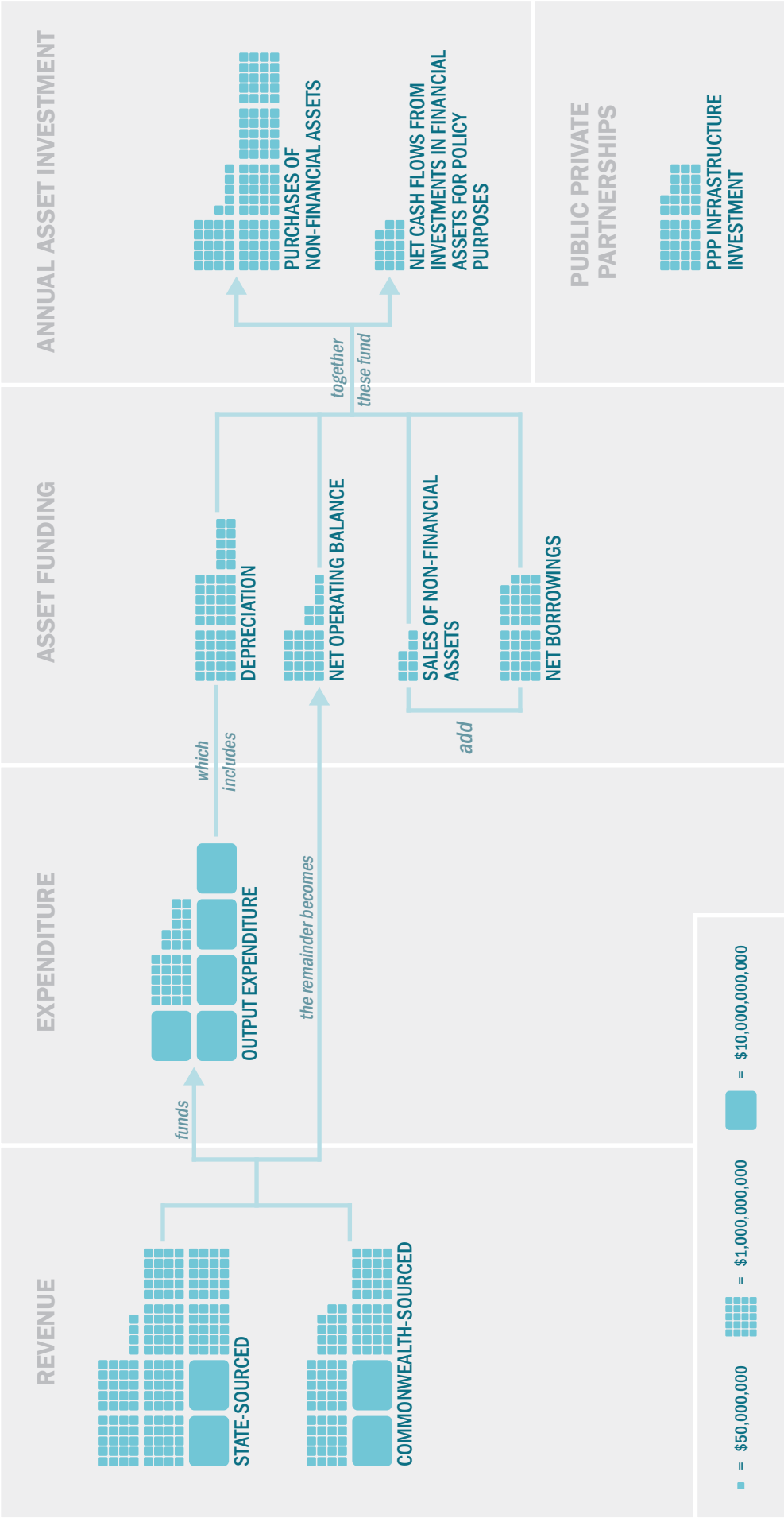
6 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.8

7 *ibid.*, p.62

8 Budget Paper No.4, *2014-15 State Capital Program*, May 2014, p.16

9 *ibid.*, p.15

Figure 2.1 Key components of the 2014-15 Budget



Source: Public Accounts and Estimates Committee

Table 2.1

Key components of the Budget, 2013-14 and 2014-15

Key Component	2013-14 revised estimate	2014-15 Budget	Variance	
	(\$ million)	(\$ million)	(\$ million)	(per cent)
Revenue	51,093.5	52,901.9	1,808.4	3.5
• State-sourced	27,105.1	28,187.0	1,081.9	4.0
• Commonwealth-sourced	23,988.4	24,714.9	726.5	3.0
Expenditure	50,158.8	51,575.1	1,416.3	2.8
• Depreciation	2,418.1	2,496.0	77.9	3.2
Net operating balance	934.7	1,326.7	392.0	41.9
Sales of non-financial assets	304.2	384.9	80.7	26.5
Net borrowings	1,668.2	1,935.8	267.6	16.0
Annual asset investment	5,152.8	5,989.2	836.4	16.2
• Purchases of non-financial assets	3,964.0	5,312.4	1,348.4	34.0
• Net cash flows from investments in financial assets for policy purposes	1,188.8	676.8	- 512.0	-43.1
PPP infrastructure investment	n/a	1,854.0	n/a	n/a

Sources: Budget Paper No.4, *2014-15 State Capital Program*, May 2014, p.15; Budget Paper No.5, *2014-15 Statement of Finances*, May 2014, pp.5, 8, 24, 215, 218, 227

2.3**Structure of the 2014-15 budget papers**

The 2014-15 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 the Government's new output and asset initiatives, departmental output performance statements (including performance measures) and local government financial relations (Budget Paper No.3);
- » the Government's capital program incorporating an outline of expenditure on new and existing asset investments (Budget Paper No.4); and
- » the estimated financial statements of the general government sector (as reviewed by the Auditor-General), each department's estimated financial statement and other financial information (Budget Paper No.5).

This repeats the structure of the 2013-14 budget papers. The core papers are accompanied by:

- » a budget overview document;
- » various online data sets; and
- » two budget information papers.

The budget information papers, which were also published in 2013-14, address the Government's budget strategies in:

- » regional and rural Victoria; and
- » infrastructure investment.

These documents supplement the budget papers and bring together specific information on their topics. This information helps readers particularly interested in those topics to better understand the context of the Budget.

2.3.1 Changes in the 2014-15 budget papers

While the overall structure of the budget papers is similar to the previous year, there are a number of changes to the information presented in the individual documents (see Table 2.2). Most of the changes relate to new items added or other items restructured in 2014-15. There was one machinery-of-government change that had an impact on the structure of the budget papers. A new statutory body, Court Services Victoria, was created under the *Court Services Victoria Act 2013*. It will provide facilities and administrative services for the courts and the Victorian Civil and Administrative Tribunal (VCAT) that were previously delivered by the Department of Justice.¹⁰

Table 2.2 Key changes between the 2013-14 and the 2014-15 budget papers

Chapter	Type of change	Details
BUDGET PAPER NO.2 (2014-15 STRATEGY AND OUTLOOK)		
Chapter 1	Removal	Discussion and details of variations to revenue compared with estimated aggregate savings and targeted revenue measures.
	Addition	Discussion and details of annual expenses growth have been added along with discussion about the State's triple-A rating.
Chapters 1 & 4	Removal	The table of general government fiscal aggregates and measures no longer includes: <ul style="list-style-type: none"> 'Government fiscal result' (this showed the impact of an accounting standard change applicable from 2013-14).
	Addition	New sections showing the amount of debt and cash used to fund infrastructure have been included with discussion about the sources of funding.
Chapter 2	Restructure	The methodology used to forecast the unemployment rate changed to now reflect historical behaviour after periods of industry adjustment.
	Restructure	A key assumption underlying the economic projections changed for the interest rate component. The interest rate is now held constant after the short term rather than remaining at zero.
	Addition	Discussion has been included for regional economies as well as a chart comparing Australian States' regional unemployment rates.
Chapter 3	Addition	A large discussion on structural changes to industries and the economy has been added. This includes comparison to other states and the national average.

¹⁰ Budget Paper No.3, *2014-15 Service Delivery*, May 2014, p.82

Chapter	Type of change	Details
Chapter 4	Addition	The table of the net impact of new output initiatives now includes a separate disclosure for 'Whole of Government' items.
	Restructure	The table of the net impact of new output initiatives now separately discloses 'funding from reprioritisation of existing resources' and 'adjustments'.
	Restructure	The table of application of cash resources for the non-financial public sector previously included three sub-accounts to make the total 'Net investment in fixed assets'. These have been aggregated into one account total.
Appendix A	Addition	The sensitivity analysis for key fiscal aggregates now includes the impact on net debt from each indicator.
BUDGET PAPER NO.3 (2014-15 SERVICE DELIVERY)		
Chapter 1	Addition	A Section on the Whole of Government – Bushfire Package's output and asset initiatives has been included.
	Addition	Courts Services Victoria outputs and asset initiatives are now reported separately.
Chapter 2	Addition	Court Services Victoria is now reported as a new statutory public sector body with its own mission statement, objectives, indicators, outputs and performance measures.
Other	Removal	'Abbreviations and acronyms' section.
BUDGET PAPER NO.4 (2014-15 STATE CAPITAL PROGRAM)		
Chapter 1	Restructure	In 2013-14, high-value and high-risk projects were grouped in two tables according to being 'approved' or 'in planning/development'. There is now one table for all projects subjected to the framework.
	Restructure	The overview no longer states that commercially sensitive projects have been excluded from the total estimated investment of all projects. This is stated later in the budget paper.
	Addition	Discussion has been included about: <ul style="list-style-type: none"> • Commonwealth funding; • capital recycling opportunities; • investigating value capture opportunities; and • the new unsolicited proposal framework.
	Restructure	The reconciliation of general government sector capital expenditure aggregates includes 'PPP infrastructure investment', and has a reference to the Department of Treasury and Finance. This was previously called 'Cash flows from PPP payments' and had a reference of Budget Paper No.2.
Chapter 2	Restructure	Aggregated 'Other capital expenditure' for the Department of Education and Early Childhood Development has been split into two. This separates minor capital works from the new item 'TAFEs and Schools' which contains projects primarily externally funded and also includes construction value of new school PPPs.
	Restructure	Projects by the Department of Transport, Planning and Local Infrastructure that have significant Commonwealth funding are no longer separately itemised under the heading of Commonwealth Funding. References to funding are now located in the footnotes to the table.

Chapter	Type of change	Details
Chapters 2 & 3	Restructure	The estimated completion dates of projects have changed from 'early/mid/late' in the year, to 'qtr 1/2/3/4'.
	Restructure	Projects that are estimated to be completed after the Budget publication date but before Budget period have been separately listed from projects actually completed at the time of publication.
Chapter 3	Restructure	Projects by Victorian Rail Track are no longer separately itemised as being delivered by the Department of Transport, Planning and Local Infrastructure.
Definition and Style Conventions	Restructure	Definitions have been updated and style conventions expanded.
BUDGET PAPER NO.5 (2014-15 STATEMENT OF FINANCES)		
Chapter 1	Restructure	The expected return of assets of the superannuation assumptions was restructured. The 'Emergency Services and State Super' now includes the former 'Parliamentary Contributory Superannuation Fund'.
	Addition	Note 3(b) to the estimated financial statements reports dividends by entity.
Chapter 2	Restructure	Certain items for the public non-financial corporations (PNFC) sector financial statements have been aggregated due to commercial sensitivities of balances.
Appendix B	Addition	A list of the Government's major infrastructure projects, 'The Government's infrastructure scorecard to 31 March 2014', has been added.
	Removal	Note 16 of the '2013-14 Budget outcome incorporating the financial report for the March quarter 2014' has been removed.
BUDGET INFORMATION PAPERS		
All	Restructure	Budget Information Papers are no longer numbered.
BUDGET INFORMATION PAPERS 'INFRASTRUCTURE INVESTMENT' AND 'RURAL AND REGIONAL VICTORIA', 'BUDGET OVERVIEW'		
All	Restructure	The structure and content of these documents have been modified to reflect changes in Government programs, projects and priorities.
BUDGET INFORMATION PAPER 'FEDERAL FINANCIAL RELATIONS'		
-	Removal	There is no Budget Information Paper on Federal Financial Relations.

Source: Public Accounts and Estimates Committee

FINDING: The 2014-15 budget papers mostly follow the same structure and presentation of the 2013-14 budget papers. New information has been included throughout. There is no longer an information paper on 'Federal Financial Relations'.

2.4

Budget setting and strategic direction

2.4.1

Budget setting

The key theme underpinning the Government's assessment of the 2014-15 budget setting is 'Building a Better Victoria'.¹¹ This follows on from the Government's 'Building for Growth' theme adopted for its 2013-14 Budget.

In his concluding comments to his budget speech, the Treasurer described the Budget as one that:¹²

- » *... builds stronger services to ensure more Victorians are safer, healthier and better educated.*
- » *... builds a once-in-a-generation infrastructure program of up to \$27 billion that will create thousands of new jobs, grow our economy, drive productivity and secure our quality of life.*
- » *... will build a better Victoria.*

As part of an overview of Victoria's economic standing, the Treasurer, in his budget speech, commented that:¹³

Low interest rates, improved consumer and business sentiment and an improved global outlook will, along with our policy settings and infrastructure investment, drive economic growth over the near term.

As the investment phase of the mining boom recedes in favour of the less labour intensive production phase, Victoria is well placed to benefit from emerging drivers of economic growth.

The Treasurer's overview comments help to inform the setting around which the Government has framed its 2014-15 Budget.

The strategy and outlook budget paper includes specific commentary on Victoria's current and forecast economic conditions.¹⁴ A positive economic outlook for Victoria is presented with factors supporting this outlook, including:¹⁵

- » the State's positioning to take advantage of the national shift from mining investment toward more broad-based drivers of economic growth;
- » stronger household consumption and private investment;
- » a more positive international economic outlook;
- » improved labour market conditions; and
- » continued strong population growth.

The budget papers also outline the risks to Victoria's projected economic outlook.¹⁶ These risks, which are stated as more balanced than they were a year ago, include potentially stronger than predicted economic growth arising from recent free trade

11 The sub-heading incorporated on the front cover of each budget document.

12 Budget Paper No.1, *2014-15 Treasurer's Speech*, May 2014, p.13

13 *ibid.*, p.2

14 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, pp.4, 11-20

15 *ibid.*, p.11

16 *ibid.*, pp.19-20

agreements, the impact of continuing low interest rates and the consequences to Victoria's interstate exports and imports following a peak in the mining investment boom.

FINDING: The 2014-15 budget papers present a positive assessment of Victoria's economic outlook and identify the factors that underpin the Government's key strategy of 'Building a Better Victoria'.

2.4.2 Strategic directions

The 2014-15 budget papers refer to the Government's two key fiscal strategies, namely:¹⁷

- » the economic and fiscal strategy; and
- » the medium-term fiscal strategy.

The economic and fiscal strategy

This strategy has the following three components:¹⁸

- » *rebuilding budget capacity;*
- » *improving productivity, including through the provision of major infrastructure, continuing to build the skills and capabilities of the Victorian workforce and more responsive and productive service delivery; and*
- » *ensuring Victoria is a competitive and low-cost place to do business.*

The budget papers identify the role of the strategy in the following terms:¹⁹

The Government's plan to grow the economy and create jobs capitalises on Victoria's competitive strengths, highly skilled workforce and liveability. The Government's economic and fiscal strategy directly addresses the challenges facing Victoria's economy, and is used to guide financial management and economic reform decisions.

The budget papers include commentary on particular elements of the strategy incorporating reference to related budget initiatives.²⁰

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

18 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.32

19 *ibid.*

20 *ibid.*, pp.32-46

The medium-term fiscal strategy

The Government’s medium-term fiscal strategy (see Table 2.3) is unchanged from the previous year. The budget papers state that the 2014-15 Budget delivers on the medium-term fiscal parameters formulated under the medium-term strategy.²¹ The budget papers state that:²²

Victoria is the only Australian state forecasting consistent budget surpluses over the next four years, and holds a triple-A credit rating from both major credit rating agencies. Victoria’s infrastructure investment exceeds the medium term fiscal parameter of 1.3 per cent of GSP [Gross State Product].

On the latter point mentioned in the above comments, the budget papers explain that net investment in fixed assets estimates identified in the Budget do not include infrastructure investment through public private partnerships (PPPs). Cash flows associated with PPPs in 2014-15 are estimated to total \$1.8 billion²³ giving an aggregate infrastructure investment in 2014-15 of \$7.5 billion.²⁴ The equivalent aggregate estimate over the forward estimates period is stated to be \$6.6 billion a year on average.²⁵ Drawing on these projections, the budget papers identify that the Government’s infrastructure fiscal parameter of 1.3 per cent of GSP as a rolling five-year average will be exceeded in every year of the forward estimates.²⁶

Table 2.3

Medium-term fiscal strategy

Financial measures	Target
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.

Source: Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, p.9

The budget papers also reiterate the Government’s long-term financial management objectives. These long-term objectives are listed as:²⁷

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

Each long-term objective is briefly explained in the budget papers.

21 *ibid.*, p.8

22 *ibid.*

23 Budget Paper No.4, 2014-15 State Capital Program, May 2014, p.15

24 *ibid.*

25 Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, p.63

26 Budget Paper No.4, 2014-15 State Capital Program, May 2014, p.15

27 Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, p.8

FINDING: The Government's strategic framework to support its economic reform decisions and financial management incorporates an economic and fiscal strategy and a medium-term fiscal strategy. Both strategies, and the Government's long-term financial management objectives, are outlined in the 2014-15 budget papers.

2.4.3 New output and asset initiatives

Information published by the government of the day on new output and asset funding initiatives is a core and usually much-awaited feature of each year's State budget. The information details a government's intended allocation of new funds over the next four years for specific service delivery purposes and infrastructure investments. Decisions reached by a government on these new funding allocations normally reflect the strategies underpinning the direction of the Budget.

The 2014-15 Budget proposes new output initiatives with an estimated cost of \$5.7 billion between 2014-15 and 2017-18.²⁸ This compares with \$3.5 billion in the 2013-14 Budget.²⁹ The new initiatives involve outputs managed by departments and related agencies within the general government sector.

The major increase in new output funding in the current Budget primarily reflects significantly higher levels of new allocations for:

- » education and early childhood development – particularly for additional vocational education and training, resourcing of schools to raise performance and student enrolment growth;³⁰ and
- » transport, planning and local infrastructure – mainly for affordable public transport and maintenance and operations for the Regional Rail Link project.³¹

The 2014-15 Budget also proposes new asset initiatives with a total estimated investment (TEI) over the life of the projects of around \$21.7 billion to \$26.8 billion, with \$954.4 million planned for allocation in 2014-15.³² The equivalent new asset funding TEI figure for 2013-14 was \$8.5 billion to \$10.5 billion, with \$825 million earmarked for 2013-14.³³

The significant increase in the TEI for new asset initiatives reflects the inclusion of two major projects within the Public Transport and Roads portfolios, namely:³⁴

- » the **Western Section of the East West Link** project, which has a TEI of between \$8 billion to \$10 billion with anticipated Commonwealth funding of \$1.5 billion. Initial expenditure in 2014-15 is estimated to be \$100 million. The TEI figure includes funding beyond the forward estimates period; and
- » the **Melbourne Rail Link** project, with a TEI of between \$8.5 billion to \$11 billion and also including funding beyond 2017-18. Initial expenditure in 2014-15 is budgeted to be \$40 million.

28 *ibid.*, pp.60-1

29 Budget Paper No.2, *2013-14 Strategy and Outlook*, May 2013, pp.53-4

30 Budget Paper No.3, *2014-15 Service Delivery*, May 2014, pp.8-12

31 *ibid.*, pp.55-63

32 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, pp.63-4

33 Budget Paper No.2, *2013-14 Strategy and Outlook*, May 2013, p.56

34 Budget Paper No.3, *2014-15 Service Delivery*, May 2014, pp.64-5

The higher TEI asset figure also takes into account a \$500 million package of capital works for new schools, the upgrading of existing schools and delivery of modern teaching environments, with most expenditure expected to occur in 2014-15 and 2015-16.³⁵

Information on the new output and asset funding initiatives can be found in several sections of the 2014-15 budget papers and the supporting budget overview document:

- » the *2014-15 Budget Overview* describes the Government's main new funding decisions under several headings, with particular emphasis on what is described as *State-shaping infrastructure* initiatives;³⁶
- » Budget Paper No.2 (*2014-15 Strategy and Outlook*) provides tables disclosing the expected aggregate value of new output and asset initiatives for each department (incorporating a separate allocation for Courts and Whole of Government). It also details the net financial impact of the new output initiatives on the Budget;³⁷
- » Budget Paper No.3, *2014-15 Service Delivery*, lists all new output and asset initiatives announced in the Budget under departmental headings. The information includes descriptions of each initiative, funding estimates for 2014-15 and across the forward estimates period, and their links to the relevant departmental outputs;³⁸ and
- » Budget Paper No.4, *2014-15 State Capital Program*, tabulates all new and existing asset projects for both the general government sector and the public non-financial corporations (PNFC) sector. The tables include for each project the total estimated investment, the estimated expenditure for 2014-15, the estimated remaining expenditure and the estimated completion date.³⁹

The above disclosures are supplemented by detailed descriptions of projects and their proposed funding allocations in the two Budget Information Papers on *Infrastructure Investment* and *Regional and Rural Victoria*.

FINDING: The 2014-15 Budget proposes funding allocations totalling \$5.7 billion for new output initiatives (additional goods and services to be delivered) up to and including 2017-18. The Budget also proposes between \$21.7 billion to \$26.8 billion of new asset investments (infrastructure and other physical assets) up to and beyond 2017-18.

2.4.4

Meeting the cost of the new output initiatives

The estimated cost of new output initiatives announced in the 2014-15 Budget, \$5.7 billion,⁴⁰ represents their expected aggregate gross cost over the four years to 2017-18. The equivalent gross figure in the 2013-14 Budget was \$3.5 billion.⁴¹

35 *ibid.*, pp.12-13

36 *2014-15 Budget Overview*, May 2014, pp.4-16

37 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, pp.61, 64

38 Budget Paper No.3, *2014-15 Service Delivery*, May 2014, pp.4-77

39 Budget Paper No.4, *2014-15 State Capital Program*, May 2014, Chapters 2 and 3

40 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.61

41 Budget Paper No.2, *2013-14 Strategy and Outlook*, May 2013, p.54

Each year, the budget papers identify the estimated extent to which the gross costing allocations for new output initiatives will be varied to reflect their anticipated net financial impact for the budget year and the three years of the forward estimates period. The 2014-15 budget papers disclose the projected net financial impact calculated after taking into account the following internal management mechanisms:⁴²

- » reprioritisation of existing resources;
- » adjustments;
- » savings; and
- » release of contingency provisions.

Table 2.4 illustrates this position. It shows that the estimated net impact of the new output initiatives in 2014-15 is an increase in expenditure of \$762.9 million, or 55 per cent, of the projected gross cost. In other words, an estimated 45 per cent of the total cost projections for new output initiatives is not expected to require an actual outlay of funds by the Government in 2014-15. The average net percentage increase over the three years of the forward estimates period is 49 per cent.

Table 2.4

Net financial impact of the new output initiatives announced in the 2014-15 Budget

	2014-15 Budget (\$ million)	2015-16 Estimate (\$ million)	2016-17 Estimate (\$ million)	2017-18 Estimate (\$ million)
Output initiative costs (gross)	1,381.5	1,451.7	1,434.0	1,434.1
<i>Less</i>				
• Funding from reprioritisation of existing resources	140.9	155.0	147.5	144.1
• Savings	20.0	20.0	20.0	20.0
• Release of contingency provisions	518.0	782.2	880.3	820.5
TOTAL	678.9	857.2	1,047.8	984.6
<i>Add</i>				
• Adjustments	60.4	214.5	253.2	306.2
TOTAL NET DEDUCTIONS	739.3	742.8	794.7	678.4
NET FINANCIAL IMPACT	762.9	708.9	639.3	755.7

Source: Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, p.61

Funding from reprioritisation of existing resources

Funding from reprioritisation of existing resources is identified by way of an explanatory note which states '*This includes the reprioritisation of resources previously allocated to departments.*'⁴³

A line item titled 'Existing resources' showing reductions of gross cost estimates in the departmental tables presented in the service delivery budget paper has a new explanatory footnote '*Existing departmental resources have been reallocated to*

42 Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, p.61

43 *ibid.*

contribute to the delivery of new initiatives.⁴⁴ This information identifies for users of the budget papers the extent to which funding from this internal management mechanism has been quantified on a departmental basis, although the source of the existing resources within each department is still not disclosed.

Savings

The efficiency and expenditure reduction measures announced in the 2014-15 Budget are substantially smaller than previous budgets and total \$80 million over the four years to 2017-18.⁴⁵ The allocation across individual departments is not disclosed.

The projected savings arise from the application of an efficiency dividend to non-frontline departmental expenditure. The budget papers state that the purpose of this efficiency dividend is *'to continue an incentive to drive efficiency improvements'*.⁴⁶

Release of contingency provisions

This cost-reducing item is significantly larger than the preceding two items. It indicates how much the Government expects to draw on unused contingency provisions built into the estimates in previous budgets to fund new output initiatives. In total, the Government plans to draw down \$3 billion from its aggregate contingency provisions over the four years to 2017-18 to offset the expected costs of new output initiatives.⁴⁷

Further comment on the quantum and level of presentation of contingencies in the 2014-15 Budget is given in Section 2.9 of this report.

Adjustments

In previous budgets, this item has been combined with the above-mentioned item relating to the reprioritisation of existing resources.

The separate disclosure of the item in the 2014-15 Budget enables users of the budget papers to identify that it:⁴⁸

- » is described as incorporating *'policy decisions taken but not yet allocated'*; and
- » involves, unlike the preceding three items, an increase in the published gross cost of new output initiatives totalling \$834 million over the four years to 2017-18.

The budget papers do not describe the nature of the policy decisions taken but not yet allocated or their likely placement across departments and individual departmental outputs.

44 For example, Budget Paper No.3, *2014-15 Service Delivery*, May 2014, p.56

45 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.61

46 Budget Paper No.3, *2014-15 Service Delivery*, May 2014, p.79

47 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.61

48 *ibid.*

FINDING: Around 45 per cent of the cost of new output initiatives announced in the 2014-15 Budget will be met through reprioritisation of resources previously allocated to departments, savings initiatives and release of contingency provisions, after adding cost adjustments for policy decisions yet to be allocated.

2.5 Operating surplus

2.5.1 Budgeted surplus for 2014-15

The difference between the total revenue received and the total output expenditure is referred to in various sections of the budget papers as the 'operating surplus', 'net operating balance' or 'net result from transactions'. This operating surplus, when added to non-cash items such as depreciation, is typically used to fund infrastructure spending (which is not included in output expenditure) or pay off debt.

In the 2014-15 Budget, the Government has reiterated its medium-term fiscal strategy of a '*net operating surplus of at least \$100 million and consistent with the infrastructure and debt parameters*'.⁴⁹

Consistent with, and substantially exceeding, this target, the Government is forecasting a surplus of \$1.3 billion in 2014-15.⁵⁰

Table 2.5 shows the revenue and expense projections for 2014-15 together with the original budget and the latest estimate (referred to as the 'revised estimate') for 2013-14.

Table 2.5 Revenue and expense estimates for 2013-14 and 2014-15

Operating item	2013-14 Budget	2013-14 revised estimate	2014-15 Budget
	(\$ million)	(\$ million)	(\$ million)
Revenue	50,327.5	51,093.5	52,901.9
Output expenditure	50,103.0	50,158.8	51,575.1
OPERATING SURPLUS	224.5	934.7	1,326.7

Sources: Budget Paper No.2, *2013-14 Strategy and Outlook*, May 2013, p.45; Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.52

Table 2.5 identifies that the operating surplus for 2014-15 is expected to be \$392.0 million (41.9 per cent) higher than the latest estimate for 2013-14. This is expected to be achieved by increasing revenue by \$1,808.4 million (a growth rate of 3.5 per cent) and increasing expenditure by \$1,416.3 million (growth of 2.8 per cent).

The marked rise of \$1,102.2 million in the projected operating surplus for 2014-15, when compared with the equivalent initial forecast for 2013-14, represents an increase of about 491 per cent. Relevant to this increase was a sharp

⁴⁹ *ibid.*, p.9

⁵⁰ Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.52

rise of \$712.9 million in the revised estimate for the operating surplus in 2013-14 disclosed in the 2014-15 Budget when compared with the equivalent revised figure published in the 2013-14 Budget Update released in December 2013 (\$221.8 million⁵¹ rising to \$934.7 million⁵²).

The 2013-14 Budget Update document identified a revised estimated operating surplus for 2014-15 of \$911.0 million,⁵³ an increase of \$512.3 million from the forward estimate disclosed in the 2013-14 Budget.⁵⁴ The estimate shown for new policy measures totalled \$203.3 million,⁵⁵ representing the then estimated impact of the Government's announced new revenue initiatives.

The 2014-15 budget papers identify that the further projected increase of \$415.7 million (\$911.0 million rising to \$1,326.7 million) in the budgeted operating surplus largely reflects:⁵⁶

Commonwealth grants for East West Link and higher taxation and investment income forecasts, partially offset by lower GST [goods and services tax] revenue and the impact of new policy decisions announced in the 2014-15 Budget.

FINDING: The Budget forecasts an operating surplus of \$1,326.7 million in 2014-15, which is substantially higher than the Government's medium-term fiscal target of at least \$100 million. This forecast is also well above the revised estimate for the year of \$911 million, published in December 2013 in the 2013-14 Budget Update.

2.5.2

Projected future operating surpluses

The Government is budgeting for revenue to grow at a faster rate than expenses over the three-year forward estimates period to 2017-18. It expects average revenue growth over that period to be 3.7 per cent and average expenditure growth to be 2.6 per cent.⁵⁷

The 2014-15 Budget shows that the operating surplus is projected to grow markedly in 2015-16 to \$3.0 billion with more modest increases in the following two years (see Table 2.6). The Treasurer explained:⁵⁸

These strong operating surpluses are critical to Victoria's future. They fund our major infrastructure investments without having to resort to unsustainable debt.

51 Department of Treasury and Finance, *2013-14 Victorian Budget Update*, December 2013, p.53

52 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.52

53 Department of Treasury and Finance, *2013-14 Victorian Budget Update*, December 2013, p.53

54 Budget Paper No.2, *2013-14 Strategy and Outlook*, May 2013, p.45

55 Department of Treasury and Finance, *2013-14 Victorian Budget Update*, December 2013, p.21

56 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, pp.56-7

57 *ibid.*, pp. 52, 55

58 Budget Paper No.1, *2014-15 Treasurer's Speech*, May 2014, p.2

Table 2.6

Revenue and expense estimates, 2014-15 to 2017-18

Operating item	2014-15 Budget	2015-16 estimate	2016-17 estimate	2017-18 estimate
	(\$ million)	(\$ million)	(\$ million)	(\$ million)
Revenue	52,901.9	54,980.0	56,764.0	58,994.6
Output expenditure	51,575.1	51,950.0	53,580.8	55,664.9
OPERATING SURPLUS	1,326.7	3,030.0	3,183.2	3,329.7

Source: Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, p.52

The table above shows that the Government is anticipating there will be a major increase in the operating surplus in 2015-16. In that year, the surplus is expected to rise by \$1.7 billion or 128 per cent. The Government expects revenue growth of 3.9 per cent in that year and expenditure growth of just 0.7 per cent, by far the smallest for the period.⁵⁹

FINDING: The Government forecasts that its operating surplus will rise significantly in 2015-16 to a level above \$3 billion and remain above that level in the remaining two years of the forward estimates period.

2.6

Asset investment

2.6.1

Level of Government infrastructure investment

Introduced in 2013-14, the Government uses the term 'Government infrastructure investment' to represent the aggregate of asset investment by the general government sector, investment by other sectors which is paid for by the general government sector and PPP payments (less proceeds from asset sales).⁶⁰

In 2014-15, the Government is expecting 'Government infrastructure investment' to total \$7.5 billion, comprising \$5.6 billion as the net investment in fixed assets (before PPPs) and \$1.9 billion for infrastructure investment in PPPs.⁶¹ The Government projects that its total asset investment will average \$6.6 billion over the forward estimates period.⁶²

The Treasurer has used the heading '*State-Shaping Infrastructure To Build A Better Victoria*', when referring, in his budget speech, to the '*record infrastructure program of up to \$27 billion*' to be delivered in the 2014-15 Budget.⁶³ The use of this heading by the Treasurer reflects the Government's key theme underpinning its 2014-15 Budget of 'Building a Better Victoria'.

The 2014-15 Budget estimates include the commencement of funding for the Metropolitan Rail Link which has an expected total estimated investment over its life cycle of \$8.5 to \$11 billion.⁶⁴ The budget estimates also include funding for the

59 Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, p.52

60 Budget Paper No.4, 2014-15 State Capital Program, May 2014, p.15

61 *ibid.*

62 Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, p.49

63 Budget Paper No.1, 2014-15 Treasurer's Speech, May 2014, p.4

64 Budget Paper No.3, 2014-15 Service Delivery, May 2014, p.64

2.6.2

Funding asset investment

As mentioned in Section 2.2 above, funding for the Government's infrastructure program comes primarily from four sources:

- » the operating surplus – that is, the money left over after output expenditure has been deducted from the revenue;
- » depreciation and similar – these are included in the output expenditure for accounting reasons but do not actually involve any cash outflows, so the cash equivalent to these amounts is still available;
- » proceeds from asset sales; and
- » cash borrowings, in the event that more funding is needed to meet the budgeted infrastructure investment.

Table 2.7 shows the estimated proportion of the Government's asset investment that could be funded from the first three of these sources between 2014-15 and 2017-18. This investment figure includes asset investment by the general government sector and investment by other sectors which is paid for by the general government sector, but does not include PPP payments.

Table 2.7**Projected asset investment, 2014-15 to 2017-18**

Item	2014-15 Budget	2015-16 estimate	2016-17 estimate	2017-18 estimate
	(\$ million)	(\$ million)	(\$ million)	(\$ million)
Funding from the surplus, 'non-cash income and expenses' and the sale of assets [A]	4,194.4	6,037.3	6,178.3	6,456.9
ASSET INVESTMENT^(a)				
Purchases of non-financial assets	5,312.4	4,727.5	5,705.6	4,849.8
• Net cash flows from investments in financial assets for policy purposes	676.8	-5,003.8	-190.3	183.2
• Unallocated capital	-	300.0	400.0	1,000.0
• Total asset investment [B]	5,989.2	23.7	5,915.3	6,033.0
Proportion of asset investment [B] that could be funded by [A] (per cent)	70.0	100.0	100.0	100.0

(a) Does not include PPP payments and is therefore different to the Government's 'Government infrastructure investment' figure.

Source: Calculated by the Committee based on Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.62

65 *ibid.*

66 *ibid.*, p.65

67 Budget Paper No.1, *2014-15 Treasurer's Speech*, May 2014, p.5

As identified in Table 2.5, the increasing level of expected operating surpluses from and inclusive of 2014-15 means that the proportion of asset investment that can be funded from sources other than borrowings will increase from an estimated 70 per cent in 2014-15 to the full amount in the remaining three years of the forward estimates period.

Table 2.7 also shows that, in 2015-16, cash flows from investment paid for by the general government sector and delivered through other sectors (which usually represent outflows for the funding of particular asset projects) are forecast to be positive to the extent of \$5.0 billion.

This key feature of the infrastructure investment element of the 2014-15 Budget relates to the Government's major policy decisions on asset recycling announced in the Budget. These decisions involve the Government:

- » entering into a medium-term lease over the Port of Melbourne's operations; and
- » divesting the Rural Finance Corporation.

The budget papers state that:⁶⁸

The proceeds from the lease of the Port of Melbourne will be invested in new productive economic infrastructure including the Melbourne Rail Link and East West Link - Western Section. The proceeds from divestment of the Rural Finance Corporation will facilitate investment in new productive economic infrastructure in rural and regional Victoria.

The budget papers also indicate that:⁶⁹

This approach is supported by the Commonwealth Government's announcement of a new asset recycling initiative that will provide financial incentives to state and territory governments to divest assets and reinvest the proceeds in additional productive capacity.

The Government has identified in the budget papers that its increased estimate of Commonwealth specific purpose grants and national partnership grants revenue over the period 2014-15 to 2016-17 reflects in part:⁷⁰

Commonwealth asset recycling payments relating to the divestment of the Rural Finance Corporation and the entering into a medium-term lease over the operations of the Port of Melbourne.

As a consequence of the two policy decisions relating to the Port of Melbourne and the Rural Finance Corporation, the Government's net debt is expected to decrease by \$4.9 billion in 2015-16.⁷¹ In effect, the Government's planned infrastructure investment program for 2015-16 is expected to be almost fully funded through the proceeds of these policy decisions, with the operating surplus for the year available to sharply reduce the level of net debt. Further comment on net debt is given in Section 2.6.5 of this report.

68 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.37

69 *ibid.*, p.8

70 *ibid.*, p.59

71 *ibid.*, p.62

FINDING: The Government expects that its asset investment program will be substantially funded (by 70 per cent) from internal cash resources in 2014-15 and able to be fully funded internally, without borrowings, in the remaining years of the forward estimates period.

FINDING: Major asset recycling decisions relating to the Port of Melbourne and the Rural Finance Corporation, announced by the Government in the 2014-15 Budget, are expected to generate positive cash flows totalling around \$5 billion in 2015-16. The Government has identified that the proceeds from these decisions will be invested in new infrastructure projects.

2.6.3

Disclosure in the budget papers

Details of the Government's asset investment program are spread across the various 2014-15 budget papers. For example:

- » Budget Paper No.2 (*2014-15 Strategy and Outlook*) outlines some of the major infrastructure projects in the context of the Government's economic and fiscal strategy, provides details of the aggregate expenditure on asset investment over the forward estimates and shows the allocation of new asset spending across departments;⁷²
- » Budget Paper No.3 (*2014-15 Service Delivery*) details each new asset initiative announced in the 2014-15 Budget. Initiatives are listed by department. Details include a description of each project, the total estimated investment, estimated expenditure for each year to 2017-18 and the relevant output to which the initiative contributes;⁷³
- » Budget Paper No.4 (*2014-15 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 2014, estimated expenditure in 2014-15, projected remaining expenditure and estimated completion date by financial year and quarter;⁷⁴ and
- » Budget Paper No.5 (*2014-15 Statement of Finances*) identifies (within each department's projected financial statements) the expected cash outlays on asset investment.⁷⁵ It also identifies in a consolidated table the total estimated asset purchases from 2014-15 to 2017-18 by department and government purpose.⁷⁶

In addition to the above information on the asset investment program is given in a:

- » Budget Information Paper on *Infrastructure Investment* which provides an overview of the infrastructure program with details of key infrastructure projects and recent Government policy reforms to support infrastructure planning and delivery; and

72 *ibid.*, pp.32-8, 62-4

73 Budget Paper No.3, *2014-15 Service Delivery*, May 2014, Chapter 1

74 Budget Paper No.4, *2014-15 State Capital Program*, May 2014, Chapter 2

75 Budget Paper No.5, *2014-15 Statement of Finances*, May 2014, Chapter 3

76 *ibid.*, pp. 35-6

- » Budget Information Paper on *Regional and Rural Victoria* which focuses on asset investment across regional and rural areas of Victoria.

FINDING: Information on the Government's asset investment program is presented in a variety of ways across the budget papers. Specific information on the program and proposed asset investment in regional and rural Victoria is included in two budget information papers released with the budget documents.

2.6.4 Public private partnerships

The budget papers indicate that there are currently 27 PPP projects, with 20 commissioned and now operational.⁷⁷ The papers identify that four PPP projects, *Citylink - Tulla Widening*, *Cranbourne-Pakenham Rail Corridor Project*, *East West Link – Eastern Section* and *Ravenhall prison*, are currently in procurement, with the tender process for the latter two projects due to be complete by the end of 2014.⁷⁸

Upcoming infrastructure projects to be procured under the PPP model involve packages within the *East West Link – Western Section*, packages within the *Melbourne Rail Link* and *Schools PPP package*.⁷⁹ The latter project relates to the construction of 11 new schools to address growing demand as a component of the Government's school capital program.⁸⁰

The Government has commented in the budget papers on the application to particular projects of its previously-announced reforms to the PPP model. It has indicated that these reforms:⁸¹

... make it easier for companies to compete to provide a greater range of services along with delivery of new or upgraded infrastructure. Early assessments indicate that this is working well on tender processes for East West Link – Eastern Section and Ravenhall Prison.

The Government estimates that PPP infrastructure investment in 2014-15 will total \$1,854 million.⁸² This figure is presented in the State Capital Program budget paper in order to reconcile the estimated aggregate Government infrastructure investment with the figure for that investment shown in other budget papers. Beyond inclusion within this reconciliation (which cites the Department of Treasury and Finance as the appropriate reference point⁸³), there are no further references in the budget papers to estimated PPP expenditure in 2014-15 and over the forward estimates period.

77 Budget Paper No.4, *2014-15 State Capital Program*, May 2014, pp.10-11

78 *ibid.*, p.11

79 *ibid.*

80 *ibid.*

81 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.38

82 Budget Paper No.4, *2014-15 State Capital Program*, May 2014, p.15

83 *ibid.*

FINDING: The Government has four public private partnership (PPP) projects currently in procurement, with the tender process for two projects likely to be complete by the end of 2014. The Government forecasts that its infrastructure investment on PPPs in 2014-15 will total \$1,854 million.

2.6.5

Net debt

As noted in Section 2.6.2, 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, which is essentially a measure of the difference between what the Government owes and its cash (including assets that it could easily convert into cash).⁸⁴

The Government’s expected changes in net debt for the general government sector from 30 June 2014 to 30 June 2018 can be seen in Table 2.8.

Table 2.8

Net debt as at 30 June, 2014 to 2018

	2014 revised estimate	2015	2016	2017	2018
Net debt (\$ billion)	21.5	23.4	18.5	19.0	19.5
Net debt (per cent of GSP)	6.1	6.3	4.7	4.6	4.5

Source: Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, p.67

In dollar terms, net debt is expected to increase to June 2015, before reducing sharply to June 2016 and then increasing marginally by June 2018. The Government expects net debt as a proportion of GSP to also fall markedly by June 2016 and to further fall marginally by June 2018.

The Government’s net debt is expected to decrease by \$4.9 billion in 2015-16.⁸⁵ As mentioned in Section 2.6.2 of this report, this decrease (through a reduction in borrowings) primarily reflects the expected consequence of the Government’s policy decisions relating to the medium-term lease of the Port of Melbourne operations and the divestment of the Rural Finance Corporation.

The following comment is included in the budget papers on the links between these policy decisions and new infrastructure investment:⁸⁶

Where it is in the community’s interest to recycle assets, capital currently tied up in mature businesses can effectively be recycled, with the proceeds used to build new assets for the benefit of the Victorian community. The asset recycling approach indirectly accesses private savings to fund new infrastructure.

84 Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, p.67

85 ibid., p.62

86 ibid., p.66

FINDING: The Government expects net debt to decrease sharply from \$23.4 billion in 2014-15 to \$18.5 billion in 2015-16, with marginal further reductions by June 2018. This significant downward trend in net debt estimates reflects the Government's asset recycling decisions announced in the 2014-15 Budget.

2.7

Victoria's credit rating

Victoria currently holds a triple-A credit rating from the rating agencies of Standard and Poor's, and Moody's Investors Service.⁸⁷ In his opening address to the Committee at the budget estimates hearing, the Treasurer identified the importance of Victoria having a triple-A credit rating. The Treasurer stated that:⁸⁸

... having that AAA credit rating is very important. It is an important marker of confidence and it is important from the point of view of lower interest costs.

Both rating agencies published a bulletin following the release of the Victorian Budget providing commentary on the Budget's impact on the State's credit rating. These bulletins do not constitute a credit rating.

Standard & Poor's noted that:⁸⁹

In our view, the Victorian government's budgetary performance is benefiting from several years of strong fiscal discipline, as evidenced by expenditure increasing less than revenue growth. As a consequence of this fiscal discipline, the Victorian government has introduced some modest revenue and expenditure measures without significantly affecting either its budgetary performance or debt burden.

Moody's Investors Service noted that the State Budget:⁹⁰

... shows improvement when compared to the 2013/14 budget and to mid-2014 estimates which is a credit positive for the State.

The Committee notes that both agencies responded positively to the 2014-15 Budget.

FINDING: Commentary on the Budget by the two international rating agencies engaged by the Government indicates a positive response to the 2014-15 Budget.

87 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.1

88 Hon. M. O'Brien MP, Treasurer, 2014-15 budget estimates hearing, transcript of evidence, 9 May 2014, p.3

89 Standard & Poor's, 'Bulletin: Ratings on Australia's State of Victoria Unchanged After State Budget Announcement', 6 May 2014, p.1

90 Moody's Investors Service, 'Announcement: Moody's Reports on Victoria's 2014/15 Budget', 6 May 2014, p.1

2.8

Sustainability of finances

The State Budget outlines a number of fiscal challenges for Victoria going forward, including a growing population and the increased demand for services.⁹¹ In light of these challenges, the Victorian Government's economic strategy has a strong focus on responsible financial management.⁹² The Government explains its budget position as follows:⁹³

A strong budget position is at the heart of the Government's economic strategy. It provides the basis for new investment in infrastructure and services, while keeping taxes competitive and sustainably managing net debt.

The Committee uses three key financial indicators to provide a picture of the sustainability of Government finances for the forward estimates period.

The first indicator of sustainability is the operating result (surplus), which the Government has identified as one of the four measures in its medium-term fiscal strategy (see Section 2.4.2 of this report). The second indicator of sustainability is net debt as a percentage of GSP, and this is also a measure used in the medium-term fiscal strategy. A more detailed discussion of the operating result is set out in Section 2.5 of the report, while net debt is considered in Section 2.6.5.

In addition, the Australian Bureau of Statistics (ABS) has developed an indicator called net lending/borrowing which can also be used to help provide an understanding of the sustainability of the State's finances. The Australian Accounting Standards Board requires this indicator to be disclosed as part of public sector report reporting,⁹⁴ and it is also used by Moody's Investors Service in analysing the Budget.⁹⁵

These three indicators are described in more detail in Table 2.9.

Table 2.9**Financial sustainability indicators**

Indicator	Description
Operating result	This indicates the difference between revenue and output expenditure, but does not include all of the Government's spending on asset investment.
Net lending/borrowing	This indicator is similar to the operating result, but also includes some money spent and received in relation to asset investment (including public private partnership liabilities). ^(a) A net lending position means that the Government has more revenue than it spends, and net borrowing means that it does not have enough.
Net debt as a percentage of GSP	Net debt is a measure of the total amount owed as a result of borrowing and other debt, less cash and assets that can easily be converted into cash. This indicator compares net debt to GSP, which reflects Victoria's total productive capacity (that is, its ability to repay debt).

(a) Moody's Investors Service, 'Announcement: Moody's Comments on Victoria's 2013/14 Budget', 7 May 2013
Source: Public Accounts and Estimates Committee.

91 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.10

92 *ibid.*, p.8

93 *ibid.*, p.47

94 Australian Accounting Standards Board, AASB 1049: Whole of Government and General Government Sector Financial Reporting, 2013, p.21

95 Moody's Investors Service, 'Announcement: Moody's Reports on Victoria's 2014/15 Budget', 6 May 2014, p.1

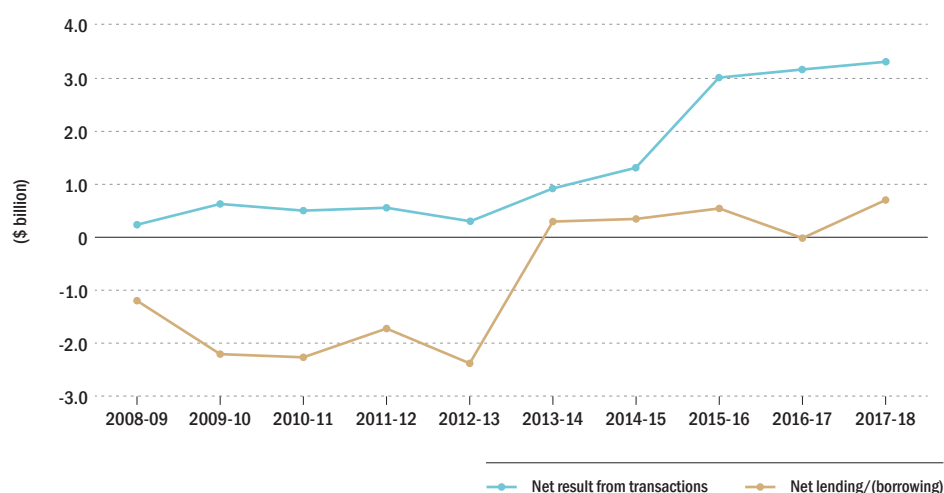
The following sections consider these three indicators for both the general government sector and the public sector as a whole.

2.8.1 General government sector

The general government sector is comprised of all government departments and agencies which provide services free or below cost.

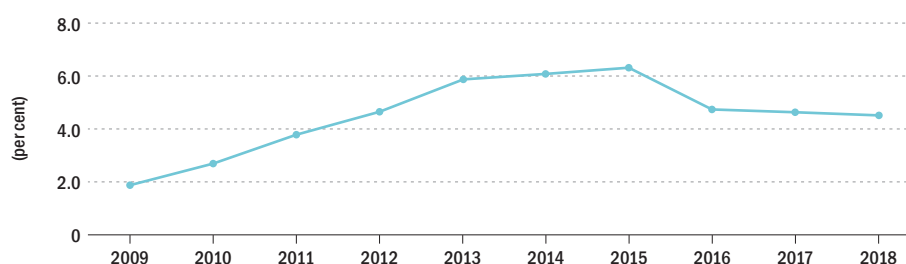
The Government's projections for the three indicators for the general government sector are set out in Figures 2.2 and 2.3. These projections convey a forecast positive trend from a sustainability perspective.

Figure 2.2 Operating result and net lending/borrowing (general government sector), 2008-09 to 2017-18



Source: Department of Treasury and Finance, 'Consolidated comprehensive operating statement' data set, <www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Financial-statements>, accessed 14 May 2014

Figure 2.3 Net debt as a percentage of GSP (general government sector), 2009 to 2018



Sources: Department of Treasury and Finance, 'Consolidated balance sheet' data set, <www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Financial-statements>, accessed 14 May 2014; Department of Treasury and Finance, 'Macroeconomic indicators' data set, <<http://www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Macroeconomic-indicators>> accessed 14 May 2014

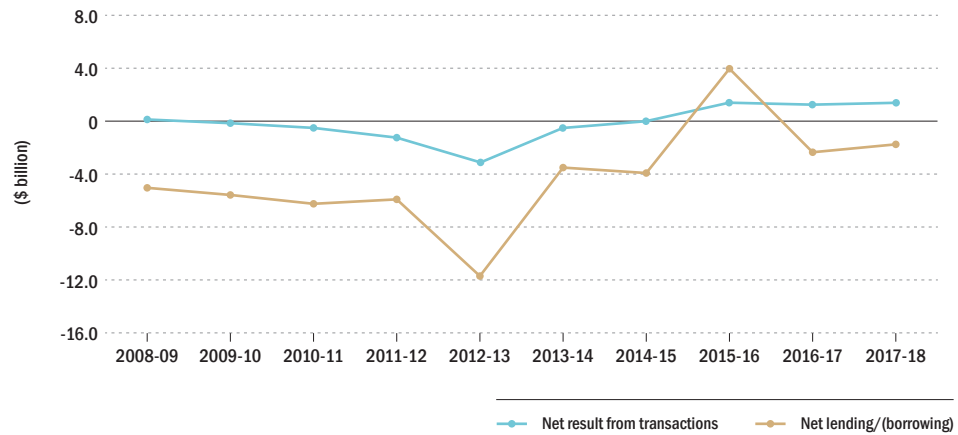
2.8.2 Public sector as a whole

The public sector as a whole comprises the general government sector, the government entities that charge for services (such as water corporations) and government entities offering financial services.

The Government's projections for the three indicators for the public sector as a whole (referred to in the budget papers as the 'State of Victoria') are set out in Figures 2.4 and 2.5.

Figure 2.4

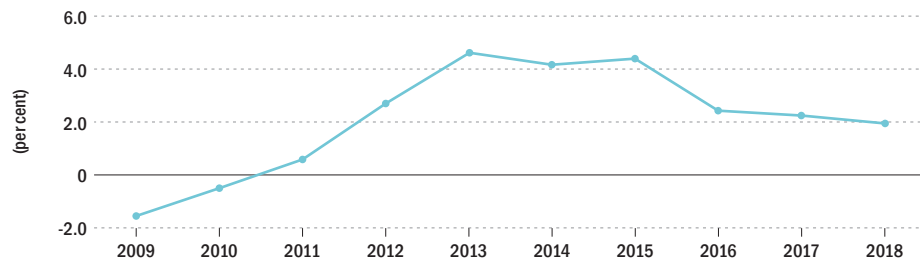
Operating result and net lending/borrowing (public sector as a whole), 2008-09 to 2017-18



Source: Department of Treasury and Finance, 'Consolidated comprehensive operating statement' data set, <www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Financial-statements>, accessed 14 May 2014

Figure 2.5

Net debt as a percentage of GSP (public sector as a whole), 2009 to 2018



Sources: Department of Treasury and Finance, 'Consolidated balance sheet' data set, <www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Financial-statements>, accessed 14 May 2014; Department of Treasury and Finance, 'Macroeconomic indicators' data set <http://www.dtf.vic.gov.au/Publications/Victoria-Economy-publications/Macroeconomic-indicators> accessed 14 May 2014

2.9

Contingency provisions

In each budget, contingency provisions are made for both operating and asset purposes. These provisions are for expenditure that has not been determined when the budget is prepared, including for:⁹⁶

- » unforeseen events, such as natural disasters (including bushfires and floods);
- » likely growth in Victoria’s population and consequent increased demand for government services; and
- » projects that have not been determined at the time of the budget.

Three types of contingency provision are made, as indicated in Table 2.10.

The Government has put sizeable contingency provisions aside over the four years to 30 June 2018, with \$5.8 billion (up from \$4.2 billion in the previous Budget) set aside for outputs and \$9.3 billion (up substantially from \$2.6 billion in the previous Budget) for asset investment. In addition, the amount available under the Advance to the Treasurer in 2014-15 has increased from \$378.3 million to \$681.1 million.

96 Budget Paper No.2, 2014-15 Strategy and Outlook, May 2014, pp.68-9

Table 2.10

Contingency items within the 2014-15 Budget and Appropriation Bill, 2014-15 to 2017-18

Contingency item	2014-15 (\$ million)	2015-16 (\$ million)	2016-17 (\$ million)	2017-18 (\$ million)	Total (\$ million)
Output contingencies ^(a)	-232.0	960.2	1,854.3	3,202.8	5,785.3
Asset contingencies ^(b)	131.3	1,711.9	3,183.0	4,370.0	9,396.2
Advance to the Treasurer to meet urgent claims ^(c)	681.1	-	-	-	681.1

(a) Budget Paper No.5, *2014-15 Statement of Finances*, May 2014, p.31

(b) *ibid.*, p.35

(c) Appropriation (2014-15) Bill 2014, page 15 of Schedule 1. The Advance to the Treasurer is released on a yearly basis. It is expected that broadly similar figures would also be made available in future years.

The magnitude of the above contingency provisions means that the Government has significant flexibility available to it over the forward estimates period on both operating and capital fronts. The Government can progressively utilise these contingencies, as circumstances warrant, without the risk of impacting on its set budget estimates.

The budget papers indicate that the output contingency provision includes ‘provisions available to be allocated to specific departments and projects, future demand growth, departmental underspending and items not yet formalised at the time of publication.’⁹⁷

The budget papers also identify that the asset contingency provision represents the ‘Estimated amount available to be allocated to departments and projects in future budgets, including for East West Link and the Melbourne Rail Link. It also includes departmental underspending, which may be subject to carryover’.⁹⁸

The Committee has previously advised the Parliament that it does not have a view on the appropriate level of contingency provisions incorporated by the Government in the Budget. 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.⁹⁹

The Committee has also previously 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.¹⁰⁰

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.’¹⁰¹

97 Budget Paper No.5, *2014-15 Statement of Finances*, May 2014, p.31

98 *ibid.*, p.35

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

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

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

The presentation of material on contingencies in the 2014-15 Budget continues to be essentially unchanged from the time of the above response. There remains therefore scope for enhanced disclosure, ideally through a consolidated presentation, of contingency provisions in future budget papers.

The Committee also notes that a line item, 'Capital provision approved but not yet allocated', is identified in the budget papers as forming part of projected infrastructure spending.¹⁰² The item is described in the budget papers as the '*amount available to be allocated to specific departments and projects in future budgets, including contributions to other sectors.*'¹⁰³ The estimates shown for the item are lower than the asset contingencies shown in Table 2.10.

FINDING: The 2014-15 Budget includes contingency provisions totalling \$5.8 billion for outputs and \$9.4 billion for asset investment over the four years to 2017-18. The contingency provision for asset investment purposes is significantly larger than the equivalent allowance for asset contingencies identified in the previous Budget.

102 Budget Paper No.2, *2014-15 Strategy and Outlook*, May 2014, p.62

103 *ibid.*

DISCONTINUED AND NEWLY-INTRODUCED PERFORMANCE MEASURES

3.1

Introduction

In addition to detailing the funding to be provided to departments, the budget papers also detail the outputs that departments are expected to deliver in the budget year. For each of these outputs, the budget papers includes a number of performance measures which set targets for:

- » the *quantity* of goods and services to be delivered;
- » the *quality* of the goods and service to be delivered;
- » the *timeliness* of their delivery; and
- » the *cost* of their delivery.

Changes are made to the suite of performance measures each year to reflect alterations to programs, changes in the way services are to be delivered and variations in external circumstances (such as population growth or ageing). The changes include modifying measures, altering the targets, adding new measures and discontinuing previous measures.

Each year since the 2011-12 Budget, the Committee has been given the opportunity to review the measures that are proposed to be discontinued. This includes highlighting any measures that should be retained.¹⁰⁴ The review process takes place following the publication of the budget papers.

In the 2014-15 budget papers, the Government proposes that 86 non-cost performance measures be discontinued.¹⁰⁵ The Committee has reviewed this list, and has recommended that 16 measures not be discontinued (see Section 3.2.3).

The budget papers also include 69 newly-introduced non-cost performance measures.¹⁰⁶ The Committee has assessed these measures and has considered their efficacy and quality (see Appendix A3.3).

The Committee discussed issues related to performance measures in greater detail in its recent *Review of the Performance Measurement and Reporting System*, tabled in March 2014. Issues raised by the Committee in this report are currently under consideration by the Government.

104 Budget Paper No.3, *2014-15 Service Delivery*, May 2014, p.313

105 *ibid.*, Appendix A

106 The budget papers also include a number of newly-introduced cost performance measures. These will not be assessed by the Committee as they are a result of the rearrangement of outputs.

3.2 Discontinued performance measures

Departments have proposed that 86 non-cost performance measures be discontinued. These measures have been presented to the Committee for review. The Committee has assessed these measures using a consistent set of criteria, and consider that 16 of these measures ought not be discontinued.

3.2.1 Assessment criteria

Over the past few years, the Government has used five criteria to determine when it will substantially change or discontinue a measure where:¹⁰⁷

- » *a current measure can be replaced by a more appropriate measure and the new measure will provide significantly more meaningful information to the Parliament and the public;*
- » *it is no longer relevant due to a change in Government policy or priorities and/or departmental objectives;*
- » *milestones, projects or programs have been completed, substantially changed, or discontinued;*
- » *funding is not provided in the current budget for the continuation of the initiative; and*
- » *Parliament and the public can judge the success of output delivery without the measure.*

The Committee accepts these as good general guiding principles and has used these in making its assessment.

For the purposes of its review, the Committee considers that measures should be reinstated where:

- » proposed replacement measures do not provide more or better information about the relevant activities of the department;
- » after the change, the suite of measures that describes the output is less comprehensive; or
- » measures are still relevant, as the activities they reflect are still occurring or may still occur.

The Committee's assessment for 2014-15 is based on the explanations provided in Appendix A of Budget Paper No.3.¹⁰⁸ Where the explanations do not demonstrate that the performance measures meet the criteria for discontinuation, the Committee has generally recommended that the measures be retained.

3.2.2 Results of the review

Based on the criteria discussed in Section 3.2.1, the Committee is satisfied that the majority of the measures proposed by the Government may be discontinued. These measures mostly relate to:

¹⁰⁷ Department of Treasury and Finance, *Budget and Financial Management Guidances*, BFMG – 09 'Output Specification and Performance Measures', 13 July 2012, pp.117-8

¹⁰⁸ Budget Paper No.3, *2014-15 Service Delivery*, May 2014, Appendix A, pp.313-33

- » projects or programs that have been completed or are expected to be completed during 2013-14;
- » items that are unable to be reported in the same form as in previous years following changes to Commonwealth or internal processes; or
- » changes in Government priorities.

3.2.3 Measures to be reinstated

Table 3.1 contains 16 measures that the Committee considers should not be discontinued. The Committee's reasons for retaining these measures are set out in more detail in Appendix A3.1.

In most cases, departments have proposed discontinuing measures as they have been replaced by others.

In a number of cases, while there may be value in the replacement, the Committee considers that is not able to make a comprehensive evaluation and has therefore recommended that the measures be retained until further information has been received from departments.

Table 3.1 Performance measures proposed to be discontinued in the 2014-15 budget papers which the Committee considers should be retained

Output	Performance measure
DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES	
Sustainably Manage Fish and Forest Resources	Game licence applications, renewals and amendments processed within 15 business days of receipt
DEPARTMENT OF HEALTH	
Mental Health Community Support Services (MHCSS)	Contact hours
DEPARTMENT OF STATE DEVELOPMENT, BUSINESS AND INNOVATION	
Energy and Resources	Audits completed at mineral and petroleum sites on specific high risk issues
Energy and Resources	Environmental and compliance audits of critical minerals and petroleum sites completed
Energy and Resources	Number of mine stability audits
Energy and Resources	Delivery of milestones facilitated in line with grant agreements for the brown coal research and development grants that form part of the Energy Technology Innovation Strategy initiative
Energy and Resources	Facilitate delivery of milestones in line with grant agreements for Energy Technology Innovation Strategy Sustainable Energy programs
Energy and Resources	Facilitate delivery of milestones in line with grant agreements under the Advanced Lignite Demonstration program
Energy and Resources	Facilitate delivery of milestones in line with grant agreements under the Low Emission Energy Technologies program
Energy and Resources	Minerals and petroleum exploration license applications not determined after three months
Energy and Resources	Mining industry workplans not processed in one month

Output	Performance measure
Energy and Resources	Mining licence applications not determined after four months
Energy and Resources	Facilitate delivery of the implementation plan of the CarbonNet geoscience evaluation program by 2014
Energy and Resources	Facilitate delivery of milestones for the feasibility stage of CarbonNet (Carbon Capture and Storage) project
Energy and Resources	Facilitate delivery of milestones in line with grant agreements for the large-scale Carbon Capture and Storage demonstration program
DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE	
Transport Safety Regulation and Investigations	Road vehicle and driver regulation: new and renewed driving instructor authority applications processed within 14 days

Source: Budget Paper No.3, 2014-15 Service Delivery, May 2014, Appendix A

FINDING: The Committee has reviewed the 86 non-cost performance measures that have been proposed to be discontinued. In 16 cases, the Committee has recommended the measures not be discontinued. In a number of these cases, the Committee is not able to make a comprehensive evaluation and has recommended that the measures be retained until further information has been received from departments.

RECOMMENDATION 1: The Government not discontinue the 16 performance measures that are listed in Table 3.1 of this report.

3.2.4

Process following the Committee's previous review

In its *Report on the 2013-14 Budget Estimates — Part Two*, the Committee recommended that four measures be reinstated.¹⁰⁹

In response, the Department of Environment and Primary Industries reinstated one measure¹¹⁰ as part of the 2013-14 Budget Update. The measure is again to be reported on in 2014-15.¹¹¹

The Committee received advice from the Government that a restructure of statutory bodies¹¹² had meant that activities within the measure 'Racing and gaming applications and initiatives completed within elapsed time benchmark' were now divided over multiple entities.¹¹³ Because of this, the Committee agreed that the measure should be replaced.

109 Public Accounts and Estimates Committee, *Report on the 2013-14 Budget Estimates — Part Two*, October 2013, p.146, Recommendation 29

110 'Assessments of model of cover completed prior to fire season to assess resources available and requirement for the upcoming fire season'.

111 Budget Paper No.3, 2014-15 Service Delivery, May 2014, p.125

112 That is, the creation of the Victorian Responsible Gambling Foundation and the Victorian Commission for Gambling and Liquor Regulation.

113 Mr Robert Clark MP, Minister for Finance, correspondence received 27 November 2013, Attachment A, p.1

Following further advice from the Government, the Committee accepted that the measure ‘Community Support Grant projects funded through the Community Support and Recreational Sport Package’ could be discontinued, with the expectation that a performance measure reporting the size of the grants program was included. The Committee notes that this new measure has a target of 100 per cent, and no other measure reports on the quantity (in terms of number or size) of Community Support grants to local government.

The Committee received advice that specific activities within the *Boating Safety and Facilities Program* (i.e. boating safety education seminars) were not to be funded for 2013-14.¹¹⁴ Following this, the Committee supported the discontinuation of the measure ‘Transport safety regulation: delivery of recreational boating safety education seminars’. The Committee notes that new funding for the *Boating Safety and Facilities Program* has been included in the 2014-15 budget papers.¹¹⁵ However, seminars are not included in the description of this initiative.¹¹⁶

FINDING: The Committee recommended the reinstatement of four measures that had been proposed for discontinuation as part of the 2013-14 Budget. Following this recommendation, one measure has been reinstated.

3.3 Newly-introduced performance measures

As part of the 2014-15 Budget, the Government introduced 69 new non-cost performance measures.¹¹⁷ The Committee has examined these and provided comments below.

3.3.1 Assessment criteria

As part of its recent *Review of the Performance Measurement and Reporting System*,¹¹⁸ the Committee developed a set of detailed criteria for assessing the appropriateness of performance measures.

Broadly, the criteria fall into three groups that assess whether:

- » the measure is clear;
- » the measure is meaningful; and
- » the measure is robust.

Further details about these criteria are set out in Appendix A3.2.

¹¹⁴ *ibid.*, Attachment A, p.2

¹¹⁵ Budget Paper No.3, *2014-15 Service Delivery*, May 2014, p.55

¹¹⁶ *ibid.*, p.58

¹¹⁷ *ibid.*, Chapter 2

¹¹⁸ Public Accounts and Estimates Committee, *Review of the Performance Measurement and Reporting System*, March 2014, Chapter 4

3.3.2

Results of the review

The Committee considers that the majority of the newly-introduced performance measures are of a good quality. Together with the removal of less-useful measures, this means that the overall suite of performance measures identified in the 2014-15 Budget provides improved information.

In particular, the Committee considers that a number of newly-introduced measures will provide useful information on the performance of departments, such as:

- » ‘New country and regional taxi and other commercial passenger vehicle licence applications processed within 60 days’,¹¹⁹ and
- » ‘Number of available HIV rapid test trial appointments used’.¹²⁰

The Committee notes that some measures would be improved with supplementary information. This information would not alter the measures themselves, but rather clarify their meaning and improve stakeholders’ understanding of the output. The Committee recommended in a previous report that departments publish supporting information for performance measures listed in budget papers.¹²¹ The Government is currently reviewing this recommendation.¹²²

The following are some examples where extra information would be useful.

- » ‘Progress in facilitating the development of a Metropolitan Intermodal System’¹²³ does not specify how progress is defined. This progress could be expressed in terms such as consumption of expected expenditure, consumption of expected time, or production of anticipated outputs, each of which have a distinct profile over time.
- » The target for ‘Plan Melbourne prioritised planning’s short term actions completed’ is 54.¹²⁴ However, there is no indication in the measure how this target relates to the total number of actions.
- » A number of measures refer to timelines or milestones,¹²⁵ without noting whether these are fixed or can be altered during the year. As the alteration of a milestone can affect the result, the publication of this information would enhance the usefulness of the measures.

The Committee considers that there are a small number of other newly-introduced measures that might be improved or enhanced.

These include:

- » measures where it is not clear whether an increase in the result is a positive or negative outcome;

119 Budget Paper No.3, *2014-15 Service Delivery*, May 2014, p.263

120 *ibid.*, p.155

121 Public Accounts and Estimates Committee, *Report on the 2012-13 Budget Estimates — Part Two*, September 2012, p.115, Recommendation 27

122 Victorian Government, Government Responses to the Recommendations of Public Accounts and Estimates Committee’s 111th Report to the Parliament – Report on the 2012-13 Budget Estimates — Part Two, received 12 March 2013, p.14

123 Budget Paper No.3, *2014-15 Service Delivery*, May 2014, p.269

124 *ibid.*, p.258

125 Such as ‘Proportion of research projects completed in agreed timelines’ (Budget Paper No.3, *2014-15 Service Delivery*, May 2014, p.223).

- » measures that cumulate results over time, where a comparison over a number of years has limited meaning; and
- » measures where the activity is mandatory.

Appendix A3.3 gives examples of these.

In addition, the Committee has identified a number of measures where the result is not primarily under the control of the department, but rather reflects levels of external demand. This type of measure was discussed in the Committee's previous *Review of the Performance Measurement and Reporting System*.¹²⁶ The Committee considers that these 'demand measures' are useful in that they provide context for other measures in the output. These measures are also included in Appendix A3.3.

FINDING: Performance measures introduced in the 2014-15 Budget are generally useful and contribute to the overall quality of the whole suite of performance measures. In some cases, additional information or refinements would enhance the usefulness of measures.

3.3.3 'Energy and resources' output

The Department of State Development, Business and Innovation has proposed a reduction in the number of performance measures in the 'Energy and Resources' output from 29 in the 2013-14 budget papers¹²⁷ to ten in the 2014-15 budget papers.¹²⁸ This includes amalgamating 15 measures into five. These changes are set out in Appendix A3.4.

This reduction in detail affects the ability of stakeholders to fully understand Departmental activities. As a general rule, the Committee considers greater detail in performance information provided to stakeholders to be better practice, as it supports greater Departmental accountability.

The Committee notes that one proposed timeliness measure, 'Regulatory audits completed within agreed timelines' has a target of '> 95 per cent'.¹²⁹ However, the three measures the Department proposes amalgamating into this new measure¹³⁰ are all quantity measures. This alteration would result in the actual number of audits carried out not being reported. As such, the replacement measure would not provide significantly more meaningful information.

The Committee has recommended that four of the five amalgamations proposed by the Department do not proceed (see Section 3.2.3).

However, the fifth amalgamation is appropriate. It involves the merging of the measures 'Earth resource information packages released to industry covering the promotion of new geological data and regulatory guidance material' and 'Earth resource geoscience data packages released to market in line with agreed timetables'.

126 Public Accounts and Estimates Committee, *Review of the Performance Measurement and Reporting System*, March 2014, pp.52-3

127 Budget Paper No.3, *2013-14 Service Delivery*, May 2013, pp.234-7

128 Budget Paper No.3, *2014-15 Service Delivery*, May 2014, pp.231-3

129 *ibid.*, p.233

130 'Audits completed at mineral and petroleum sites on specific high risk issues', 'Environmental and compliance audits of critical minerals and petroleum sites completed' and 'Number of mine stability audits'.

In this case, the Committee considers that the replacement successfully combines timeliness and quantity aspects of the activity, and is satisfied that the reduction in measures does not compromise overall stakeholder understanding.

FINDING: The Department of State Development, Business and Innovation has proposed reducing the number of performance measures for the ‘Energy and resources’ output from 29 to ten. The proposal incorporates the amalgamation of 15 measures into five. The overall effect is that less meaningful performance information would be disclosed by the Department.

DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT HEARINGS

4.1 Introduction

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

- » Children and Early Childhood Development;
- » Education; and
- » Higher Education and Skills.

4.2 Key budget themes for 2014-15

Regarding key strategic priorities underpinning the 2014-15 Budget for the Department, the Committee was advised that:¹³¹

The Department of Education and Early Childhood Development (DEECD) has a 10-year goal to make Victoria a world leader in learning and development, to contribute to a vibrant economy and society and to deliver on our outcomes.

To achieve this goal, DEECD's key strategic priorities underpinning its budget for 2014-15 focus on the outcomes of Achievement, Engagement, Wellbeing and Productivity.

The Department of Education and Early Childhood Development's (DEECD's) key strategic priorities underpinning its 2014-15 Budget and forward estimates to 2017-18 are:

- 1. Deliver accessible services and improve the opportunities afforded to all learners – children, young people and adults – to achieve their potential.*
- 2. Provide world leading services in schools that strengthen autonomy and target need.*
- 3. Respond to structural changes in the Victorian economy and consolidate existing reforms in the skills sector.*

The Department indicated that the key policies applicable to the Department in 2014-15 are:¹³²

- » *Early Years Strategic Plan*
- » *From New Directions to Action: World class teaching and school leadership*

¹³¹ Department of Education and Early Childhood Development, response to the Committee's 2014-15 Budget Estimates Questionnaire, received 7 May 2014, p.2

¹³² *ibid.*, p.3

- » *Refocussing Vocational Education in Victoria*
- » *Securing Victoria's Economy – Planning, Building, Delivering*
- » *Towards Victoria as a Learning Community*
- » *Victoria's Vulnerable Children Strategy*

4.3 Major priority shifts for 2014-15

Comparing the 2014-15 Budget priorities with the 2013-14 priorities, the Department indicated:¹³³

In 2014-15, priorities remain broadly unchanged from 2013-14 in that funding is targeted to the reform of key service delivery and meeting demand, in order to deliver improved learning and development outcomes for Victorian children and students.

Priorities for 2014-15 consolidate the school-based reforms outlined in the Early Years Strategic Plan, Towards Victoria as a Learning Community and the Refocussing Vocational Education in Victoria reforms.

There are no major impacts resulting from these differences.¹³⁴

4.4 Children and Early Childhood Development portfolio

4.4.1 Introduction

The Committee received evidence from the Hon. Ms Wendy Lovell MLC, Minister for Children and Early Childhood Development, on 21 May 2014. The Minister was assisted by Mr Richard Bolt, Secretary; Mr Jim Miles, Deputy Secretary, Infrastructure and Finance Group; Dr Sonia Sharp, Deputy Secretary, Early Childhood and School Education Group; and Ms Susan McDonald, Executive Director, Projects and Strategic Projects, Department of Education and Early Childhood Development. 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 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 4.4.4) are also available on the Committee's website.

¹³³ *ibid.*, p.2

¹³⁴ *ibid.*

4.4.3 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 strengthening Victorian communities (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Funding

- » budget break-down by program area (p.4); and
- » budget variation (p.4).

Kindergarten

- » proportion of hours funded (pp.5-7, 9, 11);
- » participation rate (pp.8-9); and
- » funding for additional kindergarten places (pp.10-11).

Other matters

- » children's facilities capital program (pp.4-5);
- » Early Childhood Intervention Services (ECIS) (pp.6-7);
- » Early Years Strategic Plan (pp.9-10); and
- » maternal and child health area (p.12).

4.4.4 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.

4.4.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to the federal-state funding breakdown for each portfolio program and service (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.

4.5 Education portfolio

4.5.1 Introduction

The Committee received evidence from the Hon. Mr Martin Dixon MP, Minister for Education, on 13 May 2014. The Minister was assisted by Mr Richard Bolt, Secretary; Mr Jim Miles, Deputy Secretary, Infrastructure and Finance Group; Dr Sonia Sharp, Deputy Secretary, Early Childhood and School Education Group; and Mr Simon Kent, Deputy Secretary, Strategic Policy and Review Group,

Department of Education and Early Childhood Development. 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 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. Documents provided at the hearings (see Section 4.5.4) are also available 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 the following (page numbers refer to the transcript on the Committee's website):

Funding

- » national funding agreement (pp.5-8, 10-19); and
- » Education Maintenance Allowance (pp.25-6).

Education and related programs

- » programs supporting local communities (pp.4-5);
- » support program for students with disabilities (pp.11-12, 14-15);
- » cultural and language education (pp.19-20);
- » anti-bullying initiatives (pp.22-3);
- » workplace learning coordinators (pp.24-5); and
- » maths and science specialisation (pp.29-30).

Capital projects

- » new school capital projects (pp.9-17, 20-2);
- » specialist, special development and autism-specific schools (pp.14-15);
- » school maintenance and capital upgrades (pp.23-4); and
- » new schools in Prahran and South Melbourne (pp.27-9).

Other matters

- » indigenous students (pp.26-7); and
- » school-based apprentices/trainees (pp.30-1).

4.5.4 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.

4.5.5 Questions taken on notice at the budget estimates hearing

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

4.6 Higher Education and Skills portfolio

4.6.1 Introduction

The Committee received evidence from the Hon. Mr Nick Wakeling MP, Minister for Higher Education and Skills, on 16 May 2014. The Minister was assisted by Mr Richard Bolt, Secretary; Mr Jim Miles, Deputy Secretary, Infrastructure and Finance; Ms Kym Peake, Deputy Secretary, Higher Education and Skills; and Ms Marianne Lourey, Executive Director, TAFE Transition Taskforce. 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 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. 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.2-3), key matters raised at the budget estimates hearing included a standard question on strengthening Victorian communities (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

TAFE

- » Reports of Advance TAFE and North Melbourne Institute of TAFE (NMIT) (pp.4-5);
- » vocational education and training market report (p.4);
- » Structural Adjustment Fund (pp.5-6);
- » mergers (pp.7-8); and
- » transition taskforce (pp.8-9).

Training

- » automotive workers package (pp.6-7);
- » apprenticeship field officers (pp.9-10);
- » subsidised training impact of Federal Budget (pp.8-11);
- » apprenticeship travel allowance (p.11); and

- » target for the performance measure ‘Number of apprenticeship and traineeship commencements’ (pp.11-12).

Other matters

- » variance in estimates for ‘Higher education and skills’ output (p.5).

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.

4.6.5 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):

- » Busy at Work contract (pp.9-10); and
- » salary range for the TAFE Transition Taskforce Executive Director (pp.8-9).

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.

DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES HEARINGS

5.1

Introduction

The Department of Environment and Primary Industries is responsible for administering the following portfolios:

- » Agriculture and Food Security;
- » Environment and Climate Change; and
- » Water.

5.2

Key budget themes for 2014-15

The Department advised the Committee that the key strategic priorities underpinning the 2014-15 Budget for the Department are:¹³⁵

- » *Effective management of water resources to meet future urban, rural and environmental needs;*
- » *The community benefits from effective management of Victoria's land assets;*
- » *Effective environmental and adaptation policy, investment and regulation;*
- » *Reduced impact of major bushfires and other emergencies on people, infrastructure and the environment;*
- » *Create productive and competitive agricultural industries; and*
- » *Sustainably manage fish and forest resources.*

Regarding key policies applicable to the Department in 2014-15, the Department indicated:¹³⁶

There are a range of Government policies applicable to the Department, including:

- » *Food to Asia*
- » *Melbourne's Water Future*
- » *Environmental Partnerships*
- » *Growing Victoria's Food and Fibre – double Victoria's food and fibre production by 2030*
- » *Victorian Waterway Management Strategy*
- » *Victorian Climate Change Adaptation Plan*
- » *Victorian Timber Industry Action Plan*

¹³⁵ Department of Environment and Primary Industries, response to the Committee's 2014-15 Budget Estimates Questionnaire, received 8 May 2014, p.2

¹³⁶ *ibid.*, p.3

- » *Biodiversity Conservation Strategy*
- » *Implementing the Government Response 2009 to the Victorian Bushfires Royal Commission*

5.3 Major priority shifts for 2014-15

No major differences in the Department's priorities since the previous budget were specified by the Department.¹³⁷

5.4 Agriculture and Food Security portfolio

5.4.1 Introduction

The Committee received evidence from the Hon. Mr Peter Walsh MP, Minister for Agriculture and Food Security, on 15 May 2014. The Minister was assisted by Mr Adam Fennessy, Secretary; and Ms Carolyn Jackson, Acting Executive Director, Finance and Planning, Department of Environment and Primary Industries. 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 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 5.4.4) are also available on the Committee's website.

5.4.3 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 strengthening Victorian communities (pp.5-6) and the following (page numbers refer to the transcript on the Committee's website):

New industries

- » poppy industry (pp.9-10);
- » wildlife control (p.10);
- » scallop (p.10); and
- » sea urchin (pp.10-11).

¹³⁷ *ibid.*, p.2

Exports

- » 'Food and agriculture into Asia' plan (pp.7-8, 13, 16); and
- » Japan free trade agreement (pp.14-15).

Initiatives

- » re-prioritisation and savings initiatives (p.8);
- » industry assistance (pp.11-12);
- » *Growing Food and Fibre* initiative (pp.13-16); and
- » research and development in agriculture (pp.23-4).

Game hunting

- » Game Management Authority (p.14); and
- » recreational fishing (pp.17-18).

Other matters

- » continuity of programs run by the Rural Finance Corporation (pp.6-7);
- » contamination tests in Fiskville and surrounding properties (pp.11, 23);
- » National Centre for Farmer Health (pp.12-14);
- » performance measure 'Properties inspected for invasive plant and animal priority species' (pp.16-18);
- » staff reductions in the Department (pp.18-19);
- » animal welfare actions (pp.19-22);
- » forestry industry (pp.20-1); and
- » wild dogs control (pp.22-3).

5.4.4 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.

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):

- » number of full-time equivalent (FTE) staff who have departed for each section of the Department (p.19);
- » target setting for 2013-14 and 2014-15 for the performance measure 'Compliance with relevant industry standards for animal welfare' (p.20); and
- » number of Victorian Public Service (VPS) positions in the agriculture area of the portfolio (pp.24-5).

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 Environment and Climate Change portfolio

5.5.1 Introduction

The Committee received evidence from the Hon. Mr Ryan Smith MP, Minister for Environment and Climate Change, on 23 May 2014. The Minister was assisted by Mr Adam Fennessy, Secretary; Mr Paul Smith, Deputy Secretary, Land, Fire and Environment; Ms Carolyn Jackson, Acting Executive Director, Finance and Planning; and Mr Liam Fogarty, Director, Knowledge and Engagement Branch, Department of Environment and Primary Industries. 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 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. Documents provided at the hearings (see Section 5.5.4) are also available 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 strengthening Victorian communities (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Initiatives and programs

- » conservation of significant biodiversity and ecological values (pp.6-7);
- » programs to reduce the risk of bushfires (pp.9-10);
- » Barmah Forest River Red Gum parks and reserves (pp.10-11);
- » capital and other works to support responding to bushfires (pp.11-12);
- » cattle grazing in the Alpine National Park (pp.12-15);
- » preformed fire and emergency incident management teams (pp.15-16);
- » support for Landcare projects and volunteer environmental groups (pp.16-17);
- » water quality – Yarra River and Port Phillip Bay action plan (pp.17-18); and
- » initiatives to reduce illegal dumping of industrial waste material (pp.18-19).

Other items

- » staff changes resulting from previous machinery-of-government changes (pp.5-6);

- » park assets maintained by Parks Victoria (pp.7-8);
- » portfolio savings and efficiencies (p.16); and
- » status of coastal and foreshore assets (p.20).

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.

5.5.5 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):

- » breakdown of variation in numbers by region in Parks Victoria (p.6); and
- » status of coastal and foreshore assets (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.

5.6 Water portfolio

5.6.1 Introduction

The Committee received evidence from the Hon. Mr Peter Walsh MP, Minister for Water, on 15 May 2014. The Minister was assisted by Mr Adam Fennessy, Secretary; and Ms Carolyn Jackson, Acting Executive Director, Finance and Planning, Department of Environment and Primary Industries. 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 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. 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.2-3), key matters raised at the budget estimates hearing included the following (page numbers refer to the transcript on the Committee's website):

Regional and rural Victoria

- » Goulburn-Murray Water Connections (p.11);

- » Murray-Darling Basin plan (pp.12-13); and
- » Sunraysia modernisation project (pp.14-15).

Other matters

- » measures to strengthen Victorian communities (pp.3-4);
- » Office of Living Victoria (pp.4-8, 13);
- » *Fairer Water Bills* initiative (pp.6-7);
- » minimising water bills (pp.8-9);
- » Living Ballarat program (pp.9-10);
- » flood studies (pp.10-11);
- » *The Right Water* program (pp.13-14); and
- » Melbourne Water – dividend estimates (pp.15-16).

5

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.

5.6.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to capital projects for South Gippsland Region Water Corporation (p.14 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.

6.1

Introduction

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

- » Ageing;
- » Health; and
- » Mental Health.

6.2

Key budget themes for 2014-15

The Department advised the Committee that the key strategic priorities underpinning the 2014-15 Budget for the Department are:¹³⁸

... the reform priorities outlined in the Victorian Health Priorities Framework 2012-2022 (VHPF) which are:

- » *developing a system that is responsive to people's needs*
- » *improving every Victorian's health status and health experiences*
- » *expanding service, workforce and system capacity*
- » *increasing the system's financial sustainability and productivity*
- » *implementing continuous improvements and innovation*
- » *increasing accountability and transparency, and*
- » *utilising e-health and communications technology.*

The VHPF articulates the long term goals of the department, and encompasses the forward estimates period (2017-18).

The Department indicated that the key policies applicable to the Department in 2014-15 are:¹³⁹

...underpinned by the Victorian Health Priorities Framework 2012-2022 (VHPF). The VHPF outlines the government's plan to ensure that the health, aged care and mental health system is responsive to community needs and expectations, and identifies major reform priorities to enhance sustainability. The framework is underpinned by these supporting plans:

- » *Metropolitan Health Plan 2012-22: the plan articulates the long-term planning and development priorities for Victoria's health services throughout the next decade, focussing on Melbourne's health system*

¹³⁸ Department of Health, response to the Committee's 2014-15 Budget Estimates Questionnaire, received 8 May 2014, p.2

¹³⁹ *ibid.*, p.5

- » *Rural and Regional Health Plan 2012-22: the plan sets out to drive the development of key actions to deliver services in rural and regional Victoria that are responsive to people's needs, informative and rigorously informed.*

The Department's policy direction is also guided by the following:

- » *Healthy Together Victoria: The initiative focuses on addressing the underlying causes of poor health in children's settings, workplaces and communities by encouraging healthy eating, physical activity, and reducing smoking and harmful alcohol use.*
- » *Koolin Balit: the Victorian Government strategic directions for Aboriginal health.*
- » *Living Longer, Living Better: the Commonwealth initiative outlines a comprehensive 10-year plan to reshape aged care and build a better, fairer and more nationally consistent aged care system.*
- » *Mental Health Act reform: the Mental Health Bill 2014 will commence on 1 July 2014 and involves significant changes to compulsory assessment and treatment of people living with mental illness. It recognises the important role of families and carers in supporting people recovering from mental illness.*
- » *National Health Reform Agreement and other Commonwealth agreements: national financing and payment arrangements are changing for health services, and will change the way health services are funded in the long-term.*
- » *People in Health: this policy initiative aims to support, strengthen and expand the health and mental health workforce to care for Victoria's complex and growing cohort of patients and clients. The initiative represents the Victorian Government's continuing investment and ongoing commitment to develop Victoria's health workforce, with a focus on ensuring health professionals in Victoria receive the best education and training at every stage of their career.*
- » *Reducing the alcohol and drug toll – Victoria's plan 2013-17: The Whole-of-Victorian-Government Alcohol and Drug Strategy, which includes a roll out of an alcohol culture change project and a state pharmaceutical drug misuse summit.*
- » *Skin Cancer Prevention Framework 2013–2017: the initiative outlines a comprehensive, community-wide approach to reducing the burden of skin cancer in Victoria.*
- » *Victorian Public Health and Wellbeing Plan 2011-2015: aims to improve the health and wellbeing of all Victorians by engaging communities in prevention, and by strengthening systems for health protection, health promotion and preventive healthcare across all sectors and all levels of government.*
- » *Victorian Quality Improvement Framework: The Commission for Hospital Improvement is currently developing a framework to outline the vision, principles and goals for the quality improvement space within Victorian healthcare.*

6.3 Major priority shifts for 2014-15

No major differences in the Department's priorities since the previous budget were specified by the Department.¹⁴⁰

6.4 Ageing portfolio

6.4.1 Introduction

The Committee received evidence from the Hon. Mr David Davis MLC, Minister for Ageing, on 9 May 2014. The Minister was assisted by Dr Pradeep Philip, Secretary; Mr Lance Wallace, Deputy Secretary, Corporate Services Division; Ms Jane Herrington, Director, Ageing and Aged Care Branch; and Professor Chris Brook, Chief Advisor on Innovation, Safety and Quality, 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.

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 the following (page numbers refer to the transcript on the Committee's website):

Residential and community aged care services

- » public sector residential aged care beds (pp.4-5); and
- » funding for the 'Ageing, aged and home care' budget output (p.6).

Senior Victorians

- » community participation by seniors (pp.3-4); and
- » measures regarding cost of living pressures for seniors (pp.6-7).

Other matters

- » advanced care planning (pp.5-6).

¹⁴⁰ *ibid.*, p.2

6.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled:

- » Department of Health, *Savvy savings for seniors*, 2013; and
- » Department of Health, *Advance care planning: have the conversation*, 2014.

The slides and tabled documents are available on the Committee's website.

6.4.5 Questions taken on notice at the budget estimates hearing

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

6.5 Health portfolio

6.5.1 Introduction

The Committee received evidence from the Hon. Mr David Davis MLC, Minister for Health, on 9 May 2014. The Minister was assisted by Dr Pradeep Philip, Secretary; Mr Lance Wallace, Deputy Secretary, Corporate Services Division; Ms Frances Driver, Health Service Performance and Programs Division; and Professor Chris Brook, Chief Advisor on Innovation, Safety and Quality, 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. Documents provided at the hearings (see Section 6.5.4) are also available 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 job growth initiatives (pp.5-6) and the following (page numbers refer to the transcript on the Committee's website):

Funding and services

- » Commonwealth funding levels (pp.16-17, 21-2);
- » State and Commonwealth funding for acute health services (pp.24-5); and
- » State and Commonwealth funding for sub-acute beds (p.26).

Asset investment

- » Waurin Ponds community hospital development (pp.12, 14-15);
- » helicopter emergency medical service fleet (pp.17-19,);
- » Healesville hospital expansion (p.25); and
- » capital infrastructure projects in metropolitan Melbourne (pp.29-30).

Ambulance Victoria

- » ambulance code 1 response times (pp.6-11);
- » investment in ambulance services (pp.12-14);
- » ambulance patient transfers (pp.15-16);
- » enterprise bargaining agreement negotiations (pp.19-20);
- » mobile intensive care ambulance services (pp.22-4);
- » Emergency (000) and RefCom referral services (p.27); and
- » Statement of priorities (pp.30-1).

Other matters

- » the structure of Victoria's health care and social assistance industry relative to the national structure (pp.7-8);
- » rural generalist training positions (p.10);
- » the National Safety and Quality Health Service Standards (p.11); and
- » Hazelwood mine fire relief and recovery programs (pp.27-9).

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 a document containing the summary tables of Victorian health services performance for the March 2014 quarter. The slides and the tabled document are available on the Committee's website.

6.5.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to payments for health services totalling \$56.2 million categorised as 'Other' in the budget papers (p.22 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. Ms Mary Wooldridge MP, Minister for Mental Health, on 22 May 2014. The Minister was assisted by Dr Pradeep Philip, Secretary; Mr Lance Wallace, Deputy Secretary, Corporate Services Division; Mr Paul Smith, Deputy Secretary, Mental Health, Wellbeing and Ageing Division; Mr Pier De Carlo, Deputy Secretary, Regulation, Health Protection 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. 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 job growth initiatives (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- » funding under the national health reform agreement for mental health services (pp.3-4);
- » prevention and recovery care units (p.4);
- » funding attached to the Mental Health Bill 2014 (pp.4-5);
- » mental health services funding (p.5);
- » support for communities affected by ice usage (pp.5-6);
- » community mental health services (pp.6-8); and
- » management of interface between hospital emergency departments and mental health (pp.8-9).

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.

6.6.5 Questions taken on notice at the budget estimates hearing

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

DEPARTMENT OF HUMAN SERVICES HEARINGS

7.1

Introduction

The Department of Human Services (DHS) is responsible for administering the following portfolios:

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

7.2

Key budget themes for 2014-15

Regarding key strategic priorities underpinning the 2014-15 Budget for the Department, the Committee was advised that:¹⁴¹

The Department of Human Services supports 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*

¹⁴¹ Department of Human Services, response to the Committee's 2014-15 Budget Estimates Questionnaire, received 9 May 2014, p.2

- » *Enable all young Victorians to experience healthy, active and fulfilling lives and have the opportunity to achieve their full potential, participate in the workforce and be involved in their community*
- » *Intervene early to prevent marginalisation and disadvantage*
- » *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 the key policies applicable to the Department in 2014-15 are:¹⁴²

- » *COAG [Council of Australian Governments] National Affordable Housing Agreement*
- » *COAG National Disability Agreement*
- » *COAG National Indigenous Reform Agreement*
- » *COAG National Partnership Agreement on Homelessness*
- » *Engage, Involve Create: Youth Statement*
- » *Human Services – The Case for Change*
- » *Human Services Aboriginal Strategic Framework 2013-15*
- » *Intergovernmental Agreement for the National Disability Insurance Scheme (NDIS) Launch and the Bilateral Agreement for the NDIS Launch between the Commonwealth and Victoria*
- » *New Directions for Social Housing: A Framework for a Strong and Sustainable Future*
- » *Out-of-home care: a five year plan*
- » *Protecting Children, Changing Lives*
- » *Service Sector Reform – A roadmap for community and human services reform*
- » *Services Connect: Better services for Victorians in need*
- » *Strong Culture, Strong People, Strong Families: Towards a safer future for Indigenous families and communities Ten Year Plan*
- » *Victoria's Plan to Address Violence Against Women and Children – Everyone has a responsibility to act*
- » *Victoria's Vulnerable Children - Our Shared Responsibility Strategy 2013 - 2022*

142 *ibid.*, p.4

- » *Victorian Aboriginal Affairs Framework 2013 - 2018*
- » *Victorian Government Aboriginal Inclusion Framework*
- » *Victorian Homelessness Action Plan 2011 - 2015*
- » *Victorian State Disability Plan 2013 - 2016*
- » *Women's Economic Participation Action Agenda 2013 - 2015*

In addition, there are a range of other strategies and policies led by other departments that contribute to the work of DHS.

7.3 Major priority shifts for 2014-15

No major differences in the Department's priorities since the previous budget were specified by the Department.¹⁴³

7.4 Community Services portfolio

7.4.1 Introduction

The Committee received evidence from the Hon. Ms Mary Wooldridge MP, Minister for Community Services, on 22 May 2014. The Minister was assisted by Ms Gill Callister, Secretary; Mr Arthur Rogers, Deputy Secretary, Service Design and Implementation Group; Ms Katy Haire, Deputy Secretary, Community and Executive Services Group; and Ms Anne Congleton, Acting Executive Director, Corporate Services Group, 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.2-4), key matters raised at the budget estimates hearing included a standard question on job growth initiatives (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

- » response to family violence rates (pp.6-7);
- » reforms under Services Connect (pp.7-8);
- » State and Commonwealth funding of concessions (pp.8-9);

¹⁴³ *ibid.*, p.2

- » initiatives to support families identified as being at high risk of violence (pp.9-10);
- » staffing of residential care units for children (pp.10-12);
- » additional child protection workers (pp.12-13); and
- » foster carer reimbursements (pp.13-14).

7.4.4 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.

7.4.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to foster carer reimbursements in Bendigo (p.14 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.

7.5 Disability Services and Reform portfolio

7.5.1 Introduction

The Committee received evidence from the Hon. Ms Mary Wooldridge MP, Minister for Disability Services and Reform, on 22 May 2014. The Minister was assisted by Ms Gill Callister, Secretary; Mr Arthur Rogers, Deputy Secretary, Service Design and Implementation Group; Ms Anne Congleton, Acting Executive Director, Corporate Services Group; and Mr James MacIsaac, Director, NDIS Ready, Policy and Strategy Group, 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 Disability Services and Reform 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. Documents provided at the hearings (see Section 7.5.4) are also available on the Committee's website.

7.5.3 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 job growth initiatives (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- » the role of the community sector in disability services provision (pp.3-5);

- » the National Disability Insurance Agency – location of headquarters in Geelong (pp.5-6);
- » Vale Street shared accommodation facility in Ballarat (p.6); and
- » closure of the Oakleigh Centre (pp.6-7).

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.

7.5.5 Questions taken on notice at the budget estimates hearing

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

7.6 Housing portfolio

7.6.1 Introduction

The Committee received evidence from the Hon. Ms Wendy Lovell MLC, Minister for Housing, on 21 May 2014. The Minister was assisted by Ms Gill Callister, Secretary; Mr Arthur Rogers, Deputy Secretary, Service Design and Implementation Group; Mr Simon Phemister, Executive Director, Policy and Strategy Group; and Ms Anne Congleton, Acting Executive Director, Corporate Services Group, 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 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. Documents provided at the hearings (see Section 7.6.4) are also available 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 strengthening Victorian communities (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Initiatives and programs

- » National Partnership Agreement on Homelessness (pp.5-6);
- » funding for the *New Directions for Social Housing* initiative (pp.7-8);
- » Youth Foyer program (pp.8-9); and
- » the 'Olympia' redevelopment initiative (pp.10-11).

Other matters

- » assisted access to crisis accommodation for families (pp.4-5);
- » social housing dwelling targets (pp.6-7);
- » performance measure on accommodation support (p.8);
- » revenue targets for public housing land disposals (pp.9-10); and
- » investment in renovations and maintenance of social housing (p.12).

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.

7.6.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice, involving two parts, relating to a particular performance measure on accommodation support (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.

7.7 Women's Affairs portfolio**7.7.1 Introduction**

The Committee received evidence from the Hon. Ms Heidi Victoria MP, Minister for Women's Affairs, on 23 May 2014. The Minister was assisted by Ms Gill Callister, Secretary; Ms Katy Haire, Deputy Secretary, Community and Executive Services Group; Ms Anne Congleton, Acting Executive Director, Corporate Services Group; and Ms Annalise Bamford, Director, Youth, Disability and Women's Affairs, 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 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. 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 strengthening Victorian communities (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- » forward estimates funding initiatives to respond and prevent violence against women (pp.4-6); and
- » women's economic participation strategy (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.

7.7.5 **Questions taken on notice at the budget estimates hearing**

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

7.8 **Youth Affairs portfolio**

7.8.1 **Introduction**

The Committee received evidence from the Hon. Mr Ryan Smith MP, Minister for Youth Affairs, on 23 May 2014. The Minister was assisted by Ms Gill Callister, Secretary; Ms Jill McCabe, Director, Community and Economic Participation; and Ms Annalise Bamford, Director, Youth, Disability and Women's Affairs, Department of Human Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.8.2 **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. Documents provided at the hearings (see Section 7.8.4) are also available on the Committee's website.

7.8.3 **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 strengthening Victorian communities (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- » portfolio reprioritisation or saving measures (pp.4-5);
- » initiatives to support young entrepreneurs (p.5); and
- » youth unemployment (p.6).

7.8.4

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.

7.8.5

Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to funding reductions in portfolio programs (pp.4-5 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.

8.1**Introduction**

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

- » Attorney-General;
- » Bushfire Response;
- » Consumer Affairs;
- » Corrections;
- » Crime Prevention;
- » Liquor and Gaming Regulation;
- » Police and Emergency Services; and
- » Racing.

8.2**Key budget themes for 2014-15**

The Department advised the Committee that the key strategic priorities underpinning the 2014-15 Budget for the Department are:¹⁴⁴

- » improving community safety through policing, law enforcement and prevention activities;
- » supporting the rule of law;
- » protecting individual rights and encouraging community participation;
- » promoting community safety through effective management of prisoners and offenders and provision of opportunities for rehabilitation and reparation;
- » minimising injury and property loss through a coordinated and integrated emergency response;
- » promoting responsible industry behaviour and an informed community through effective regulation, education, monitoring and enforcement; and
- » promoting and monitoring integrity within the public sector through implementation of the State's integrity systems reforms.

The Department's response provided additional information about how these priorities will be implemented as well as the strategic priorities for Court Services Victoria, Victoria Police, Country Fire Authority, and Metropolitan Fire and Emergency Services Board.¹⁴⁵ The full response can be viewed on the Committee's website (www.parliament.vic.gov.au/paec).

¹⁴⁴ Department of Justice, response to the Committee's 2014-15 Budget Estimates Questionnaire, received 8 May 2014, pp.2-3

¹⁴⁵ *ibid.*, pp.2-5

The Department indicated that the key policies applicable to the Department in 2014-15 are:¹⁴⁶

- » *Emergency Management Reform White Paper*
- » *Reducing the alcohol and drug toll – Victoria's Plan 2013-2017*
- » *Victoria's Road Safety Strategy 2013-2022*
- » *Victorian Government ICT Strategy 2013-14*
- » *Victorian Aboriginal Justice Agreement Phase 3 – A partnership between the Victorian Government and Koori Community (March 2013)*
- » *Victorian Climate Change Adaption Plan (March 2013)*
- » *Reinventing the Regions – Victoria's changing regional economies (2013)*
- » *Securing Victoria's Economy: Planning, Building, Delivering*
- » *Victoria's Action Plan to Address Violence against Women and Children – Everyone has a responsibility to act (2012-15)*
- » *Victorian Aboriginal Economic Priorities 2013-2020*
- » *Victorian Critical Infrastructure Resilience Interim Strategy (2013)*
- » *Victoria's Advantage – Unity, Diversity, Opportunity – Victoria's Multicultural Affairs and Citizenship Policy (March 2014).*

8.3

Major priority shifts for 2014-15

Comparing the 2014-15 Budget priorities with the 2013-14 priorities, the Department indicated the:¹⁴⁷

...strategic priorities build on those of the previous years, though there are some variations.

During 2013-14, the following strategic priorities have been substantially completed:

- » *establishing Court Services Victoria, effective 1 July 2014*
- » *establishing Emergency Management Victoria, effective 1 July 2014.*

Court Services Victoria

The Court Services Victoria Act 2014 establishes Court Services Victoria (CSV) as a new body corporate to provide, or arrange for the provision of, the administrative services and facilities necessary or desirable to support the functions of the Victorian Courts, the Victorian Civil and Administrative Tribunal and the Judicial College of Victoria. The department, courts and VCAT [the Victorian Civil and Administrative Tribunal] are working together to ensure a smooth transition to the new Court Services Victoria.

¹⁴⁶ *ibid.*, p.9

¹⁴⁷ *ibid.*, p.5

Emergency Management Victoria

Emergency Management Victoria (EMV) will be the single overarching body for emergency management in Victoria. An important element of EMV's work will be to drive the implementation of the whole of government strategy for emergency management developed by the State Crisis and Resilience Council.

The impacts of these differences, as identified by the Department, were:¹⁴⁸

The strategic priorities as outlined ... are for the period 2014-15 to 2017-18. Consequently, not all programs require simultaneous funding. Programs linked to strategic priorities, as all other programs, are subject to a competitive, annual funding process. As funding is granted, programs progress.

Therefore, there are no funding and resource allocation impacts of any differences in the department's strategic priorities between 2013-14 and 2014-15, in the 2014-15 budget.

8.4 Attorney-General portfolio

8.4.1 Introduction

The Committee received evidence from the Hon. Mr Robert Clark MP, Attorney-General, on 15 May 2014. The Attorney-General was assisted by Mr Greg Wilson, Secretary; Ms Marisa De Cicco, Deputy Secretary, Criminal Justice; Mr Donald Speagle, Deputy Secretary, Civil Justice; and Ms Gail Moody, Deputy Secretary, Corporate Governance and Infrastructure, 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 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. 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.2-3), key matters raised at the budget estimates hearing included a standard question on strengthening Victorian communities (p.4) and the following (page numbers refer to the transcript on the Committee's website):

¹⁴⁸ *ibid.*, p.7

Law reform

- » reforms to Victoria's integrity system (pp.6-7);
- » sentencing law reforms (pp.13-14); and
- » criminal law reforms (pp.15-16).

Family violence

- » family violence prevention (pp.4-6); and
- » family violence-related death inquests (pp.7-8).

Court operations

- » Court Services Victoria (pp.8-9); and
- » Shepparton Law Courts project and the Office of Public Prosecutions accommodation project (pp.10-11).

Other matters

- » funding for Victoria Legal Aid (pp.9-10);
- » Department of Justice and Court Services Victoria aggregate budget estimates (pp.11-12); and
- » Freedom of Information Commissioner funding (pp.16-17).

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.

8.4.5 Questions taken on notice at the budget estimates hearing

The Attorney-General took one question on notice relating to the aggregate estimates for the Department of Justice and Court Services Victoria (pp.11-12 of the transcript on the Committee's website).

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

8.5 Bushfire Response portfolio**8.5.1 Introduction**

The Committee received evidence from the Hon. Mr Kim Wells MP, Minister for Bushfire Response, on 14 May 2014. The Minister was assisted by Mr Greg Wilson, Secretary; Mr Neil Robertson, Deputy Secretary, Emergency Management, Department of Justice; Commissioner Craig Lapsley, Fire Services Commissioner of Victoria; and Mr Joe Buffone, Deputy Chief Officer, Country Fire Authority. 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. Documents provided at the hearings (see Section 8.5.4) are also available on the Committee's website.

8.5.3**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 strengthening Victorian communities (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Update on Royal Commission recommendations

- » location-based emergency alert (p.3);
- » automated fire danger rating signs (p.3);
- » Vic Emergency website (p.4);
- » FireReady app (p.4);
- » fire services levy (pp.4-5);
- » arsonist tracking (p.6);
- » latest fire season outcomes (pp.6-7);
- » fire refuges (pp.9-10);
- » radio communication black spots (pp.10-11);
- » implementation of outstanding recommendations (p.11);
- » Victorian bushfire response fund (pp.11-12); and
- » planned burns on public land (p.12).

Other matters

- » Victorian Emergency Management Training Centre (pp.5-6); and
- » bushfire recovery package – Morwell (pp.7-9).

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.

8.5.5**Questions taken on notice at the budget estimates hearing**

The Minister agreed to provide further information relating to the 29 community initiative projects still to be completed and funded through the Victorian bushfire response fund (pp.11-12 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.

8.6 Consumer Affairs portfolio

8.6.1 Introduction

The Committee received evidence from the Hon. Ms Heidi Victoria MP, Minister for Consumer Affairs, on 23 May 2014. The Minister was assisted by Mr Greg Wilson, Secretary; Dr Claire Noone, Deputy Secretary, Regulation; and Mr Shaun Condron, Chief Finance Officer, 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. Documents provided at the hearings (see Section 8.6.4) are also available 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 strengthening Victorian communities (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- » changes to portfolio output funding (pp.4-5);
- » regulating dangerous children's toys (pp.5-7);
- » response to private car park claims for liquidated damages (pp.7-8); and
- » compliance activities to support vulnerable and disadvantaged Victorians (pp.8-9).

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.

8.6.5 Questions taken on notice at the budget estimates hearing

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

8.7 Corrections portfolio

8.7.1 Introduction

The Committee received evidence from the Hon. Mr Edward O'Donohue MLC, Minister for Corrections, on 14 May 2014. The Minister was assisted by Mr Greg Wilson, Secretary; Ms Julia Griffith, Deputy Secretary, Corrections; Ms Larissa Strong, Director, Justice Health; and Ms Jan Shuard, 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. Documents provided at the hearings (see Section 8.7.4) are also available 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 job growth initiatives (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- » number of prisoners and prison system capacity (pp.5-6);
- » parole reforms and associated funding (p.6);
- » cost of prisoner transit services (p.7);
- » adult parole board enhancements (pp.7-8); and
- » recidivism rates (pp.8-9).

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.

8.7.4 Questions taken on notice at the budget estimates hearing

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

8.8 Crime Prevention portfolio

8.8.1 Introduction

The Committee received evidence from the Hon. Mr Edward O'Donohue MLC, Minister for Crime Prevention, on 14 May 2014. The Minister was assisted by Mr Greg Wilson, Secretary; and Ms Julianne Brennan, Director, Community 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. 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 strengthening Victorian communities (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- » family violence-related crime (pp.3-5);
- » early intervention and prevention projects in Victorian Koori communities (pp.5-6);
- » 'enhancing community safety' output cost (p.6);
- » the role of local communities on implementing their own community safety initiatives (p.7); and
- » 'crime against the person' and 'crimes against the property' performance measures (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.

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**Liquor and Gaming Regulation portfolio****8.9.1****Introduction**

The Committee received evidence from the Hon. Mr Edward O'Donohue MLC, Minister for Liquor and Gaming Regulation, on 14 May 2014. The Minister was assisted by Mr Greg Wilson, Secretary; and Ms Cate Carr, Executive Director, Office of Liquor, Gaming and Racing, 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 Liquor and Gaming Regulation 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. 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.2-3), key matters raised at the budget estimates hearing included a standard question on strengthening Victorian communities (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Victorian Commission for Gambling and Liquor Regulation (VCGLR)

- » collaboration with Victoria Police and other organisations (p.5);
- » 24 hour presence at Crown Casino (pp.5-6); and
- » elements of compliance activities (pp.10-11).

Efficient regulation (red tape reduction measures)

- » for live music industry reforms (pp.6-7); and
- » for pubs, clubs and small businesses (pp.8-10).

Other matters

- » spending on problem gambling support services and programs (pp.4-5);
- » assumptions behind electronic gaming machine taxation estimates (pp.7-8); and
- » voluntary pre-commitment scheme (p.12).

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.

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 Police and Emergency Services portfolio

8.10.1 Introduction

The Committee received evidence from the Hon. Mr Kim Wells MP, Minister for Police and Emergency Services, on 14 May 2014. The Minister was assisted by Mr Greg Wilson, Secretary; Mr Neil Robertson, Deputy Secretary, Emergency Management, Department of Justice; Commissioner Craig Lapsley, Fire Services Commissioner of Victoria; and Chief Commissioner Ken Lay, Victoria Police. 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 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. Documents provided at the hearings (see Section 8.10.4) are also available on the Committee's website.

8.10.3 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 job growth initiatives (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Victoria Police and Protective Services Officers (PSOs)

- » additional frontline police (pp.7-8, 13-14);
- » deployment of PSOs (pp.10-11);
- » use of tasers (pp.11-12, 18);
- » PSO black spot radio funding (p.12); and
- » family violence crime rates (pp.16-17).

Fire-fighting services

- » additional fire-fighters (pp.8-9);
- » Country Fire Authority (CFA) support staff (pp.10-11);
- » CFA fleet upgrade (pp.12-13);
- » CFA fire station upgrades (pp.14-15);
- » presumptive legislation/compensation for fire-fighters (p.15); and
- » respiratory protective equipment for fire-fighters (pp.15-16).

Other matters

- » CFA credit-card expenditure (pp.5-7); and
- » emergency management reforms (pp.17-18).

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.

8.10.5 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):

- » Emergency management capability permanent support staff (p.11); and
- » PSO radios (p.12).

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 Racing portfolio**8.11.1 Introduction**

The Committee received evidence from the Hon. Dr Denis Napthine MP, Minister for Racing and Premier of Victoria, on 13 May 2014. The Premier was assisted by Mr Greg Wilson, Secretary; Ms Cate Carr, Executive Director, Liquor, Gaming and Racing; and Mr Ged Prescott, Manager, Office of Racing, Department of Justice. The Committee thanks the Premier and accompanying officers for their attendance and assistance.

8.11.2 General comments

The Premier 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. Documents provided at the hearings (see Section 8.11.4) are also available on the Committee's website.

8.11.3 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 Victorian jobs growth initiatives (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- » contribution of the racing industry to the Victorian economy (pp.3-4);
- » Victorian Racing Industry Fund (pp.3-4);
- » growth of the racing industry (p.4);
- » wagering and betting licences (pp.4-6); and
- » racing in western Victoria (p.6).

8.11.4 Documents tabled at the budget estimates hearing

The Premier provided an introductory slide presentation at the budget estimates hearing. The Premier also tabled:

- » IER Pty Ltd, *The Size and Scope of the Victorian Racing Industry*, 2013.

The slides and tabled documents are available on the Committee's website.

8.11.5 Questions taken on notice at the budget estimates hearing

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

DEPARTMENT OF PREMIER AND CABINET HEARINGS

9.1**Introduction**

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

- » Aboriginal Affairs;
- » Arts;
- » Multicultural Affairs and Citizenship;
- » Premier; and
- » Veterans' Affairs.

9.2**Key budget themes for 2014-15**

The Department advised the Committee that the key strategic priorities underpinning the 2014-15 Budget for the Department are:¹⁴⁹

- » *Supporting high-quality Government decision-making and implementation;*
- » *Promoting an effective, accountable and professional public administration;*
- » *Supporting and promoting full participation in strong and vibrant communities; and*
- » *Developing and promoting a thriving Victorian arts and cultural sector.*

The Department indicated that the key policies applicable to the Department in 2014-15 are:¹⁵⁰

- » *'Commitment to the Arts'*
- » *'Commitment to Integrity of Government'*
- » *'Commitment to Veterans' Affairs'*
- » *'Victoria's Advantage – Unity, Diversity, Opportunity'*
- » *'Victorian Aboriginal Affairs Framework 2013-18'*
- » *'Victorian Aboriginal Economic Strategy'*

149 Department of Premier and Cabinet, response to the Committee's 2014-15 Budget Estimates Questionnaire, received 7 May 2014, p.2

150 *ibid.*, p.3

9.3 Major priority shifts for 2014-15

No major differences in the Department's priorities since the previous budget were specified by the Department.¹⁵¹

9.4 Aboriginal Affairs portfolio

9.4.1 Introduction

The Committee received evidence from the Hon. Mr Tim Bull MP, Minister for Aboriginal Affairs, on 21 May 2014. The Minister was assisted by Mr Andrew Tongue, Secretary; and Ms Angela Singh, Executive Director, Office of Aboriginal Affairs, Department of Premier and Cabinet. 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.

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 strengthening Victorian communities (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

Aboriginal Affairs Report

- » smoking rates (p.4); and
- » aboriginal adults in the justice system issues (pp.4-5).

Other matters

- » Victorian Indigenous Honour Roll initiative (pp.5-6);
- » governance training programs implemented (pp.6-7); and
- » Victoria's aboriginal cultural heritage system (p.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.

¹⁵¹ *ibid.*, p.2

9.4.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to participants of the governance training programs who have gone on to positions of management or taken up governance position in their organisations (pp.6-7 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 Arts portfolio

9.5.1 Introduction

The Committee received evidence from the Hon. Ms Heidi Victoria MP, Minister for the Arts, on 23 May 2014. The Minister was assisted by Mr Andrew Tongue, Secretary; Mr Andrew Abbott, Director, Arts Victoria; Ms Linda Fleet, Deputy Director, Strategic Marketing and Communications; and Mr Michael O'Leary, Deputy Director, Agencies and Infrastructure, Department of Premier and Cabinet. 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 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.

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 strengthening Victorian communities (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- » plans for new legislation (p.4);
- » exhibition renewal fund at Museum Victoria (p.5); and
- » *Party Tricks* television series (p.6).

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.

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 Multicultural Affairs and Citizenship portfolio

9.6.1 Introduction

The Committee received evidence from the Hon. Mr Matthew Guy MLC, Minister for Multicultural Affairs and Citizenship, on 20 May 2014. The Minister was assisted by Mr Justin Hanney, Deputy Secretary, Intergovernmental Relations and Citizenship Group; and Mr Hakan Akyol, Director, Office of Multicultural Affairs and Citizenship, Department of Premier and Cabinet. 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 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. Documents provided at the hearings (see Section 9.6.4) are also available on the Committee's website.

9.6.3 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 strengthening Victorian communities (p.4) and the following (page numbers refer to the transcript on the Committee's website):

- » funding for youth refugee support services (pp.4-5);
- » programs to protect communities from racial discrimination (pp.5-6);
- » grants to regional/rural areas (pp.6-7);
- » departments' responsiveness to Victorians with diverse backgrounds (pp.7-8);
- » impact of savings and efficiencies on the budget for multicultural affairs and citizenship (p.8);
- » peak multicultural organisations grant program (p.8); and
- » budget estimates for multicultural affairs and citizenship (pp.8-9).

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.

9.6.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing (page numbers refer to the transcript on the Committee's website):

- » a breakdown of funding for youth refugee support services (p.5); and
- » impact of savings and efficiencies for multicultural affairs and citizenship output (p.8).

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 Premier portfolio

9.7.1 Introduction

The Committee received evidence from the Hon. Dr Denis Napthine MP, Premier, on 13 May 2014. The Premier was assisted by Mr Andrew Tongue, Secretary; and Ms Joanne de Morton, Deputy Secretary, Governance and Operations Group, Department of Premier and Cabinet. The Committee thanks the Premier and accompanying officers for their attendance and assistance.

9.7.2 General comments

The Premier 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. Documents provided at the hearings (see Section 9.7.4) are also available 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 job growth initiatives (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Transport infrastructure

- » Melbourne rail link project (pp.5-7, 9-14);
- » East-West Link (pp.8-9);
- » removal of level crossing at Main Road, St Albans (p.12);
- » Cranbourne-Pakenham rail corridor (p.14);
- » Murray Basin rail project (pp.15-16);
- » integrated port strategy (pp.21-2);
- » CityLink-Tullamarine widening (pp.4-5); and
- » regional road upgrades (pp.26-7).

Community services and health

- » Annie North women's refuge in Bendigo (pp.14-15);
- » domestic violence funding (pp.17-18);
- » apprenticeship/training commencements (pp.19-21); and
- » hospital beds – Geelong Hospital (pp.22-4).

Other matters

- » Government advertising campaigns (pp.7-8);
- » cost of living reforms (pp.10-11); and
- » international trade mission program (p.19).

9.7.4 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.

9.7.5 Questions taken on notice at the budget estimates hearing

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

9.8 Veterans' Affairs portfolio**9.8.1 Introduction**

The Committee received evidence from the Hon. Mr Damian Drum MLC, Minister for Veterans' Affairs, on 20 May 2013. The Minister was assisted by Mr Justin Hanney, Deputy Secretary, Intergovernmental Relations and Citizenship Group; and Mr Joshua Puls, Director, Veterans' Affairs, Department of Premier and Cabinet. 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 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. 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 job growth initiatives (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- » impact of the Commonwealth Budget on veterans' welfare (pp.4-5); and
- » World War I centenary commemorations (pp.5-6).

9.8.4 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.

9.8.5**Questions taken on notice at the budget estimates hearing**

The Minister took one question on notice relating to the expected outcome of the 2013-14 portfolio output cost (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.

10.1**Introduction**

The Department of State Development, Business and Innovation is responsible for administering the following portfolios:

- » Employment and Trade;
- » Energy and Resources;
- » Innovation;
- » Major Projects;
- » Manufacturing;
- » Regional Cities;
- » Regional and Rural Development;
- » Small Business;
- » State Development;
- » Technology;
- » Tourism and Major Events; and
- » Minister responsible for the Aviation Industry.

10.2**Key budget themes for 2014-15**

The Department advised the Committee that the key strategic priorities underpinning the 2014-15 Budget for the Department are:¹⁵²

- » *Facilitating a competitive business environment (including reducing red tape and influencing national energy market reform)*
- » *Supporting structural adjustment in Victoria's manufacturing base*
- » *Attracting investment*
- » *Trade development and international engagement*
- » *Supporting small businesses*
- » *Marketing Melbourne and regional Victoria*
- » *Transforming government telecommunications and other ICT services.*

The Department indicated that the key policies applicable to the Department in 2014-15 are:¹⁵³

- » *A More Competitive Manufacturing Industry: New Directions for Industry Policy and Manufacturing*

¹⁵² Department of State Development, Business and Innovation, response to the Committee's 2014-15 Budget Estimates Questionnaire, received 7 May 2014, p.2

¹⁵³ *ibid.*, pp.3-4

- » *Engaging China – Strengthening Victoria*
- » *Food to Asia Action Plan 2014*
- » *Global Health Melbourne 2014.*
- » *International Education Strategy for Victoria 2013-18*
- » *Latrobe Valley Industry and Employment Roadmap*
- » *Plan Melbourne*
- » *Regional Tourism Strategy 2013-16*
- » *Securing the Future – Victoria’s Defence Industry Strategy*
- » *Securing Victoria’s Economy: Planning. Building. Delivering*
- » *Southeast Asia Market Engagement Plan*
- » *Supporting Small Business 2013*
- » *Think Regional and Rural guides*
- » *Victoria – Gulf States Engagement Strategy 2013*
- » *Victoria – Leading eResearch Capability*
- » *Victoria and India from Engagement to Partnership 2013*
- » *Victoria’s 2020 Tourism Strategy*
- » *Victoria’s China Tourism Strategy*
- » *Victoria’s Technology Plan for the Future: Biotechnology*
- » *Victoria’s Technology Plan for the Future: Information and Communication Technology*
- » *Victoria’s Technology Plan for the Future: Small Technologies*
- » *Victorian Aboriginal Economic Strategy*
- » *Victorian Design Initiatives 2012-15: Designing the Future*
- » *Victorian Government ICT Strategy 2013 to 2014*
- » *Victorian Industry Participation Plan*
- » *Victorian International Engagement Strategy.*

10.3

Major priority shifts for 2014-15

Comparing the 2014-15 Budget priorities with the 2013-14 priorities, the Department indicated:¹⁵⁴

The 2014-15 Budget includes initiatives that reflect the Department’s increased responsibilities resulting from the machinery of Government changes in 2013.

¹⁵⁴ *ibid.*, p.2

10.4 Employment and Trade portfolio

10.4.1 Introduction

The Committee received evidence from the Hon. Ms Louise Asher MP, Minister for Employment and Trade, on 22 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Mr Jim Strilakos, Chief Finance Officer; and Ms Marion van Rooden, Deputy Secretary, Trade, Manufacturing, Aviation and Employment, Department of State Development, Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.4.2 General comments

The Minister provided an overview of the Employment 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).

10.4.3 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 job growth initiatives (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

- » the youth employment scheme (pp.3-4);
- » Victoria's participation at *Expo Milano 2015* (p.4); and
- » projected employment growth for 2013-14 (p.5).

10.4.4 Documents tabled at the budget estimates hearing

No documents were tabled at the hearing.

10.4.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide further information relating to savings related to the youth employment scheme (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.

10.5 Energy and Resources portfolio

10.5.1 Introduction

The Committee received evidence from the Hon. Mr Russell Northe MP, Minister for Energy and Resources, on 21 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Ms Sandra Dennis, Deputy Secretary, Energy and Resources; Mr Mark Feather, Executive Director, Energy Sector Development;

and Ms Kylie White, Executive Director, Earth Resources Regulation, Department of State Development, Business and Innovation. 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 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. Documents provided at the hearings (see Section 10.5.4) are also available 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 job growth initiatives (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Technical Review Board

- » mine stability reviews (pp.5-6);
- » annual report for 2012-13 (pp.8-9); and
- » advice regarding the Hazelwood mine (p.9).

Programs and initiatives

- » 'TARGET: accelerating investment in minerals exploration and development' output initiative (pp.6-7);
- » power line bushfire safety work program (pp.8-9);
- » the 'My Power Planner' program (p.11);
- » Victorian Energy Efficiency Target (VEET) support scheme (pp.11-13); and
- » potential savings from ending the VEET scheme (p.14).

Other matters

- » stakeholder consultation regarding on-shore gas development (pp.13-14).

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.

10.5.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to reviews and recommendations from the Technical Review Board (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.

10.6 Innovation portfolio

10.6.1 Introduction

The Committee received evidence from the Hon. Ms Louise Asher MP, Minister for Innovation, on 22 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Mr Grantly Mailes, Deputy Secretary, Innovation, Services, Small Business and Technology; Mr Jim Strilakos, Chief Finance Officer; and Dr Amanda Caples, Executive Director, Strategic Planning and Ministerial Services, Department of State Development, Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.6.2 General comments

The Minister provided an overview of the Innovation 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.

10.6.3 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 job growth initiatives (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- » funding for science and innovation initiatives (pp.4-5);
- » transport ticketing scheme for international students (p.5);
- » savings and efficiencies (pp.5-7);
- » Victorian Government Business Office – Republic of Korea (p.7);
- » innovation sector in the Parkville precinct (pp.7-9);
- » support for the film industry in Victoria (pp.9-10);
- » Victorian Government Business Office – United States of America (pp.10-11); and
- » funding for Victoria prizes, Victoria fellowships, and Victoria post-doctoral research fellowships (pp.11-12).

10.6.4 Documents tabled at the budget estimates hearing

No documents were tabled at the hearing.

10.6.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide further information relating to how portfolio savings have been achieved (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.

10.7 Major Projects portfolio

10.7.1 Introduction

The Committee received evidence from the Hon. Mr David Hodgett MP, Minister for Major Projects, on 12 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Mr Peter Noble, Deputy Secretary, Major Projects; Mr Tim Bamford, Executive Director, Major Projects Victoria; and Mr Jim Strilakos, Chief Finance Officer, Department of State Development, Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.7.2 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. Documents provided at the hearings (see Section 10.7.4) are also available on the Committee's website.

10.7.3 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 jobs creation (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Project status

- » Richmond to Footscray rail corridor (pp.5-6);
- » E-gate (p.11);
- » Federation Square East (p.11);
- » Melbourne Park redevelopment (p.7);
- » Shrine Galleries of Remembrance (p.9);
- » Melbourne Rail Link (pp.9-10);
- » Fire emergency training centre at Craigieburn (pp.10-11); and
- » Flinders Street station (p.11).

Melbourne Wholesale Markets – redevelopment (Epping)

- » recoup of increased total estimated investment (TEI) (p.5);
- » management of costs associated with likely completion date (pp.6-7, 11);
- » industry assistance package (p.8); and

- » project management (pp.11-12).

10.7.4 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.

10.7.5 Questions taken on notice at the budget estimates hearing

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

10.8 Manufacturing portfolio

10.8.1 Introduction

The Committee received evidence from the Hon. Mr David Hodgett MP, Minister for Manufacturing, on 12 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Mr Jim Strilakos, Chief Finance Officer; and Ms Marion van Rooden, Deputy Secretary, Trade, Manufacturing, Aviation and Employment, Department of State Development, Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.8.2 General comments

The Minister provided an overview of the Manufacturing 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. Documents provided at the hearings (see Section 10.8.4) are also available on the Committee's website.

10.8.3 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 job growth initiatives (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- » Victorian Industry Participation Policy (pp.4-5);
- » support for Victoria's defence industry on local and global business opportunities (pp.5-7); and
- » Cranbourne-Pakenham Rail Corridor project – opportunities for local manufacturers (pp.6-7).

10.8.4 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.

10.8.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide further information relating to the framework for unsolicited proposals (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.

10.9 Regional Cities portfolio**10.9.1 Introduction**

The Committee received evidence from the Hon. Dr Denis Naphine MP, Minister for Regional Cities and Premier of Victoria, on 13 May 2014. The Premier was assisted by Mr Lachlan Bruce, Chief Executive, Regional Development Victoria; and Mr Jim Strilakos, Chief Finance Officer, Department of State Development, Business and Innovation. The Committee thanks the Premier and accompanying officers for their attendance and assistance.

10.9.2 General comments

The Premier 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. Documents provided at the hearings (see Section 10.9.4) are also available on the Committee's website.

10.9.3 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 job growth initiatives (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- » the City of Ballarat (pp.3-7); and
- » Geelong Development Fund (pp.7-8).

10.9.4 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.

10.9.5 Questions taken on notice at the budget estimates hearing

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

10.10 Regional and Rural Development portfolio

10.10.1 Introduction

The Committee received evidence from the Hon. Mr Peter Ryan MP, Minister for Regional and Rural Development, on 20 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Mr Lachlan Bruce, Chief Executive Officer, Regional Development Victoria; and Mr Jim Strilakos, Chief Finance Officer, Department of State Development, Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.10.2 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. Documents provided at the hearings (see Section 10.10.4) are also available on the Committee's website.

10.10.3 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 job growth initiatives (p.4) and the following (page numbers refer to the transcript on the Committee's website):

Regional Growth Fund

- » budget allocation (pp.4-5);
- » Energy for the Regions program (pp.5-7);
- » projects funded (pp.8-9);
- » Economic Infrastructure program (pp.9-10); and
- » Putting Locals First program (pp.11-12).

Other matters

- » jobs target for regional and rural Victoria (pp.7-8).

10.10.4 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.

10.10.5 Questions taken on notice at the budget estimates hearing

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

10.11 Small Business portfolio

10.11.1 Introduction

The Committee received evidence from the Hon. Mr Russell Northe MP, Minister for Small Business, on 21 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Mr Grantly Mailes, Deputy Secretary, Innovation, Services, Small Business and Technology; Mr Jim Strilakos, Chief Finance Officer; and Mr Roger Arwas, Executive Director, Small Business, Department of State Development, Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.11.2 General comments

The Minister provided an overview of the 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. Documents provided at the hearings (see Section 10.11.4) are also available on the Committee's website.

10.11.3 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 strengthening Victorian communities (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- » Morwell Business Relief Fund (pp.3-4);
- » small business support services (pp.4-5); and
- » use of local small business in the response to the Morwell mine fire and clean-up (pp.5-6).

10.11.4 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.

10.11.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to tax implications of receiving grants from the Morwell Relief Fund (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.

10.12 State Development portfolio

10.12.1 Introduction

The Committee received evidence from the Hon. Mr Peter Ryan MP, Minister for State Development, on 20 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Mr Jim Strilakos, Chief Finance Officer; Mr Matt Carrick, Deputy Secretary, Office of State Development; and Mr Peter Noble, Deputy Secretary, Major Projects, Department of State Development, Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.12.2 General comments

The Minister provided an overview of the State 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. Documents provided at the hearings (see Section 10.12.4) are also available on the Committee's website.

10.12.3 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 job growth initiatives (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- » rescue package for SPC Ardmona (pp.4-5);
- » facilitation of business investments (pp.5-7);
- » red tape reduction – bushfire management overlay (pp.7-9);
- » Global Health Melbourne plan (pp.9-11); and
- » Murray Basin rail project (pp.11-12).

10.12.4 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.

10.12.5 Questions taken on notice at the budget estimates hearing

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

10.13 Technology portfolio**10.13.1 Introduction**

The Committee received evidence from the Hon. Mr Gordon Rich-Phillips MLC, Minister for Technology, on 23 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Mr Grantly Mailes, Deputy Secretary, Innovation, Services, Small Business and Technology; and Mr Jim Strilakos, Chief Finance Officer, Department of State Development, Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.13.2 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. Documents provided at the hearings (see Section 10.13.4) are also available on the Committee's website.

10.13.3 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 job growth initiatives (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- » public wi-fi programs (pp.3-4);
- » mobile phone and internet conductivity – regional rail services (pp.4-5); and
- » renewal of whole-of-government ICT [information and communications technology] contracts (p.5).

10.13.4 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.

10.13.5 Questions taken on notice at the budget estimates hearing

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

10.14 Tourism and Major Events portfolio**10.14.1 Introduction**

The Committee received evidence from the Hon. Ms Louise Asher MP, Minister for Tourism and Major Events, on 22 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Mr Jim Strilakos, Chief Finance Officer; and Mr Leigh Harry, Deputy Secretary, Tourism and Air Services, Department of State

Development, Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.14.2 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.

10.14.3 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 job growth initiatives (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

- » Tourism Greater Geelong and the Bellarine (pp.3-5);
- » Melbourne marketing initiative (p.5); and
- » visitors expenditure in regional Victoria (pp.5-7).

10.14.4 Documents tabled at the budget estimates hearing

No documents were tabled at the hearing.

10.14.5 Questions taken on notice at the budget estimates hearing

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

10.15 Minister responsible for the Aviation Industry

10.15.1 Introduction

The Committee received evidence from the Hon. Mr Gordon Rich-Phillips MLC, Minister responsible for the Aviation Industry, on 23 May 2014. The Minister was assisted by Mr Howard Ronaldson, Secretary; Mr Jim Strilakos, Chief Finance Officer; and Ms Marion van Rooden, Deputy Secretary, Trade, Manufacturing, Aviation and Employment, Department of State Development, Business and Innovation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.15.2 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. Documents provided at the hearings (see Section 10.15.4) are also available on the Committee's website.

10.15.3 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 job growth initiatives (p.3) and the following (page numbers refer to the transcript on the Committee's website):

- » Avalon Airport aviation fuel pipeline (pp.3-4);
- » Lethbridge Airpark project (p.4);
- » passenger trends for Avalon Airport (pp.4-5);
- » aviation training capabilities and export opportunities (pp.5-6);
- » portfolio-specific resources and performance measures (p.6); and
- » aviation industry investment attraction (pp.6-7).

10.15.4 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.

10.15.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to staffing the portfolio (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.

DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE HEARINGS

11.1

Introduction

The Department of Transport, Planning and Local Infrastructure is responsible for administering the following portfolios:

- » Local Government;
- » Planning;
- » Ports;
- » Public Transport;
- » Roads; and
- » Sport and Recreation.

11.2

Key budget themes for 2014-15

Regarding key strategic priorities underpinning the 2014-15 Budget for the Department, the Committee was advised that:¹⁵⁵

The Department of Transport, Planning and Local Infrastructure's purpose is to create a liveable and prosperous Victoria. It will do this by providing connected transport, land use planning and infrastructure services. This is achieved through:

- » *delivering robust land use planning, land administration, heritage and building systems;*
- » *managing and improving Victoria's transport system;*
- » *supporting a responsive and accountable local government sector;*
- » *planning and delivering valued improvements to local infrastructure;*
- » *ensuring greater access to sport and recreation; and*
- » *overseeing high quality service delivery and good governance.*

For key policies, the Department indicated that:¹⁵⁶

Government policies that have significant implications for the Department's portfolios of public transport, roads, ports, planning, local government and sport and recreation in 2014-15 include:

¹⁵⁵ Department of Transport, Planning and Local Infrastructure, response to the Committee's 2014-15 Budget Estimates Questionnaire, received 7 May 2014, p.5

¹⁵⁶ *ibid.*, pp.7-8

- » *The Government's economic and fiscal strategy aims to ensure the State's finances can withstand unexpected and adverse fiscal or economic events and the State can continue providing high quality infrastructure and services. The strategy rebuilds budget capacity and uses growing surpluses to fund the infrastructure required by an expanding population and to improve productivity.*
- » *The 2014-15 Budget invests in infrastructure projects that will help to enhance Victoria's prosperity and liveability over coming decades. A program of new infrastructure projects will build new links across Victoria. This will make Victoria more flexible and responsive to domestic and international opportunities and enable more rapid movement of people and resources to areas where they generate high returns, facilitating economic growth.*
- » *Plan Melbourne – is an integrated transport and land use plan that provides implementation directions as Melbourne moves toward a city of 5 million people and beyond. Plan Melbourne identifies city shaping infrastructure, outlines a clearer and simpler planning system to protect suburbs and encourages growth in appropriate locations. It also changes how planning is delivered with the establishment of an independent Metropolitan Planning Authority.*
- » *Regional Growth Plans – are 20-30 year land use strategies that set out broad directions for land use and development across regional Victoria. Regional Growth Plans – are being developed as part of a whole-of-government approach to deliver land use plans, and include transport and infrastructure needs to manage the expected population growth in regional centres for the next 30 years. Regional Growth Plans identify and accommodate projected population growth and demographic change, transport and infrastructure needs, employment locations, social and community needs and the tools required to manage growth. They also provide more detailed planning frameworks for key regional centres.*
- » *The Victorian Freight and Logistics Plan - outlines the Government's long term strategy to improve freight efficiency, productivity growth and better connect Victorian businesses with their markets through more strategic investment in freight and logistics sector infrastructure. The Plan has been developed alongside development of Regional Growth Plans and Plan Melbourne to enable the linking of strategic land use and long term freight planning.*
- » *Road Safety Strategy (RSS) – the ten-year RSS sets the target to reduce deaths and serious injuries on the road network by more than 30 per cent by 2022. The first action plan under the strategy focuses on tackling the major contributors to trauma including speed and drink driving, as well as protecting those groups most at risk – motorcyclists, pedestrians and cyclists.*
- » *Cycling into the Future 2013-23: Victoria's Cycling Challenge – sets out the Victorian Government's plan to grow and support cycling and position Victoria as Australia's most bike-friendly state. The first action plan under the strategy contains actions to change behaviour, improve safety and develop cycling infrastructure.*

11.3 Major priority shifts for 2014-15

No major differences in the Department's priorities since the previous budget were specified by the Department.¹⁵⁷

11.4 Local Government portfolio

11.4.1 Introduction

The Committee received evidence from the Hon. Mr Tim Bull MP, Minister for Local Government, on 21 May 2014. The Minister was assisted by Mr Dean Yates, Secretary; Ms Sue Eddy, Deputy Secretary, Finance; Ms Terry Garwood, Deputy Secretary, Local Infrastructure; and Mr Nick Foa, Executive Director, Local Government Victoria, Department of Transport, Planning and Local Infrastructure. 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 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 11.4.4) are also available on the Committee's website.

11.4.3 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 strengthening Victorian communities (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- » factors impacting the determination of council rates (pp.4-6);
- » changes to performance measures and performance reporting of local government (pp.6-7); and
- » funding local government bushfire reconstruction projects (p.7).

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.

¹⁵⁷ *ibid.*, p.5

11.4.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide further information relating to the status of funding to Murrindindi Shire (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.

11.5 Planning portfolio

11.5.1 Introduction

The Committee received evidence from the Hon. Mr Matthew Guy MLC, Minister for Planning, on 20 May 2014. The Minister was assisted by Mr Dean Yates, Secretary; Ms Sue Eddy, Deputy Secretary, Finance; Ms Christine Wyatt, Deputy Secretary, Planning; and Mr John Ginivan, Executive Director, Safe Planning, Building Systems, and Strategies, Department of Transport, Planning and Local Infrastructure. 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 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. Documents provided at the hearings (see Section 11.5.4) are also available 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 job growth initiatives (pp.5-6) and the following (page numbers refer to the transcript on the Committee's website):

Compliance issues

- » review of Bushfire Management Overlay (pp.6-7, 10);
- » impact of high rise development on solar panels (p.14);
- » planning controls around the Shrine of Remembrance (p.20);
- » short-stay apartments in Docklands and Southbank (p.21);
- » statewide audit of free-standing structures (p.23); and
- » major hazard facilities in residential areas (pp.24-5).

Growth areas

- » Regional Growth Plans (pp.7-8, 10-11);
- » population growth forecasts (p.12); and
- » infrastructure in growth areas (pp.23-4).

Planning permit processes

- » central city permits (pp.14-15);
- » rural flying squad (pp.15-16, 18); and
- » levy on planning permit applications (pp.17-18).

Other matters

- » location of potential new quarries (pp.11-12);
- » location of telecommunications infrastructure (pp.12-13);
- » urban renewal precincts (pp.13-14);
- » East-West Link assessment committee (pp.15-16, 18-19);
- » financial performance of Places Victoria (p.19);
- » abolition of the Building Appeals Board (pp.19-21);
- » reforms to development contributions (pp.21-2); and
- » urban renewal of Docklands (pp.25-6).

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.

11.5.5 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):

- » review of the Bushfire Management Overlay (p.7);
- » release of the East-West Link assessment committee's report (pp.15-16);
- » levies on planning permit applications (p.17); and
- » cost of the Minister's legal representation at the East-West Link assessment committee hearings (p.19).

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.

11.6 Ports portfolio**11.6.1 Introduction**

The Committee received evidence from the Hon. Mr David Hodgett MP, Minister for Ports, on 12 May 2014. The Minister was assisted by Mr Dean Yates, Secretary; Ms Sue Eddy, Deputy Secretary, Finance; Mr Gary Liddle, Deputy Secretary, Transport; and Mr Mark Curry, Executive Director, Freight Logistics and Marine, Department of Transport, Planning and Local Infrastructure. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

11.6.2**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. Documents provided at the hearings (see Section 11.6.4) are also available on the Committee's website.

11.6.3**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 job growth initiatives (p.5) and the following (page numbers refer to the transcript on the Committee's website):

Port of Hastings

- » dredging (pp.5-6);
- » location as an additional port (pp.11-12); and
- » rationale for funding (p.13).

Other matters

- » Victoria's status in freight and logistics (pp.6-7);
- » *Boating Safety and Facilities* program (pp.8-9);
- » registration and licence fees (pp.9-10); and
- » port capacity (pp.10-11).

11.6.4**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.

11.6.5**Questions taken on notice at the budget estimates hearing**

The Minister agreed to provide further information relating to the allocation of funds under the boating safety and facilities program (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.

11.7**Public Transport portfolio****11.7.1****Introduction**

The Committee received evidence from the Hon. Mr Terry Mulder MP, Minister for Public Transport, on 16 May 2014. The Minister was assisted by Mr Dean Yates, Secretary; Ms Sue Eddy, Deputy Secretary, Finance; Mr Gary Liddle, Deputy

Secretary, Transport; and Mr Mark Wild, Chief Executive Officer, Public Transport Victoria, Department of Transport, Planning and Local Infrastructure. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

11.7.2 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. Documents provided at the hearings (see Section 11.7.4) are also available on the Committee's website.

11.7.3 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 Victorian jobs growth (p.5) and the following (page numbers refer to the transcript on the Committee's website):

Melbourne Rail Link

- » status of business case (pp.6-8);
- » improvements resulting from the rail link (pp.9-12);
- » land acquisition for underground development of South Yarra station (pp.10-11);
- » expert advice relating to Fishermans Bend-Montague site (pp.12-13); and
- » tram route changes resulting from the rail link (p.22).

Cranbourne-Pakenham Rail Corridor project

- » anticipated benefits (pp.13-14); and
- » future development of railway station precincts (pp.14-16).

Other matters

- » update and benefits from the Regional Rail Link (pp.7-9, 17-18);
- » Avalon Airport Rail Link (pp.18-19);
- » Bayside rail improvement project (pp.20-2);
- » affordability of public transport (pp.22-3);
- » funding for Southland train station (pp.24-7);
- » *Metro Level Crossing Blitz* program (pp.28-30);
- » Port of Hastings freight rail link and business case (pp.30-2); and
- » metropolitan rail services punctuality (pp.32-3).

11.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled a letter to the Lord Mayor of the City of Melbourne on all-night trains. The slides and tabled documents are available on the Committee's website.

11.7.5 Questions taken on notice at the budget estimates hearing

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

11.8 Roads portfolio**11.8.1 Introduction**

The Committee received evidence from the Hon. Mr Terry Mulder MP, Minister for Roads, on 16 May 2014. The Minister was assisted by Mr Dean Yates, Secretary; Ms Sue Eddy, Deputy Secretary, Finance; Mr Gary Liddle, Deputy Secretary, Transport, Department of Transport, Planning and Local Infrastructure; and Mr Peter Todd, Chief Operating Officer, VicRoads. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

11.8.2 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. Documents provided at the hearings (see Section 11.8.4) are also available on the Committee's website.

11.8.3 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 job growth initiatives (pp.3-4) and the following (page numbers refer to the transcript on the Committee's website):

- » East-West Link (pp.4-5, 7-8);
- » road maintenance improvements (pp.5-6);
- » car registration renewals system (p.9);
- » the road safety strategy (pp.10-11);
- » widening of the Tullamarine Freeway (pp.11-14); and
- » transport capital projects (pp.12-13).

11.8.4 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.

11.8.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to traffic modelling for the East-West Link (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.

11.9 Sport and Recreation portfolio

11.9.1 Introduction

The Committee received evidence from the Hon. Mr Damian Drum MLC, Minister for Sport and Recreation, on 20 May 2014. The Minister was assisted by Mr Dean Yates, Secretary; Mr Peter Hertan, General Manager, Sport and Recreation; and Ms Susan George, Director, Community Sport and Recreation, Department of Transport, Planning and Local Infrastructure. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

11.9.2 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. Documents provided at the hearings (see Section 11.9.4) are also available on the Committee's website.

11.9.3 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 job growth initiatives (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Programs and initiatives

- » *Country Football and Netball* program (pp.10-11);
- » community sporting code of conduct (pp.11-13); and
- » *Strategic Sporting Infrastructure* program (pp.14-15).

Other matters

- » Junction Oval redevelopment (pp.5-6);
- » community facility grants (pp.6-7);
- » ban on enclosures for mixed martial arts events (pp.7-8);
- » *Integrity In Sport* initiative (pp.8-9);
- » impact of East-West Link construction on access to the State Netball and Hockey Centre (pp.9-10);

- » facilitation of major sporting events (pp.13, 15); and
- » number of community facility grants approved (pp.14-15).

11.9.4 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.

11.9.5 Questions taken on notice at the budget estimates hearing

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

12.1 Introduction

The Department of Treasury and Finance is responsible for administering the following portfolios:

- » Assistant Treasurer;
- » Finance;
- » Industrial Relations; and
- » Treasurer.

12.2 Key budget themes for 2014-15

The Department advised the Committee that:¹⁵⁸

The Department of Treasury and Finance's (DTF) key strategic priorities for 2014-15 are:

- » *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.*

The Department indicated that the key policies applicable to the Department in 2014-15 are:¹⁵⁹

- » High Value/High Risk project assurance process;
- » *Construction Code Compliance;*
- » unsolicited proposals guideline;
- » *DataVic Access Policy;*
- » *Intellectual Property Policy;*
- » *Partnerships Victoria* policies;
- » *Public Sector Workplace Relations* policies;
- » reducing red tape on business and the community; and
- » procurement reform.

¹⁵⁸ Department of Treasury and Finance, response to the Committee's 2014-15 Budget Estimates Questionnaire, received 8 May 2014, p.2

¹⁵⁹ *ibid.*, p.3

The Department's response provides further detail about of these policies.¹⁶⁰

12.3 Major priority shifts for 2014-15

No major differences in the Department's priorities since the previous budget were specified by the Department.¹⁶¹

12.4 Assistant Treasurer portfolio

12.4.1 Introduction

The Committee received evidence from the Hon. Mr Gordon Rich-Phillips, Assistant Treasurer, on 23 May 2014. The Assistant Treasurer was assisted by Mr David Martine, Secretary; Mr Shaun Condon, Acting Deputy Secretary, Market Engagement and Corporate, Department of Treasury and Finance; Ms Janet Dore, Chief Executive Officer, Transport Accident Commission; and Ms Denise Cosgrove, Chief Executive Officer, Victorian WorkCover Authority. The Committee thanks the Assistant Treasurer and accompanying officers for their attendance and assistance.

12.4.2 General comments

The Assistant Treasurer 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 12.4.4) are also available 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 job growth initiatives (p.4) and the following (page numbers refer to the transcript on the Committee's website):

- » rebranding of WorkSafe (pp.4-5);
- » no additional planned asset recycling actions (pp.5-6);
- » dividends paid by the Victorian WorkCover Authority (p.6);
- » the *DataVic Access Policy* (pp.6-7);
- » revenue from the sale of Crown land (pp.7-8);
- » the Government's exposure to superannuation liabilities (pp.8-9); and
- » the Essential Services Commission's review of the Transport Accident Commission and the Victorian WorkCover Authority (pp.9-10).

¹⁶⁰ *ibid.*, pp.3-4

¹⁶¹ *ibid.*, p.2

12.4.4 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.

12.4.5 Questions taken on notice at the budget estimates hearing

The Assistant Treasurer took one question on notice relating to revenue from the sale of Crown land (p.7 of the transcript on the Committee's website).

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.

12.5 Finance portfolio**12.5.1 Introduction**

The Committee received evidence from the Hon. Mr Robert Clark MP, Minister for Finance, on 15 May 2014. The Minister was assisted by Mr David Martine, Secretary; Ms Melissa Skilbeck, Deputy Secretary, Budget and Finance; Ms Cathy Cato, Director, Construction Code Compliance; and Mr Chris Archer, Assistant Director, Insurance and OHS, Department of Treasury and Finance. 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 Finance 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. Documents provided at the hearings (see Section 12.5.4) are also available 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 job growth initiatives (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

- » performance measures (pp.3-4, 10-11);
- » the Construction Code Compliance Unit (pp.4-5);
- » domestic builders warranty insurance (pp.5-6);
- » drug and alcohol screening policies, and building site security practices (p.6);
- » directions and guidelines for credit card use (p.7);
- » the Victorian Managed Insurance Authority (p.8);
- » re-establishment of the Australian Building and Construction Commission (p.8);

- » parliamentary budget office (pp.9-10); and
- » separation of the Courts from the Department of Justice (p.12).

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.

12.5.5 Questions taken on notice at the budget estimates hearing

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

12.6 Industrial Relations portfolio

12.6.1 Introduction

The Committee received evidence from the Hon. Mr Robert Clark MP, Minister for Industrial Relations, on 15 May 2014. The Minister was assisted by Mr David Martine, Secretary; Ms Melissa Skilbeck, Deputy Secretary, Budget and Finance; Mr Stephen Witts, Director, Workplace Relations; and Ms Sam Mikkelsen, Assistant Director, Private Sector Industrial Relations, Department of Treasury and Finance. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

12.6.2 General comments

The Minister provided an overview of the 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. Documents provided at the hearings (see Section 12.6.4) are also available on the Committee's website.

12.6.3 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 job growth initiatives (pp.2-3) and the following (page numbers refer to the transcript on the Committee's website):

- » employment of contractors and consultants – clarification of responsibility (pp.3-4);
- » the impact of industrial action on the economy (pp.4-6);
- » enterprise bargaining agreements for public servants (p.6); and
- » the Royal Commission into Trade Union Governance and Corruption (pp.6-7).

12.6.4 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.

12.6.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice relating to a specific aspect of workplace relations in the public sector (p.6 of the transcript on the Committee's website).

12.7 Treasurer portfolio

12.7.1 Introduction

The Committee received evidence from the Hon. Mr Michael O'Brien MP, Treasurer, on 9 May 2014. The Treasurer was assisted by Mr David Martine, Secretary; Ms Melissa Skilbeck, Deputy Secretary, Budget and Finance; Mr Michael Brennan, Deputy Secretary, Economic; and Mr David Webster, Deputy Secretary, Commercial, Department of Treasury and Finance. The Committee thanks the Treasurer and accompanying officers for their attendance and assistance.

12.7.2 General comments

The Treasurer 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. Documents provided at the hearings (see Section 12.7.4) are also available on the Committee's website.

12.7.3 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 job growth initiatives (pp.4-5) and the following (page numbers refer to the transcript on the Committee's website):

Capital projects

- » *Melbourne Rail Link* (pp.12-14, 17-18);
- » *East-West Link* (pp.15-19, 21, 26);
- » investment in new schools (p.16);
- » *Cranbourne-Pakenham Rail Project* (pp.20-3); and
- » level crossing removals and grade separations (pp.24-5).

State budget

- » divestment of Rural Finance Corporation (pp.5-11, 27);
- » diversity and flexibility of economic strategy (pp.7-8);
- » economic and fiscal strategy (pp.9-10);

- » tax reform – payroll tax and stamp duty on life insurance (pp.14-15);
- » GST revenue (pp.19-20);
- » 2010 Election commitments – asset initiatives (p.20);
- » vocational education and training funding (pp.21-2);
- » net debt (pp.25-6);
- » funding for education system (pp.26-7); and
- » asset recycling opportunities (pp.27-8).

Other matters

- » triple-A credit rating (pp.11-12).

12.7.4 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.

12.7.5 Questions taken on notice at the budget estimates hearing

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

PARLIAMENTARY DEPARTMENTS HEARING

13.1 Introduction

The Committee received evidence from the Hon. Ms Christine Fyffe, Speaker of the Legislative Assembly, and the Hon. Mr Bruce Atkinson, President of the Legislative Council, on 12 May 2014. The Presiding Officers were assisted by Mr Peter Lochert, Secretary, Department of Parliamentary Services; Mr Ray Purdey, Clerk of the Assembly; and Mr Matthew Tricarico, Deputy Clerk of the Council. The Committee thanks the Presiding Officers and the accompanying officers for their attendance and assistance.

13.2 Key budget themes for 2014-15

The Department advised the Committee that:¹⁶²

The key strategic priorities for the 57th Parliament that underpin its budget for 2014-15 and over the forward estimates to 2017-18 are:

- » *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; and*
- » *increase public awareness of, and opportunities for engagement with, the functioning of Parliament.*

13.3 Major priority shifts for 2014-15

Comparing the 2014-15 Budget priorities with the 2013-14 priorities, the Department indicated:¹⁶³

With the State Election scheduled for 29 November 2014, the Parliamentary departments will be undertaking additional activities such as opening of the Parliament, facilitating the process of incoming and outgoing members and reviewing strategic directions for the 58th Parliament.

¹⁶² Parliamentary Departments, response to the Committee's 2014-15 Budget Estimates Questionnaire, received 1 May 2014, p.2

¹⁶³ *ibid.*

The re-division of Victorian electoral boundaries will apply at the next State Election which will result in significantly greater than normal relocation of Members electorate offices. BERC [Budget and Expenditure Review Committee of Cabinet] has approved additional funding to undertake these works due to electoral boundary changes. In addition to this, a significant number of Members have decided to retire at the next election as well as the outcomes of the State Election will impact significantly on 2014-15 budget projections due to a number of compulsory redundancies for Electorate Officers.

The impacts of these differences, as identified by the Department, were:¹⁶⁴

BERC has approved additional funding to undertake works resulting from the changes to electoral boundaries. Parliament has also been subject to GED [general efficiency dividend] budget cuts of \$2.3m in 2015-16 and \$3.1m in 2016-17 and future years.

13.4 General comments

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.

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) are also available on the Committee's website.

13.5 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):

Parliamentary facilities

- » security measures (pp.4-5, 8-9);
- » north and south pedestrian entries – security works (pp.9-10);
- » rebuilding of front steps (pp.11-12);
- » internal security camera network (pp.12-13); and
- » the hosting of functions (p.13).

Committees

- » Legislative Council committees (p.7); and
- » Joint investigatory committees (pp.14, 16).

¹⁶⁴ *ibid.*

Parliamentary budget

- » depreciation expense (p.6); and
- » expenditure on gifts for visiting delegations (pp.13-14).

Non-core activities

- » Parliament House gift shop (p.6); and
- » Seminars for public servants on parliamentary process (p.15).

Parliamentary services

- » late-night sitting sessions – catering (pp.6-7);
- » secure document management system (p.10);
- » library services (pp.10-11);
- » regional newspapers provision (p.11);
- » IT services (p.12); and
- » re-allocation and redistribution of electorate offices (p.16).

Other matters

- » *Fatigue Management Policy* (pp.5-6);
- » reporting on travel by presiding officers (pp.14-15); and
- » efficiency and expenditure reduction measures (pp.16-17).

13.6**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.

Following the hearing, correspondence was received from the President of the Legislative Council providing further clarification regarding the release of security tapes.¹⁶⁵ A copy of the letter is available on the Committee's website.

13.7**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 upgrading the north and south entry gates (p.9);
- » amount spent on gifts for visiting delegations (pp.13-14); and
- » impact of reducing funding on effective full-time jobs (p.17).

¹⁶⁵ Hon. Mr Bruce Atkinson MLC, President of the Legislative Council, Parliament of Victoria, correspondence received 26 May 2014

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

APPENDICES TO CHAPTER 3

DISCONTINUED AND NEWLY-INTRODUCED PERFORMANCE MEASURES

Appendix A3.1 Performance measures proposed to be discontinued in the 2014-15 budget papers which the Committee considers should be retained

Output	Performance measure	Department's reasons for discontinuing the measure	Committee's reasons for retaining the measure
DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES			
Sustainably Manage Fish and Forest Resources	Game licence applications, renewals and amendments processed within 15 business days of receipt ^(a)	This performance measure is proposed to be discontinued as it has been replaced with the 2014-15 performance measure 'Key statutory obligations relevant to VicForests and the Game Management Authority complied with (tabling annual reports, audits, corporate plans and board appointments)'.	<p>The replacement measure reports on a range of obligations for the Authority. However, game licence processing is only one of these, and the new measure does not specifically report on this aspect, which is continuing in 2014-15.</p> <p>The Committee therefore considers that the replacement measure does not provide more specific and therefore better information about the relevant activities of the department.</p>
DEPARTMENT OF HEALTH			
Mental Health Community Support Services (MHCSS)	Contact hours ^(b)	This performance measure is proposed to be discontinued as it has been replaced by the 2014-15 performance measure 'Client Support Units'.	The Committee considers that further information will be required prior to assessing this proposed change. 'Client support units' has not been defined and it is not clear to the Committee how contact hours and client service units may be usefully compared.
DEPARTMENT OF TRANSPORT PLANNING AND LOCAL INFRASTRUCTURE			
Transport Safety Regulation and Investigations	Road vehicle and driver regulation: new and renewed driving instructor authority applications processed within 14 days ^(c)	This performance measure is proposed to be discontinued as the processing of driving instructor authority applications is a relatively small proportion of the Taxi Services Commission's application processing responsibilities. The target for 2014-15 is included to indicate what the target would have been had the measure been continued.	<p>This activity is continuing in 2014-15, and there has been no change in Government policy or priorities, the Committee considers that the measure is still relevant.</p> <p>There is no proposed replacement measure that provides more or better information about the relevant activities of the department.</p>

Output	Performance measure	Department's reasons for discontinuing the measure	Committee's reasons for retaining the measure
DEPARTMENT OF STATE DEVELOPMENT BUSINESS AND INNOVATION			
Energy and Resources	Audits completed at mineral and petroleum sites on specific high risk issues ^(d)	This performance measure is proposed to be discontinued as it has been replaced by the 2014-15 performance measure 'Regulatory audits completed within agreed timelines'. The new measure will consolidate three existing measures relating to audit programs across mineral and petroleum sites concerning: environmental and compliance issues, high risk issues; and mine stability.	The Committee has reviewed Energy and Resources performance measures. While extensive consolidation may have some value and merit, the Committee is not able to make a comprehensive evaluation without additional information on the rationale for the changes.
Energy and Resources	Environmental and compliance audits of critical minerals and petroleum sites completed ^(e)		
Energy and Resources	Number of mine stability audits ^(f)		The Committee therefore intends to seek that these performance measures should be retained and that further supporting information will be sought from the Department of State Development, Business and Innovation. This will enable the Committee to make a fully informed evaluation and decision on the changes proposed.
Energy and Resources	Delivery of milestones facilitated in line with grant agreements for the brown coal research and development grants that form part of the Energy Technology Innovation Strategy initiative ^(g)	This performance measure is proposed to be discontinued as it has been replaced by the 2014-15 performance measure 'Facilitate the delivery of key energy technology innovation milestones in line with grant agreements'. The proposed new measure will consolidate four existing measures concerning the delivery of milestones relating to energy technology innovation and will be a more efficient indicator of progress against these indicators.	
Energy and Resources	Facilitate delivery of milestones in line with grant agreements for Energy Technology Innovation Strategy Sustainable Energy programs ^(h)		
Energy and Resources	Facilitate delivery of milestones in line with grant agreements under the Advanced Lignite Demonstration program ⁽ⁱ⁾	This performance measure is proposed to be discontinued as it has been replaced by the 2014-15 performance measure 'Facilitate the delivery of key energy technology innovation milestones in line with grant agreements'. The proposed new measure will consolidate four existing measures concerning the delivery of milestones relating to energy technology innovation and will be a more efficient indicator of progress against energy technology innovation milestones.	
Energy and Resources	Facilitate delivery of milestones in line with grant agreements under the Low Emission Energy Technologies program ^(j)		
Energy and Resources	Minerals and petroleum exploration license applications not determined after three months ^(k)	This performance measure is proposed to be discontinued as it has been replaced by the 2014-15 performance measure 'Percentage of exploration licence applications, mining industry workplans and mining licence applications processed within regulatory timeframes'. In 2013-14 there were three measures relating to regulatory timeline requirements on licence and workplan applications with the same percentage target of less than five per cent. The new measure will provide an efficient overview of whether regulatory timelines are being met on these process requirements for the mining and minerals, and petroleum industries.	

Output	Performance measure	Department's reasons for discontinuing the measure	Committee's reasons for retaining the measure
Energy and Resources	Mining industry workplans not processed in one month ^(l)	This performance measure is proposed to be discontinued as it has been replaced by the 2014-15 performance measure 'Percentage of exploration licence applications, mining industry workplans and mining licence applications processed within regulatory timeframes'. In 2013-14 there were three measures relating to regulatory timeline requirements on licence and work plan applications with the same percentage target of less than five per cent. It is not meaningful to have these three measures as standalone indicators.	The Committee has reviewed Energy and Resources performance measures. While extensive consolidation may have some value and merit, the Committee is not able to make a comprehensive evaluation without additional information on the rationale for the changes.
Energy and Resources	Mining licence applications not determined after four months ^(m)	The new measure will provide an efficient overview of whether regulatory timelines are being met on these process requirements for the mining and minerals, and petroleum industries.	The Committee therefore intends to seek that these performance measures should be retained and that further supporting information will be sought from the Department of State Development, Business and Innovation. This will enable the Committee to make a fully informed evaluation and decision on the changes proposed.
Energy and Resources	Facilitate delivery of the implementation plan of the CarbonNet geoscience evaluation program by 2014 ⁽ⁿ⁾	This performance measure is proposed to be discontinued as it has been replaced by the 2014-15 performance measure 'Delivery of key CarbonNet milestone, in line with funding agreements and agreed project deliverables'. The proposed new measure replaces three measures focussed on feasibility, implementation and grant agreements for the demonstration program and will be a more efficient indicator of performance against the CarbonNet project.	
Energy and Resources	Facilitate delivery of milestones for the feasibility stage of CarbonNet (Carbon Capture and Storage) project ^(o)	This performance measure is proposed to be discontinued as it has been replaced by the 2014-15 performance measure 'Delivery of key CarbonNet milestone, in line with funding agreements and agreed project deliverables'. The proposed new measure replaces three measures focussed on feasibility, implementation and grant agreements for the demonstration program and will be a more efficient indicator of performance against the CarbonNet project.	
Energy and Resources	Facilitate delivery of milestones in line with grant agreements for the large-scale Carbon Capture and Storage demonstration program ^(p)	This performance measure is proposed to be discontinued as it has been replaced by the 2014-15 performance measure 'Delivery of key CarbonNet milestones, in line with funding agreements and agreed project deliverables'. The proposed new measure replaces three measures focused on feasibility, implementation and grant agreements for the demonstration program. The 2013-14 expected outcome is zero. No grant agreements are in place as the feasibility phase of the CarbonNet project is not yet completed. Once completed, the Government will determine the scope of the work program going forward.	

- (a) Budget Paper No.3, 2014-15 Service Delivery, May 2014, p.317
- (b) *ibid.*, p.318
- (c) *ibid.*, p.330
- (d) *ibid.*, p.325
- (e) *ibid.*
- (f) *ibid.*, p.326
- (g) *ibid.*, p.327
- (h) *ibid.*
- (i) *ibid.*, p.328
- (j) *ibid.*
- (k) *ibid.*
- (l) *ibid.*
- (m) *ibid.*, p.329
- (n) *ibid.*, p.328
- (o) *ibid.*, p.327
- (p) *ibid.*

Appendix A3.2 Detailed criteria^(a) for assessing newly-introduced performance measures

The measure is clear	Is what is being measured clear?
	Is how the measurement is made clear?
	Is the title meaningful?
	Is a desirable direction of variation clear?
The measure is meaningful	Does the measure improve the comprehensiveness of the activities in the output?
	Does the introduction achieve a more appropriate balance of measure types?
	Does the measure reflect departmental performance?
The measure is robust	Will results for the measure, compared over time, be useful and objective?
	Is the method for calculating the measure based on a rigorous process?
	Can results indicate good or poor departmental performance?
	Are circumstances where explanations are required clear?

(a) A number of additional criteria developed by the Committee will not be applicable to measures until a number of years' targets and actual results have become available.

Appendix A3.3 Newly-introduced performance measures that could be improved

Performance indicator	Committee comment
DEPARTMENT OF ENVIRONMENT AND PRIMARY INDUSTRIES	
Fisheries cost recovery levies reviewed and set prior to 1 April annually ^(a)	This measure has a target of 100 per cent, which prevents the Department from demonstrating higher-than-anticipated performance. An indicator showing the date the final levy was set would provide a more meaningful demonstration of departmental performance.
Key statutory obligations relevant to VicForests and the Game Management Authority complied with (tabling annual reports, audits, corporate plans and board appointments) ^(b)	The proposed target for this measure is 100 per cent. Because the activities described in this measure are 'statutory obligations', the result for this measure is likely to be less than 100 per cent only in exceptional circumstances. The output would be more comprehensively described using a quality or timeliness measure.
Melbourne's Water Future Actions implemented ^(c)	Results over time for this measure are likely to be cumulative, eventually rising to the total number in the Melbourne's Water Future Actions document. This is likely to make year-to-year comparisons of both result and variance difficult, as the effort required by the Department will change over time.
Regional land health services being delivered ^(d)	This measure is likely to be more influenced by Government decision rather than departmental performance. Better understanding would be provided by including an additional measure showing how successful the five regional land health services have been.
DEPARTMENT OF HEALTH	
Number of available HIV rapid test trial appointments used ^(e)	The Committee considers that this measure is of benefit, as it shows the effect on the community rather than departmental activity.
Number of filled rural generalist GP procedural positions ^(f)	This measure is likely to be more influenced by Government decision rather than departmental performance. Better understanding would be provided by including an additional measure showing the effect on the local communities of the 11 targeted positions.

Performance indicator	Committee comment
DEPARTMENT OF PREMIER AND CABINET	
Proportion of jurisdictional complaints where the original outcome is set aside by a review undertaken in accordance with the Ombudsman's internal review policy ^(g)	The Committee notes that while the target for this measure is <1.5 per cent, the threshold for a required explanation for a variance is 6.5 per cent (that is, the target plus the 5 per cent tolerance specified in the Model Report). This allows over four times the desired erroneous outcomes before an explanation is required. This amalgamation of measures may reduce comprehensiveness of the description of activities in this output.
VicArts Grants applications processed for Ministerial consideration ^(h)	This measure is an amalgamation of two previous measures, showing arts development applications separately from other applications. As grants form a significant part of the relevant section, the amalgamation may reduce comprehensiveness of the description of activities in this output. The publication in the Department's Annual Report of grant application numbers by type in the Department's Annual Report would provide the same level of transparency for the Department.
DEPARTMENT OF TRANSPORT, PLANNING AND LOCAL INFRASTRUCTURE	
Average wait time for conventional taxis booked to arrive at peak periods of demand ⁽ⁱ⁾	The measure depends primarily on external forces, rather than on departmental performance, and shows the level of activity in the area. Therefore, the Committee considers this to be an example of a 'demand measure', which is valuable in providing context for other measures in the same output.
Average wait time for wheelchair accessible taxis booked to arrive at peak periods of demand ⁽ⁱ⁾	The measure depends primarily on external forces, rather than on departmental performance, and shows the level of activity in the area. Therefore, the Committee considers this to be an example of a 'demand measure', which is valuable in providing context for other measures in the same output.
Calls to the myki call centre answered within 30 seconds ^(k)	This measure would be enhanced with a demand type measure that indicated how many calls the myki call centre received.
Community Works Program/Community Support Grant projects completed meet agreed project objectives ^(l)	The measure would be improved with the publication of additional information that defined 'agreed project objectives'. This amalgamation of measures may reduce comprehensiveness of the description of activities in this output.
Community Works/Community Support Grant payments made within 21 days of completion of agreed milestones in funding agreement ^(m)	This amalgamation of measures may reduce comprehensiveness of the description of activities in this output. The previous measures reported separately on the payment of the grant and the completion of the grant activity. An enhancement that would complement the measure would be the publication, by the Department, of grants showing dates of payment of the grant and dates of completion of the funded activity.
Complaints received by the Local Government Inspectorate assessed and actioned within five working days ⁽ⁿ⁾	Having 100 per cent as a target for a performance measure prevents the department from demonstrating higher-than-anticipated performance. A more meaningful measure would be to report complaints actioned within four days with a target of less than 100 per cent. This would allow demonstration of higher-than-anticipated performance.
Metropolitan level crossings removal projects under way ^(o)	This measure counts projects underway during the year. A downward variation in the result may indicate either a positive outcome (such as projects being completed early), or a negative outcome (such as projects failing to start on time). This reduces the usefulness of the measure. A better approach could be to publish one measure for each individual project with a target completion date.
Plan Melbourne prioritised Planning's short term actions completed ^(p)	Results over time for this measure are likely to be cumulative, eventually rising to the total number in the Plan Melbourne document. This is likely to make year-to-year comparisons of both result and variance difficult, as the level of challenge faced by the Department may vary for different actions. A better measure could be to report the expected completion date of the final action, with the target set at the start of the year as the expected final completion date as at the target's setting, and the actual result reported each year being the updated expected completion date.

Performance indicator	Committee comment
Progress in facilitating the development of a Metropolitan Intermodal System ^(a)	The unit for this measure does not specify how progress is defined. This could be expressed in terms of consumption of expected expenditure, use of expected time, meeting of anticipated milestones, or some other way. In addition, as the target is 5 per cent, if there were no progress on the project, no explanation for the variance would be required.
Taxi and hire vehicle reform recommendations implemented and completed ^(r)	The cumulative nature of this measure, with differing targets anticipated over the next few years, makes comparison of targets, results and variances over time difficult. A better approach could be to report the final completion date as the measure, with the target (which may be several years away) set at the start of the year as the expected final completion date as at the target's setting, and the actual result reported each year being the updated expected completion date.
Transport safety regulation: applications for bus operator registration and safety accreditation processed on time in accordance with <i>Bus Safety Act 2009 (Vic)</i> requirements ^(s)	Because the activities described in this measure are required under the relevant Act, the result for this measure is likely to be less than 100 per cent only in exceptional circumstances. The output would be more comprehensively described using a quality or timeliness measure.
DEPARTMENT OF TREASURY AND FINANCE	
Number of regulatory improvement studies submitted to Government ^(t)	The measure depends primarily on external forces, rather than on departmental performance, and shows the level of activity in the area. Therefore, the Committee considers this to be an example of a 'demand measure', which is valuable in providing context for other measures in the same output.

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|-----|--------------------------------------------------------------|-----|--------------|-----|--------------|
| (a) | Budget Paper No.3, 2014-15 Service Delivery, May 2014, p.127 | (h) | ibid., p.213 | (o) | ibid., p.274 |
| (b) | ibid. | (i) | ibid., p.262 | (p) | ibid., p.258 |
| (c) | ibid., p.121 | (j) | ibid. | (q) | ibid., p.269 |
| (d) | ibid., p.112 | (k) | ibid., p.250 | (r) | ibid., p.261 |
| (e) | ibid., p.155 | (l) | ibid., p.258 | (s) | ibid., p.265 |
| (f) | ibid., p.140 | (m) | ibid., p.259 | (t) | ibid., p.285 |
| (g) | ibid., p.224 | (n) | ibid., p.252 | | |

Source: Public Accounts and Estimates Committee

Appendix A3.4 Proposed changes to performance measures in the 'Energy and Resources' output for Department of State Development, Business and Innovation

Measure Type	Performance measure	Proposed change	Measure Type	Performance measure
Quantity	Delivery of stakeholder engagement information forums as part of the Clean Coal Victoria work program	Replacement 1:1	Quantity	Community and Stakeholder engagement information forums
Quantity	Delivery of Advanced Metering Infrastructure program in line with planned project milestones	Continuing in same form	Quantity	Delivery of Advanced Metering Infrastructure program in line with planned project milestones
Quantity	Delivery of key milestones for the Powerline Bushfire Safety work program	Continuing in same form	Quantity	Delivery of key milestones for the Powerline Bushfire Safety work program
Quality	Exploration and mining licences which are not active	Continuing in same form	Quality	Exploration and mining licences which are not active

Measure Type	Performance measure	Proposed change	Measure Type	Performance measure
Timeliness	Facilitate delivery of milestones in line with grant agreements for the largescale Carbon Capture and Storage demonstration program	Amalgamation of three 2013-14 measures	Timeliness	Delivery of key CarbonNet milestones, in line with funding agreements and agreed project deliverables
Timeliness	Facilitate delivery of milestones for the feasibility stage of CarbonNet (Carbon Capture and Storage) project			
Timeliness	Facilitate delivery of the implementation plan of the CarbonNet geoscience evaluation program by 2014			
Timeliness	Delivery of milestones facilitated in line with grant agreements for the brown coal research and development grants that form part of the Energy Technology Innovation Strategy initiative	Amalgamation of four 2013-14 measures	Timeliness	Facilitate the delivery of key energy technology innovation milestones in line with grant agreements
Timeliness	Facilitate delivery of milestones in line with grant agreements for Energy Technology Innovation Strategy Sustainable Energy programs			
Timeliness	Facilitate delivery of milestones in line with grant agreements under the Advanced Lignite Demonstration program			
Timeliness	Facilitate delivery of milestones in line with grant agreements under the Low Emission Energy Technologies program			
Quantity	Earth resource information packages released to industry covering the promotion of new geological data and regulatory guidance material	Amalgamation of two 2013-14 measures	Timeliness	Industry geoscience data packages released for minerals and petroleum sectors consistent with agreed timelines
Timeliness	Earth resource geoscience data packages released to market in line with agreed timetables.			
Timeliness	Minerals and petroleum exploration license applications not determined after three months	Amalgamation of three 2013-14 measures	Timeliness	Percentage of exploration licence applications, mining industry workplans and mining licence applications processed within regulatory timeframes
Timeliness	Mining industry workplans not processed in one month			
Timeliness	Mining licence applications not determined after four months			

Measure Type	Performance measure	Proposed change	Measure Type	Performance measure
Quantity	Audits completed at mineral and petroleum sites on specific high-risk issues	Amalgamation of three 2013-14 measures	Timeliness	Regulatory audits completed within agreed timelines
Quantity	Environmental and compliance audits of critical minerals and petroleum sites completed			
Quality	Number of mine stability audits			
Cost	Total output cost	Continuing in same form	Cost	Total output cost
Quantity	Strategic policy briefings on energy matters to portfolio minister	Dropped without replacement		
Quantity	Minerals and petroleum licences, permits and authorities administered by DSDBI	Dropped without replacement		
Quantity	Technical Review Board to complete the review of stability reports for Latrobe Valley coal mines	Dropped without replacement		
Quantity	Meetings of the AMI Ministerial Advisory Council conducted in accordance with terms of reference and strategic agenda	Dropped without replacement		
Quantity	Exercise strategies for maintaining security of electricity and gas supply	Dropped without replacement		
Quantity	Major strategic policy briefings to government	Dropped without replacement		
Quality	Proportion of minerals and petroleum publications and packages requiring postrelease correction or recall	Dropped without replacement		
Timeliness	Submissions to Environment Effects Statements (EES) for earth resource proposals completed according to ESS panel timelines	Dropped without replacement		
Timeliness	Delivery of key milestones in line with the Facilitating Low Emission Transition approved project plan	Dropped without replacement		

Source: Budget Paper No.3, 2014-15 Service Delivery, May 2014, pp.325-9

APPENDIX

PEOPLE AND DEPARTMENTS PROVIDING EVIDENCE AT THE PUBLIC HEARINGS

Friday 9 May 2014

Ageing (Department of Health)

Mr D. Davis, Minister for Ageing

Dr P. Philip, Secretary

Mr L. Wallace, Deputy Secretary, Corporate Services Division

Ms J. Herington, Director, Ageing and Aged Care Branch, Mental Health, Wellbeing and Ageing Division

Professor C. Brook, Chief Advisor on Innovation, Safety and Quality

Health (Department of Health)

Mr D. Davis, Minister for Health

Dr P. Philip, Secretary

Mr L. Wallace, Deputy Secretary, Corporate Services Division

Ms F. Diver, Deputy Secretary, Health Service Performance and Programs Division

Professor C. Brook, Chief Advisor on Innovation, Safety and Quality

Treasurer (Department of Treasury and Finance)

Mr M. O'Brien, Treasurer

Mr D. Martine, Secretary

Ms M. Skilbeck, Deputy Secretary, Budget and Finance

Mr M. Brennan, Deputy Secretary, Economic

Mr D. Webster, Deputy Secretary, Commercial

Monday 12 May 2014

Major Projects (Department of State Development, Business and Innovation)

Mr D. Hodgett, Minister for Major Projects

Mr H. Ronaldson, Secretary

Mr P. Noble, Deputy Secretary, Major Projects

Mr T. Bamford, Executive Director, Major Projects Victoria

Mr J. Strilakos, Chief Finance Officer

Manufacturing (Department of State Development, Business and Innovation)

Mr D. Hodgett, Minister for Manufacturing

Mr H. Ronaldson, Secretary

Mr J. Strilakos, Chief Finance Officer

Ms M. van Rooden, Deputy Secretary, Trade, Manufacturing, Aviation and Employment

Parliament (Parliamentary Departments)

Ms C. Fyffe, Speaker, Legislative Assembly

Mr B. Atkinson, President, Legislative Council

Mr R. Purdey, Clerk, Legislative Assembly

Mr M. Tricarico, Deputy Clerk, Legislative Council

Mr P. Lochert, Secretary, Department of Parliamentary Services

Ports (Department of Transport, Planning and Local Infrastructure)

Mr D. Hodgett, Minister for Ports

Mr D. Yates, Secretary

Mr S. Eddy, Deputy Secretary, Finance

Mr G. Liddle, Deputy Secretary, Transport

Mr M. Curry, Executive Director, Freight Logistics and Marine

Tuesday 13 May 2014

Education (Department of Education and Early Childhood Development)

Mr M. Dixon, Minister for Education

Mr R. Bolt, Secretary

Mr J. Miles, Deputy Secretary, Infrastructure and Finance Group

Dr S. Sharp, Deputy Secretary, Early Childhood and School Education Group

Mr S. Kent, Deputy Secretary, Strategy and Review Group

Premier (Department of Premier and Cabinet)

Dr D. Napthine, Premier

Mr A. Tongue, Secretary

Ms J. de Morton, Deputy Secretary, Governance and Operations Group

Racing (Department of Justice)

Dr D. Napthine, Minister for Racing

Mr G. Wilson, Secretary

Ms C. Carr, Executive Director, Liquor, Gaming and Racing

Mr G. Prescott, Manager, Office of Racing

Regional Cities (Department of State Development, Business and Innovation)

Dr D. Napthine, Minister for Regional Cities

Mr L. Bruce, Chief Executive, Regional Development Victoria

Mr J. Strilakos, Chief Finance Officer

Wednesday 14 May 2014

Bushfire Response (Department of Justice)

Mr K. Wells, Minister for Bushfire Response

Mr G. Wilson, Secretary

Mr N. Robertson, Deputy Secretary, Emergency Management

Commissioner C. Lapsley, Fire Services Commissioner of Victoria

Mr J. Buffone, Deputy Chief Officer, Country Fire Authority

Corrections (Department of Justice)

Mr E. O'Donohue, Minister for Corrections

Mr G. Wilson, Secretary

Ms J. Griffith, Deputy Secretary, Corrections

Ms L. Strong, Director, Justice Health

Ms J. Shuard, Commissioner, Corrections Victoria

Crime Prevention (Department of Justice)

Mr E. O'Donohue, Minister for Crime Prevention

Mr G. Wilson, Secretary

Ms J. Brennan, Director, Community Crime Prevention

Liquor and Gaming Regulation (Department of Justice)

Mr E. O'Donohue, Minister for Liquor and Gaming Regulation

Mr G. Wilson, Secretary

Ms C. Carr, Executive Director, Office of Liquor, Gaming and Racing

Police and Emergency Services (Department of Justice)

Mr K. Wells, Minister for Police and Emergency Services

Mr G. Wilson, Secretary

Mr N. Robertson, Deputy Secretary, Emergency Management

Commissioner C. Lapsley, Fire Services Commissioner of Victoria

Chief Commissioner K. Lay, Victoria Police

Thursday 15 May 2014**Agriculture and Food Security (Department of Environment and Primary Industries)**

Mr P. Walsh, Minister for Agriculture and Food Security

Mr A. Fennessy, Secretary

Ms C. Jackson, Acting Executive Director, Finance and Planning

Attorney-General (Department of Justice)

Mr R. Clark, Attorney-General

Mr G. Wilson, Secretary

Ms M. De Cicco, Deputy Secretary, Criminal Justice

Mr D. Speagle, Deputy Secretary, Civil Justice

Ms G. Moody, Deputy Secretary, Corporate Governance and Infrastructure

Finance (Department of Treasury and Finance)

Mr R. Clark, Minister for Finance

Mr D. Martine, Secretary

Ms M. Skilbeck, Deputy Secretary, Budget and Finance

Mr C. Cato, Director, Construction Code Compliance

Ms C. Archer, Assistant Director, Insurance and OHS

Industrial Relations (Department of Treasury and Finance)

Mr R. Clark, Minister for Industrial Relations

Mr D. Martine, Secretary

Ms M. Skilbeck, Deputy Secretary, Budget and Finance

Mr S. Witts, Director, Workplace Relations

Ms S. Mikkelsen, Acting Assistant Director, Private Sector Workplace Relations

Water (Department of Environment and Primary Industries)

Mr P. Walsh, Minister for Water

Mr A. Fennessy, Secretary

Ms C. Jackson, Acting Executive Director, Finance and Planning

Friday 16 May 2014**Higher Education and Skills (Department of Education and Early Childhood Development)**

Mr N. Wakeling, Minister for Higher Education and Skills

Mr R. Bolt, Secretary

Mr J. Miles, Deputy Secretary, Infrastructure and Finance Group

Ms K. Peake, Deputy Secretary, Higher Education and Skills Group

Ms M. Lourey, Executive Director, TAFE Transition Taskforce

Public Transport (Department of Transport, Planning and Local Infrastructure)

Mr T. Mulder, Minister for Public Transport

Mr D. Yates, Secretary

Ms S. Eddy, Deputy Secretary, Finance

Mr G. Liddle, Deputy Secretary, Transport

Mr M. Wild, Chief Executive Officer, Public Transport Victoria

Roads (Department of Transport, Planning and Local Infrastructure)

Mr T. Mulder, Minister for Roads

Mr D. Yates, Secretary

Ms S. Eddy, Deputy Secretary, Finance

Mr G. Liddle, Deputy Secretary, Transport

Mr P. Todd, Chief Operating Officer, VicRoads

Tuesday 20 May 2014

Multicultural Affairs and Citizenship (Department of Premier and Cabinet)

Mr M. Guy, Minister for Multicultural Affairs and Citizenship

Mr J. Hanney, Deputy Secretary, Intergovernmental Relations and Citizenship Group

Mr H. Akyol, Director, Office of Multicultural Affairs and Citizenship

Planning (Department of Transport, Planning and Local Infrastructure)

Mr M. Guy, Minister for Planning

Mr D. Yates, Secretary

Ms S. Eddy, Deputy Secretary, Finance

Ms C. Wyatt, Deputy Secretary, Planning

Mr J. Ginivan, Executive Director, State Planning, Building Systems and Strategy

Regional and Rural Development (Department of State Development, Business and Innovation)

Mr P. Ryan, Minister for Regional and Rural Development

Mr H. Ronaldson, Secretary

Mr J. Strilakos, Chief Finance Officer

Mr L. Bruce, Chief Executive, Regional Development Victoria

Sport and Recreation (Department of Transport, Planning and Local Infrastructure)

Mr D. Drum, Minister for Sport and Recreation

Mr D. Yates, Secretary

Mr P. Hertan, General Manager, Sport and Recreation

Ms S. George, Director, Community Sport and Recreation

State Development (Department of State Development, Business and Innovation)

Mr P. Ryan, Minister for State Development

Mr H. Ronaldson, Secretary

Mr J. Strilakos, Chief Finance Officer

Mr M. Carrick, Deputy Secretary, Office of State Development

Mr P. Noble, Deputy Secretary, Major Projects

Veterans' Affairs (Department of Premier and Cabinet)

Mr D. Drum, Minister for Veterans' Affairs

Mr J. Hanney, Deputy Secretary, Intergovernmental Relations and Citizenship Group

Mr J. Puls, Director, Veterans' Affairs

Wednesday 21 May 2014

Aboriginal Affairs (Department of Premier and Cabinet)

Mr T. Bull, Minister for Aboriginal Affairs

Mr A. Tongue, Secretary

Ms A. Singh, Executive Director, Office of Aboriginal Affairs Victoria

Children and Early Childhood Development (Department of Education and Early Childhood Development)

Ms W. Lovell, Minister for Children and Early Childhood Development

Mr R. Bolt, Secretary

Dr S. Sharp, Deputy Secretary, Early Childhood and School Education Group

Mr J. Miles, Deputy Secretary, Infrastructure and Finance Group

Ms S. McDonald, Executive Director, Policy and Strategic Projects

Housing (Department of Human Services)

Ms W. Lovell, Minister for Housing

Ms G. Callister, Secretary

Mr A. Rogers, Deputy Secretary, Service Design and Implementation Group

Mr S. Phemister, Executive Director, Policy and Strategy Group

Ms A. Congleton, Acting Executive Director, Corporate Services Group

Local Government (Department of Transport, Planning and Local Infrastructure)

Mr T. Bull, Minister for Local Government

Mr D. Yates, Secretary

Ms S. Eddy, Deputy Secretary, Finance

Mr T. Garwood, Deputy Secretary, Local Infrastructure

Mr N. Foa, Executive Director, Local Government Victoria

Energy and Resources (Department of State Development, Business and Innovation)

Mr R. Northe, Minister for Energy and Resources

Mr H. Ronaldson, Secretary

Ms S. Dennis, Deputy Secretary, Energy and Earth Resources

Mr M. Feather, Executive Director, Energy Sector Development

Ms K. White, Executive Director, Earth Resources Regulation

Small Business (Department of State Development, Business and Innovation)

Mr R. Northe, Minister for Small Business

Mr H. Ronaldson, Secretary

Mr G. Mailes, Deputy Secretary, Innovation, Services, Small Business and Technology

Mr J. Strilakos, Chief Finance Officer

Mr R. Arwas, Executive Director, Small Business

Thursday 22 May 2014**Community Services (Department of Human Services)**

Ms M. Wooldridge, Minister for Community Services

Ms G. Callister, Secretary

Mr A. Rogers, Deputy Secretary, Service Design and Implementation Group, Director of Housing

Ms K. Haire, Deputy Secretary, Community and Executive Services Group

Ms A. Congleton, Acting Executive Director, Corporate Services Group

Innovation (Department of State Development, Business and Innovation)

Ms L. Asher, Minister for Innovation

Mr H. Ronaldson, Secretary

Mr G. Mailes, Deputy Secretary, Innovation Services, Small Business and Technology

Mr J. Strilakos, Chief Finance Officer

Dr A. Caples, Executive Director Strategic Planning and Ministerial Services

Disability Services and Reform (Department of Human Services)

Ms M. Wooldridge, Minister for Disability Services and Reform

Ms G. Callister, Secretary

Mr A. Rogers, Deputy Secretary, Service Design and Implementation Group, Director of Housing

Ms A. Congleton, Acting Executive Director, Corporate Services Group

Mr J. MacIsaac, Director, NDIS Ready, Policy and Strategy Group

Mental Health (Department of Health)

Ms M. Wooldridge, Minister for Mental Health

Dr P. Philip, Secretary

Mr L. Wallace, Deputy Secretary, Finance Corporate Services Division

Mr P. Smith, Deputy Secretary, Mental Health, Wellbeing and Ageing Division

Mr P. De Carlo, Deputy Secretary, Regulation, Health Protection and Regions Division

Employment and Trade (Department of State Development, Business and Innovation)

Ms L. Asher, Minister for Employment and Trade

Mr H. Ronaldson, Secretary

Mr J. Strilakos, Chief Finance Officer

Ms M. van Rooden, Deputy Secretary, Trade, Manufacturing, Aviation and Employment

Tourism and Major Events (Department of State Development, Business and Innovation)

Ms L. Asher, Minister for Tourism and Major Events

Mr H. Ronaldson, Secretary

Mr J. Strilakos, Chief Finance Officer

Mr L. Harry, Deputy Secretary, Tourism and Air Services

Friday 23 May 2014

Arts (Department of Premier and Cabinet)

Ms H. Victoria, Minister for the Arts

Mr A. Tongue, Secretary

Mr A. Abbott, Director, Arts Victoria

Ms L. Fleet, Deputy Director, Strategic Marketing and Communications

Mr M. O'Leary, Deputy Director, Agencies and Infrastructure

Assistant Treasurer (Department of Treasury and Finance)

Mr G. Rich-Phillips, Assistant Treasurer

Mr D. Martine, Secretary

Mr S. Condron, Acting Deputy Secretary, Market Engagement and Corporate

Ms J. Dore, Chief Executive Officer, Transport Accident Commission

Ms D. Cosgrove, Chief Executive Officer, Victorian WorkCover Authority

Consumer Affairs (Department of Justice)

Ms H. Victoria, Minister for Consumer Affairs

Mr G. Wilson, Secretary

Dr C. Noone, Deputy Secretary, Regulation

Mr S. Condron, Chief Finance Officer

Environment and Climate Change (Department of Environment and Primary Industries)

Mr R. Smith, Minister for Environment and Climate Change

Mr A. Fennessy, Secretary

Mr P. Smith, Deputy Secretary, Land, Fire and Environment

Ms C. Jackson, Acting Executive Director, Finance and Planning

Mr L. Fogarty, Director, Knowledge and Engagement Branch, Land, Fire and Environment

Minister responsible for the Aviation Industry (Department of State Development, Business and Innovation)

Mr G. Rich-Phillips, Minister responsible for the Aviation Industry

Mr H. Ronaldson, Secretary

Mr J. Strilakos, Chief Finance Officer

Ms M. van Rooden, Deputy Secretary, Trade, Manufacturing, Aviation and Employment

Technology (Department of State Development, Business and Innovation)

Mr G. Rich-Phillips, Minister for Technology

Mr H. Ronaldson, Secretary

Mr G. Mailes, Deputy Secretary, Innovation, Services, Small Business and Technology

Mr J. Strilakos, Chief Finance Officer

Women's Affairs (Department of Human Services)

Ms H. Victoria, Minister for Women's Affairs

Ms G. Callister, Secretary

Ms K. Haire, Deputy Secretary, Community and Executive Services Group

Ms A. Congleton, Acting Executive Director, Corporate Services Group

Ms A. Bamford, Director, Youth, Disability and Women's Affairs

Youth Affairs (Department of Human Services)

Mr R. Smith, Minister for Youth Affairs

Ms G. Callister, Secretary

Ms J. McCabe, Director, Community and Economic Participation

Ms A. Bamford, Director, Youth, Disability and Women's Affairs

List of Portfolios

Portfolio	Minister	Department	Date
Aboriginal Affairs	Hon. Tim Bull MP	DPC	Wednesday 21 May 2014
Ageing	Hon. David Davis MLC	DOH	Friday 9 May 2014
Agriculture and Food Security	Hon. Peter Walsh MP	DEPI	Thursday 15 May 2014
Arts	Hon. Heidi Victoria MP	DPC	Friday 23 May 2014
Assistant Treasurer	Hon. Gordon Rich-Phillips MLC	DTF	Friday 23 May 2014
Attorney-General	Hon. Robert Clark MP	DOJ	Thursday 15 May 2014
Bushfire Response	Hon. Kim Wells MP	DOJ	Wednesday 14 May 2014
Children and Early Childhood Development	Hon. Wendy Lovell MLC	DEECD	Wednesday 21 May 2014
Community Services	Hon. Mary Wooldridge MP	DHS	Thursday 22 May 2014
Consumer Affairs	Hon. Heidi Victoria MP	DOJ	Friday 23 May 2014
Corrections	Hon. Edward O'Donohue MLC	DOJ	Wednesday 14 May 2014
Crime Prevention	Hon. Edward O'Donohue MLC	DOJ	Wednesday 14 May 2014
Disability Services and Reform	Hon. Mary Wooldridge MP	DHS	Thursday 22 May 2014
Education	Hon. Martin Dixon MP	DEECD	Tuesday 13 May 2014
Employment and Trade	Hon. Louise Asher MP	DSDBI	Thursday 22 May 2014
Energy and Resources	Hon. Russell Northe MP	DSDBI	Wednesday 21 May 2014
Environment and Climate Change	Hon. Ryan Smith MP	DEPI	Friday 23 May 2014
Finance	Hon. Robert Clark MP	DTF	Thursday 15 May 2014
Health	Hon. David Davis MLC	DOH	Friday 9 May 2014
Higher Education and Skills	Hon. Nick Wakeling MP	DEECD	Friday 16 May 2014
Housing	Hon. Wendy Lovell MLC	DHS	Wednesday 21 May 2014
Industrial Relations	Hon. Robert Clark MP	DTF	Thursday 15 May 2014
Innovation	Hon. Louise Asher MP	DSDBI	Thursday 22 May 2014
Liquor and Gaming Regulation	Hon. Edward O'Donohue MLC	DOJ	Wednesday 14 May 2014
Local Government	Hon. Tim Bull MP	DTPLI	Wednesday 21 May 2014
Major Projects	Hon. David Hodgett MP	DSDBI	Monday 12 May 2014
Manufacturing	Hon. David Hodgett MP	DSDBI	Monday 12 May 2014
Mental Health	Hon. Mary Wooldridge MP	DOH	Thursday 22 May 2014
Minister responsible for the Aviation Industry	Hon. Gordon Rich-Phillips MLC	DSDBI	Friday 23 May 2014
Multicultural Affairs and Citizenship	Hon. Matthew Guy MLC	DPC	Tuesday 20 May 2014
Parliamentary Departments	Presiding Officers - Hon. Christine Fyffe MP (Speaker) and Hon. Bruce Atkinson MLC (President)	DPS	Monday 12 May 2014
Planning	Hon. Matthew Guy MLC	DTPLI	Tuesday 20 May 2014
Police and Emergency Services	Hon. Kim Wells MP	DOJ	Wednesday 14 May 2014
Ports	Hon. David Hodgett MP	DTPLI	Monday 12 May 2014
Premier	Hon. Dr Denis Napthine MP	DPC	Tuesday 13 May 2014
Public Transport	Hon. Terry Mulder MP	DTPLI	Friday 16 May 2014
Racing	Hon. Dr Denis Napthine MP	DOJ	Tuesday 13 May 2014
Regional and Rural Development	Hon. Peter Ryan MP	DSDBI	Tuesday 20 May 2014

Portfolio	Minister	Department	Date
Regional Cities	Hon. Dr Denis Napthine MP	DSDBI	Tuesday 13 May 2014
Roads	Hon. Terry Mulder MP	DTPLI	Friday 16 May 2014
Small Business	Hon. Russell Northe MP	DSDBI	Wednesday 21 May 2014
Sport and Recreation	Hon. Damian Drum MLC	DTPLI	Tuesday 20 May 2014
State Development	Hon. Peter Ryan MP	DSDBI	Tuesday 20 May 2014
Technology	Hon. Gordon Rich-Phillips MLC	DSDBI	Friday 23 May 2014
Tourism and Major Events	Hon. Louise Asher MP	DSDBI	Thursday 22 May 2014
Treasurer	Hon. Michael O'Brien MP	DTF	Friday 9 May 2014
Veterans' Affairs	Hon. Damian Drum MLC	DPC	Tuesday 20 May 2014
Water	Hon. Peter Walsh MP	DEPI	Thursday 15 May 2014
Women's Affairs	Hon. Heidi Victoria MP	DHS	Friday 23 May 2014
Youth Affairs	Hon. Ryan Smith MP	DHS	Friday 23 May 2014